The Role of Entrepreneurial Attributes in Sustainable Informal Sector Development in Tanzania: A survey of Informal Businesses in Dar es Salaam

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Introduction (1-4)

• The contribution of informal sector in Tanzania’s economy cannot be underestimated

• According to a survey by TRA in 2011, it was indicated that in 2009, the urban informal sector employed about 66% of people.

• The contribution of informal sector to national GDP was about 39.5% in 2010 (TRA, 2011).

• In 2011, the sector was estimated to employ 2,502,327 people in Tanzania (NBS, 2012).
Introduction (2-4)

• Despite its significance, studies indicate that the informal sector in Tanzania still faces a number of problems
• For example Mfaume and Leonard (2004) indicate that the sector has been associated with problems such increasing level of petty crimes, breaking of Municipalities laws among other problems.
• Further most of small business activities seem to be stagnant and lack growth orientation.
Introduction (3-4)

• In a similar perspective, Yahya and Mutarubukwa (2015) indicate that the capacity of Tanzanian micro, small and medium enterprises (MMSES) in tapping the business opportunities in the East African Community remains to be low amid a number of factors including capital issues, lack of business education, among other economic factors.
Introduction (4-4)

• These issues have continued to attract researchers to find out the influence of some specific factors on small business growth.

• Literatures indicate that success of businesses particularly small ones, depends heavily on individual entrepreneurial characteristics (Barringer, Jones, and Neubaum, 2005)
Entrepreneurial Attributes

• There is no single definition of entrepreneurial attributes; however according to Acs, Markus, & Szerb (2010), the attributes can be viewed in terms of opportunity perception capability, proactiveness behavior, innovativeness, and certain individual business skills.
Statement of the Problem (1-2)

• A number of studies have been done to link business growth and entrepreneurial attributes, though most of them have been done in the context of formal business establishments.

• Little is discussed to evaluate the contribution of entrepreneurial attributes to the sustainability of informal sector, particularly in the Tanzanian context.
Statement of the Problem (2-2)

• Building on previous researches, this study focuses on the role of entrepreneurial attributes in sustainable informal sector development in Tanzania, using a survey of informal businesses in Dar es salaam.
Objectives of the study

• To determine the extent of opportunity perception capability among informal business operators in Dar es Salaam;
• To explore “proactiveness” behavior among the informal sector operators in Dar es Salaam;
• To establish the individual-related capabilities that lack among the informal sector operators in Dar es Salaam
• To measure the extent of innovativeness among the informal sector operators in Dar es Salaam.
Methodology (1-2)

• The study adopted survey design where selected commonly informal businesses were surveyed. These include: food vendors, sellers of electronic devices, motor cycles operators, mobile money services providers and stationeries services providers.

• Random sampling technique was adopted to arrive at a sample size of 163 respondents
Methodology (2-2)

- Data were collected by a means of questionnaire
- Descriptive statistics of frequencies and chi-square followed by multiple regression techniques were adopted for data analysis
Findings & Results (1-5)

Types of Business

- Food vendors: 36%
- Electronic products: 28%
- Motor cycles operators: 16%
- Mobile money services: 12%
- Stationery services: 8%
Opportunity Perception Capability

• The capability amongst the operators was high as can be indicated in the variables “Ability to identify deficiencies in existing products/service” (82%) and “ability to take advantage of various government pronouncements as business opportunities (74%)

• It was interesting to find out that majority of the operators (86%) would like to undertake business as their career as opposed to necessity.
Findings & Results (3-5)

Proactiveness behavior & Innovativeness

• Results show that majority of the respondents (61%) were unable to be independent in solving business problems and also unable to tolerate risks (54.6%)

• The level of innovativeness was found to be moderate while risk management skills were found to be low
Findings & Results (4-5)
Regression Output

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>0.553</td>
<td>0.306</td>
<td>0.219</td>
<td>1.022</td>
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</tbody>
</table>

Dependent Variable: Sustainability of Informal Sector
Independent variables:
- Opportunity perception,
- Proactiveness,
- Innovativeness,
- Business skills

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<tbody>
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<td>Regression</td>
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<td>18</td>
<td>3.681</td>
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<td>Residual</td>
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<td>144</td>
<td>1.045</td>
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<td></td>
<td>Total</td>
<td>216.798</td>
<td>162</td>
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</table>
Findings & Results (5-5)
Chi-Square test between gender and taking career in business

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
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<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>2.624</td>
<td>4</td>
<td>0.623</td>
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<tr>
<td>Likelihood Ratio</td>
<td>2.747</td>
<td>4</td>
<td>0.601</td>
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<tr>
<td>Linear-by-Linear Association</td>
<td>0.087</td>
<td>1</td>
<td>0.768</td>
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<tr>
<td>N of Valid Cases</td>
<td>163</td>
<td></td>
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</tbody>
</table>
Conclusion & Recommendations

• Despite various challenges facing the informal sector operators, there is significant entrepreneurial potential displayed among the surveyed operators.

• Further the entrepreneurial attributes tested in this study have found to be significant in determining the sustainability of informal sector.

• It is recommended that more initiatives should be taken to train the operators to build more entrepreneurial attributes, particularly risk management skills and independence.
Thank You

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