INFLUENCE OF PERSONAL ATTRIBUTES AND SELECTED BUSINESS SUPPORT SERVICES ON GROWTH OF MICRO ENTERPRISES IN KIGOMA DISTRICT, TANZANIA

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A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF RURAL DEVELOPMENT OF SOKOINE UNIVERSITY OF AGRICULTURE. MOROGORO. TANZANIA.

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ABSTRACT

This study examined the influence of personal attributes (i.e self-motivation and innovation) and selected business supportive services (i.e financial services and enterprise networking) on micro enterprises growth in Kigoma District. The study also sought to identify the best predictor of micro enterprises growth among personal attributes and business support services. To attain these objectives a cross sectional research design was used in which 110 micro enterprise owners in two sectors of the economy (i.e retail and services) in the District were interviewed. Both purposive and simple random sampling techniques were used in the study in which descriptive and multiple linear regression model were used to analyze data. The findings confirmed positive influence of self motivation on the growth of micro enterprises implying that self motivated owners are more likely to open more enterprises, spend more hours in managing their enterprises and desire to generate profits for further business expansion. However, innovation of micro enterprises was found to have no influence on growth of micro enterprises. Networking recorded negative influence on growth of micro enterprises suggesting that the more time owners spend in enterprise networking activities the less the enterprise growth is realized. This is due to the fact that enterprise partners build a relationship on non enterprise activities which could not create network capability for enterprise advantage. Financial services of micro enterprises has no influence on growth of micro enterprise suggesting that financial services do not influence growth of enterprises in the study area. Financial services in the study area were not accessible to enterprise owners due to tough collaterals, high interest rates and short payback period. The best predictor that explains variance of growth of micro enterprises is self motivation due to its high β values compared to business support services.

DECLARATION

I, Lucy Kizanye, hereby declare to the Senate of Sokoine University of Agriculture that this dissertation is my own original work done within the period of registration and that it has not been submitted for a degree award to any other institution.

24/6/2015

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24 JUNE 2015

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Date

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DEDICATION

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BSS	Business Support Services
DED	District Executive Officer
DRC	Democratic Republic of Congo
GDPs	Growth Domestic Products
IFAD	International Fund for Agricultural Development
ILO	International Labor Organization
MEs	Micro Enterprises
NBS	National Bureau of Statistics
NSGRP	National Strategy for Growth and Poverty Reduction
PRIDE	Promotion of Rural Initiatives Development Enterprises
PBFT	Property and Business formalization Tanzania
SACCOs	Serving and Credit Cooperative Societies
SIDO	Small Industry Development Organization
SPSS	Statistical Package for Social Science
SSA	Sub Saharan Africa
Tshs	Tanzanian shillings
U.S.A	United States of America
UK	United Kingdom
Birr	Currency of Ethiopia
URT	United Republic of Tanzania
ROI	Return on Investment

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Problem

Micro enterprises are those engaging up to 4 people, in most cases family members or employing capital amounting up to Tshs 5.0 million (URT, 2002). On the other hand, business support services are defined as services originating in a public policy initiative, that aim at assisting enterprises or entrepreneurs to successfully develop their enterprises activity and respond effectively to the challenges of their enterprise, social and physical environment (Brussels, 2001).

Statistics shows that Micro enterprises generate employment in different countries. For example, in U.S.A they create employment of 2.7 percent per year (Edigcomb and Duob, 2005) while in Colombia, micro enterprises accounts for 36 percent of all jobs and 63 percent of industrial jobs (Edit, 2005). In Canada about 23.5 percent of the new jobs are in micro enterprises (Papadaki and Chami, 2002).

In developing countries, the informal sector that mainly constitutes micro enterprises is the major source of employment and income for the majority low income earners population. According to ILO (2002) the share of informal employment (outside agriculture) accounts for nearly half or more in all regions of the developing world and about 72 per cent in Sub-Saharan Africa (SSA). Hence, their growth matters in determining overall economic performance and poverty reduction. According to Gebreeyesus (2009), micro enterprises are very important part of the developing world economy since their contribution to the informal sector in non-agriculture GDP is about 41 per cent.

Despite their potential to generate employment, micro enterprises in developing countries lack expectations in the transformation of enterprises to increase their sizes; they produce largely for the low income earners and most are self-employed with low graduation rate into medium and larger size categories (Gebreeyesus, 2009). However, their growth level could be attributed by inclusion of personal attributes that enable owners to tolerate risks and business support services to create conducive environment to share resources for enterprises advantage hence grow in to small, medium and large enterprise.

Previous studies on micro enterprises growth by Papadaki and Chami (2002); Edigcomb and Duob (2005); Hermelo and Vassolo (2007) which were carried out in US specifically Argentina and Canada and Gebreeyesus (2009) in Ethiopia have identified several factors that constrains growth of micro enterprises among them being enterprises technological capabilities, excessive regulatory framework, administrative requirements, and inadequate infrastructure. Thus, the formed businesses fail to operate on profits and eventually close down or continue operating without a good return on investments constrained from growth and expansion (Nkonoki, 2010).

Nevertheless, today, in a competitive environment, millions of people including men, women, old and young constrained by few resources are deeply involving in enterprise activities ranging from setting up new enterprises, buying and revitalizing failed enterprises, old enterprises and innovate new ventures (Lucky, 2011). Their ability to realize their potential impact to the economy in terms of generating income and contribute to economic growth depend largely on the availability of business support services especially insurance system to reduce business risks, access to financial services, innovation, incubator system, management enterprises skills and enterprise training on how to run them profitably (Grandi and Glimaldi, 2005); (IFAD, 2010).

The role of micro enterprises in creating employment and poverty reduction continue to be appreciated; different studies have indicated differently on personal attributes that influence growth of micro enterprises. For example, Shastri and Sinha (2010); Razak and Norsiah (2011) indicated that micro enterprises are influenced by personal attributes such as education, working experience and attitude towards risk-taking that are essential in enterprises growth and expansion. Moreover, Nguyen *et al.* (2008) pointed out that business support services such as infrastructure, legal and institutional framework, training and enterprises premises plays a greater role in entrepreneurial opportunities for micro enterprises growth. Furthermore, it is argued that even if all conditions for micro enterprises opportunity such as education, innovation, experience, and energy may exist, but the business support services such as enterprises training, networking, financial services, incubator and insurance system especially in developing countries, may influence micro enterprises growth and expansion (Grandi and Grimald, 2005; IFAD, 2010).

Literatures in developing countries have also indicated that the identification and exploitation of micro enterprises opportunity for start-up and subsequent growth depends on the personal traits of the owner of an enterprise specifically on the dimension of need for achievement, risk tolerance; autonomy/independence, self-esteem and self-efficacy, locus of control and the presence of business supportive services particularly business advisors, training and technological support to enterprise's owners (Kuzilwa, 2005; Nkonoki, 2010; Bowen *et al.*, 2009; Olomi, 2009). Furthermore, Tundui (2012); and Oni *et al.* (2012) emphasized that personal attributes play a vital role in enterprise growth activity because it involves psychological motivation behaviors that may drive an individual to intensively engage in enterprise with a certain stand of excellent that will facilitate growth of such enterprise.

Studies in Tanzania has indicated that micro enterprises growth are influenced by personal behaviors like management skills, division of labor, entrepreneurial knowledge and business support services like market accessibility, security to enterprise owners/managers, fairness in tax collection, government authority, and fair regulatory framework (Mfaume and Leonard, 2004, Kibassa, 2009, Łyniewska and Selezneva, 2009, Hamis, 2010, Mutambala, 2011). However, none of these studies addressed the issues of personal attributes (i.e self motivation and innovation) and business support services (i.e networking and financial services) as essential drives of enterprises growth. This study explore beyond previous literatures in order to fill the gap, by examining the influence of personal attributes (i.e self motivation and innovation) and business support services (i.e enterprise networking and financial services) on micro enterprises growth in Kigoma Rural District.

1.2 Problem Statement

To achieve inclusive growth that is employment-friendly, a conducive business support services for firms growth, especially for micro enterprises is essential. The critical role that micro enterprises play in the Tanzanian economy cannot be overemphasized. For instance, a recent survey of manufacturing sector has shown that out of 25,000 manufacturing enterprises operating in the country, 88 percent are microenterprises that engage 1-4 persons (60.3 percent engage 1-2 persons and 27.7 percent engage 3-4 persons) (NBS, 2008). In addition, URT (2011) asserted that micro enterprises growth will contribute significantly to the transformation of the economy through enterprise formalization and reforms that are urgently needed to promote the growth of micro enterprises, as many of micro enterprises operate at the grassroots level. Micro enterprises can only contribute significantly to both economy and more employment once they are able to grow from micro to small, medium and subsequently to larger enterprises with consideration of personal attributes and business support services.

To that effect some studies have been done to examine reasons for poor growth and performance of micro, small and medium enterprises in Tanzania. For example, Temu and Kessy (2010) examined the impact of training on performance of small and micro enterprises; Hamis (2010) challenges and opportunities of SMEs supply chain management; Ububako *et al.* (2010) on analysis of the SME sector in Tanzania and Ghana; Jagero and Kushoka (2011) on challenges facing women micro entrepreneurs; (Mmari, 2012) on performance of small and medium enterprises and Isaga (2012) on entrepreneurship and performance of SMEs in the furniture industry. However, little consideration has been directed towards the influence of personal attributes and business support services that influence micro enterprises growth at district level. Enterprise growth can be attributed by inclusion of personal attributes (i.e self motivation and innovation) and business support services (i.e networking and financial services). Therefore, this study aims to fill this gap from previous studies by examining the influence of personal attributes (i.e self motivation and innovation) and business support services (i.e enterprise networking and financial services) which were unexplored in Kigoma Rural District.

1.3 Justification

The study intends to document empirical evidence on growth of micro enterprises with focus on the issues pertaining to personal attributes and business support services in order to provide inputs which can contribute in running them profitably. This, in turn, contributes to improve growth of different types of enterprises which may account to the social economic development. This study contributes to micro enterprises growth literature in the following ways; first, by not only analyzing dimension of personal attributes (i.e self motivation and owners innovation) but also an important dimension of business support services (i.e enterprise networking and financial services); second, the study exclusively relies on the very lower bottom size category termed as micro enterprises because they are the category that create employment to low income earners who are the majority; third, unlike most previous studies which focused on manufacturing sector, this study covers only retail and services sectors. Assessing factors that influence micro enterprises growth is supported by Small and Medium Enterprises Development Policy (2002); PBFPT (2008) to empower the marginalized majority in the informal sector to use their property and enterprise assets and take advantage of acquiring loans on which very subsequently grow their enterprises and account to the socio-economic development.

1.4 Study Objectives

1.4.1 General objective

The overall objective of the study was to examine the influence of personal attributes and selected business support services on micro enterprises growth.

1.4.2 Specific objectives

Specifically this study intends to:

1) Explore personal attributes and business support services in the study area.
2) Examine the influence of personal attributes in micro enterprises growth.
3) Investigate the influence of business support services in micro enterprises growth.
4) Identify the best predictor of micro enterprises growth among personal attributes and business support services.

1.4.3 Null hypotheses

H_{1a} Self motivations do not influence micro enterprises growth.

H_{1b}) Innovation do not influence micro enterprises growth

H_{2a}) Enterprise networking does not influence micro enterprises growth.

H_{2b}) Financial services do not influence micro enterprises growth

CHAPTER TWO

2.0 LITERATURE REVIEW

This section reviews theoretical and empirical literatures that are in line with the study in relation to importance of micro enterprises, self motivation, and innovation behaviours of the owners, financial services and enterprise networking, and conceptual framework that show interrelationship among variables.

2.1 The Concept of Micro Enterprises

Different organizations and countries have set their own guidelines for defining micro enterprises, often based on headcount, sales or assets (Conrad and Darren, 2009; Yahya *et al.*, 2011). According to Conrad and Darren (2009) micro enterprises are the enterprises that employ up to 9 employees in UK while in Australia they employ fewer than 5 employees. U.S Census Bureau tends to categorize micro enterprises as "SOHO (meaning small office or home-office), non-employer enterprises and non-employee enterprises (including enterprises less than 5 employees). Therefore, micro enterprise should be seen as the small type of SMEs that may employ fewer than 9 employees or on the other hand may not have employees at all (Lucky and Olusegun, 2012). However, not always the case in other context such as Tanzania.

On the other hand, Gerstenfeld and Robert (2000) observed that EU defined micro enterprises in terms of numbers of employees as those enterprises with up to 9 employees while Alarape (2007); Rebecca and Benjamin (2009) defines micro enterprises as "an enterprise with a labor size of less than 11 employees or a total cost investment of less than N50 million, including working capital but excluding cost of land." In Ghana micro enterprises are defined as enterprises with less than 6 employees and ¢250 million capital invested in machinery (Ububako *et al.*, 2010). According to Ethiopia Ministry of Trade and Industry (2003) micro enterprises were defined as commercial enterprise whose capital is not exceeding birr 20,000 other than technological and consultancy services.

Moreover, Conrad and Darren (2009) explain that the main reason why micro enterprises definition varies particularly from industry to industry; county to country; size to size and number of employee to number of employee is to reflect countries industry, and employment differences accurately. According to the Ministry of Industry and Trade in Tanzanian, micro enterprises are defined as business with up to 4 employees and up to 5 million capital invested in machinery, in most cases family members. The majority of micro enterprises fall under the informal sector.

The micro enterprises cover non-farm economic activities mainly manufacturing, mining, commerce and services. There is no universally accepted definition of enterprises. Different countries use various measures of size depending on their level of development. The commonly used yardsticks are total number of employees, total investment and sales turnover. Small enterprises are mostly formalized undertakings engaging between 5 and 49 employees or with capital investment from Tshs.5 million to Tshs. 200 million. However the most critical enterprises covered in this study are micro enterprises defined under capital invested operated most by the majority poor Tanzania. This is illustrated in the Table 1 below:

Table 1: Categories of SMEs in Tanzania

Category	Employees	Capital Investment In Machinery In (Tshs)
Micro enterprise	1 – 4	0 to 5 mil
Small enterprise	5 – 49	Above 5 mil. to 200 mil.
Medium enterprise	50 – 99	Above 200mil.to 800 mil.

Source: Tanzania Small and Medium Enterprise Development Policy, 2002.

2.2 Micro Enterprises and Socio-economic Development

The role of micro enterprises in different countries continue to be appreciated and this is because they are labor-intensive and they create employment at relatively low levels of investment per job created, they contribute to country's GDPs and improve the life's of the owners if at all they are able to survive in this competitive economy (URT, 2002; Islam *et al.*, 2011). Micro enterprises are better positioned to satisfy limited demands brought about by small and localized markets due to their lower overheads and fixed costs. In Ghana 25 percent of the GDP is generated from micro enterprises (Ububako *et al.*, 2010). In Tanzania it is shown that micro enterprises operating in the informal sector alone consisted of more than 1.7 million enterprises engaging about 3 million persons, that was, about 20 percent of the Tanzanian labor force (URT, 2002).

According to ILO (2010) on Tanzania decent work country profile, the informal employment sector that constituted micro enterprises was 93.3 percent while the remaining were in small, medium and large enterprises. This show that majority Tanzania enterprises are micro enterprises based in the informal sector. Therefore in order to be able to graduate in to small, medium and large enterprises they need to achieve high growth level with inclusion of personal attributes dimension and business supportive services.

2.3 Growth of Micro Enterprises

Previous research suggests that growth of an enterprises is multidimensional in nature, it is therefore advantageous to integrate different dimensions of growth in empirical and theoretical studies (Papadaki and Chami, 2002; Chong, 2008; Wit and Zhou, 2009). Different dimensions have been used to explained growth of micro enterprises for example; Carland *et al.* (1984) explained growth of enterprises in the attributes of the enterprises owner, organizational resources and environmental opportunity which are crucial in expanding enterprises while (Wit and Zhou, 2009) explained growth of enterprises in the context of firm attributes, firm strategies such as market orientation and entrepreneurial orientation, firm resources including human resources, organizational structure and dynamic capability.

The growth of an enterprise is defined by Hakkert and Kemp (2006) as an increase in certain attributes, such as sales, employment, and/or profit of a firm between two points in time. Mao (2009) defined growth of enterprise as a development process of a an enterprise from small to big and from weak to strong in which the enterprises keeps the tendencies of balanced and stable growth of total performance level including output, sales volume, profit and asset gross. Growth of enterprises in this study was defined in terms of profits generated in Tshs and return on investment with the assumption that enterprises after they have survived in doing enterprises activities from a certain period of time, during which they may have generated a profit or loss and hence grow (Mmari, 2012). Micro enterprises growth in this study was attributed to the dimensions of personal attributes and business support services that would influence their growth level hence expand them into medium and larger sizes.

2.4 Factors Accounting to Growth of Micro Enterprises

2.4.1 Incubator system

Incubator system is the system that assists emerging enterprises by providing support services such as developing enterprises, marketing plans, building management teams and obtaining capital for further business expansion (Cui *et al.*, 2010). In addition, (Grandi and Grimaldi, 2005) asserted that incubators provide flexible space, shared equipment, and administrative services for enterprises advantage. After the incubating period, it is intended that enterprises graduate to become independent and self-sustaining businesses since they offer distinct services that reflect their own customer-base as well as the specific resources available within their respective communities (Tapfuma, 2012).

2.4.2 Market access

Market access refers to services related to the selection, pricing, sale and distribution of products, advertising or promotional activities, and acquiring access to raw materials, inputs, and equipment (Kamau and Jonh, 2014). The integration of SMEs into market access chain is one dimension of the kind of the partnerships that can lead to the transfer of know-how, skills and expertise, thus increase sales turnover (Riley and Steel 2002). The study by Joseph and Henry (2013); Kamau and John (2014); Mbugua *et al.* (2014) found that market access assist owners of enterprise to access information that is related to suppliers and customers which increased sales turnovers to SME owners. With inclusion of business support services dimension i.e. financial services will provide owners more markets opportunities to buy goods that are the needs of customers hence profit generation.

2.4.3 Managerial skills

Managerial skills act as a mechanism to understand and capture customers need and interests. The study by Takalani (2014) in South Africa indicated that managerial skills assist owners of SMEs to provide high quality services which in turn attracts more customers to buy more goods hence increase in profits. On the other hand, Hamis (2010); Razak and Mat (2011); James *et al.* (2013) added that through supply chain management skills and business management SMEs in Tanzania and Kenya can look for means to condense running costs, improve efficient and capture customers interests which in turn improve growing health of enterprises. With previous literatures, no attention was paid to important drives of enterprises growth specifically for micro enterprises i.e. inclusion of personal attributes dimensions (self motivation and innovation); most of the literatures are confined to performance of small and medium enterprises.

2.4.4 Competitive advantage

Competitive advantage reflects the intensity of a firm's efforts to outperform rivals, characterized by a combative attitude and a vigorous relax to competitor's action (Wit, 2009). In addition, James *et al.* (2013) asserted that competitiveness advantage can be driven by factors like location and natural resources such as: access to current information and knowledge (i.e. market standards, marketing opportunities and technology). This competition creates a new information flow and knowledge base for SMEs that could be the model for the efficiency of resource distribution to SMEs. Other studies for example, Kamau and Jonh (2013); Sateeraroj *et al.* (2013) found that among the factors for the growth of Small and Medium Enterprises in Thailand was competitiveness advantage which assisted competitors to organize resource (i.e. physical and human resource) which in turn provided inputs in the growth of SMEs. Previous arguments would add value if business support service dimensions which are the focus of the study be considered.

2.4.5 Entrepreneurial knowledge

Knowledge can be defined as capacity to act. It cannot be seen, because it is invisible, intangible asset and cannot be directly observed but one can only observe its effects (Kmiecciak and Michna, 2012). Previous studies such as Hunt (2003); Kmiecciak and Michna (2012) stated that entrepreneurial knowledge helps enterprise to find, select, organize and transfer important information necessary for identifying market gap and new product needed by the customers. It is perceived as a strategic organizational asset which is essential factor in achieving business growth and prosperity. Despite the fact that, factors accounting to growth of enterprises have been studied for many years, inclusion of personal attributes and business support services which are crucial in determining enterprise growth and prosperity are rarely considered. This study focuses on personal attributes and business support services to cover the gap left by previous literatures.

2.4.6 Personal attributes and business support services in the growth of micro enterprises

2.4.6.1 Personal attributes

Personal attributes (PAs) are the qualities of micro enterprises owners which facilitate involvement in enterprises activity (Hisrich *et al.*, 2008; Kuzilwa, 2005). According to Islam *et al.* (2011) personal qualities and traits, such as self-confidence and perseverance, have been suggested to affect enterprise success. Other literatures have been associating personal attributes with demography characteristics such as age, education and industry size (Peter, 2001; Harrison and Mason, 2007; Okpukpara, 2009). In support to previous studies (Razak and Mat, 2011) showed that education and managerial skills contributes to small and medium enterprises (SMEs) growth and expansion.

While previous literatures have associated personal attributes with demographic characteristics of the owner of the SMEs. Islam *et al.* (2011) and Adesua *et al.* (2008) have indicated that personal attributes of the individual are determined by motivation and objectives, which in turn determine the firm's growth. However, the most critical personal attributes in this study which are inclined to micro enterprises are self motivation and innovation behavior that are crucial in realizing enterprises' growth and expansion.

2.4.6.2 Business supportive services

The concept of Business Support Services (BSS) is defined by Brussels (2001) as services that are provided by public policy initiative, individuals or private efforts, which aim to support enterprises to successfully develop their enterprises activity and respond efficiently to the challenges of their enterprises, social and physical environment. BSS include things like incubator, insurance, training, networking, credit, technology and research. Services of this kind are usually provided directly to enterprise owner, managers or staffs (Brussels, 2001; Nguyen *et al.*, 2008) and mostly to SMEs. They are potential in enterprises growth because they are helpful in reducing enterprise risks. BSS may also involve the provision of information, advice or ideas on the access to finance (Nguyen *et al.*, 2008). They can be rather elaborated, in involving the provision of enterprise premises and office facilities, tutoring, access to finance, networks, technical and legal and bookkeeping (Brussels, 2001; ILO, 2011).

Business support services in enterprises growth includes several dimensions of which some have been presented by previous literatures and others have little considered by previous studies, for example Grandi and Grimaldi (2005) indicated that incubators assistance helps an emerging ventures in SMEs enterprises by providing support services and assistance in developing those enterprise; AISBR (2002) identified that external advice and consultancy ,facilities and basic information were found to influence enterprise growth in to further sizes; Robinson and Bennet (2000) concurred that enterprise advice and external collaboration may influence performance of such an enterprise. However, the situation to micro enterprises especially at the grassroots level is not convincing as most of these studies are directed to SMEs in town and cities.

Nguyen *et al.* (2008) added that legal and regulatory framework, information flow, enterprises training and technological development to enable market strategic development to owners of the micro enterprises in turn increase the probability of growth of the enterprises. These arguments may also imply that growths of micro enterprises are inclined to other dimensions of BSS in order to foster enterprises growth and prosperity.

In this view, it is convincing to articulate that BSS especially financial services and enterprises networking are essential for enterprises growth for example; financial services reduce business risks and startup costs through credit provision while networking enable resources sharing through trustful partners. Bengesi and Le Roux (2014) asserted that with enterprises networking, owners of the enterprises can identify potential partners with relevant resources to complement resource needs for the enterprises advantage.

2.4.6.3 Self-motivation and growth of micro enterprises

Much of the existing research assumes that the majority, if not all, of SMEs wish to grow but are prevented from so doing by barriers. This assumption was argued particularly in the study of enterprise strategic planning that profit maximization is a 'rational behavior' of SMEs Owner-mangers in enterprises growth (Biggs *et al.*, 2000; Shepherd and Wiklund, 2005). The concept of motivation was defined by Adesua *at al.* (2008) to refer person's motive to action toward achievement of a certain goal, objective, or target with a standard of excellence.

Studies conducted in the motivation area have argued differently and found mixed results for example Islam *et al.* (2011); Ahmad (2010) found that personal qualities and traits, such as self-confidence and perseverance, risk taking, pro-activeness, competitive aggressiveness and entrepreneurial readiness influence growth of SMEs. Shepherd and Wiklund (2005); Elezneva and Łyniewska (2009) Ogunleye (2012) pointed that personal attributes include individualism, locus of control, need for achievement, dispositional optimism and trust/relationship have an impact on growth of SMEs and micro enterprises. Moreover, Širec and Monic (2010) in focus of psychological theory argued that need for achievement, risk tolerance, self-esteem and self-efficacy; locus of control and need for autonomy/independence are the drive toward enterprise growth.

Zhou and Wit (2009) pointed that owners of the enterprise who has greater intrinsic motivation, who experienced growth are more innovative and ambitious towards firm growth and they engage into further enterprise growth. Study by Adesua *at al.* (2008) differentiated between owners who are negatively and positive motivated ; negative motivated includes dissatisfaction with an existing employer and threat of actual unemployment and so individuals with negative motivation are less likely to experience enterprise growth than individual with positive motivation.

Sateeraroj *et al.* (2013) argued that Micro, Small and Medium Enterprises owner are engaging in enterprise activity to pursue primarily personal and social status and most of owners of the micro enterprises are defective desires in enterprise growth and expansion. In supporting the argument; Beaver and Jennings (2000); Shepherd and Wiklund (2005) added that beyond a certain point, these owners deliberately ignore opportunities to increase profits and deliberately ignore any exultation to apply 'best practice management activities. In this regard, self motivation of the owners of the enterprise is a drive to enterprise owners in searching enterprise opportunities so as to increase growth level of an enterprise.

Previous literatures for stance that of Shepherd and Wiklund (2005) added that the existing research assumes that the majority, if not all, of micro enterprises owners "wish to grow however they are prevented from so doing" by "barriers". For example, it was found that only 16 percent of the micro enterprise owners in the Netherlands were found to have motivation to grow their enterprises (Mosselman *et al.*, 2002). Thus concluded that it is likely that the owners driven by positive motivation are significantly likely to grow than owners who are negatively motivated; however the study did not indicated what factors should be considered to make these wishers of growth to experience growth and prosperity in their enterprises.

On the other hand, Wit (2009) argued that intrinsic motivation plays an important role in micro enterprises owner behavior which in turn contributes to the actual growth of an enterprise. Intrinsic motivation implies that growth is highly determined by personal values and interests of the owner's traits. Therefore, owners of an enterprise with greater intrinsic motivation who experiences growth and transform their enterprises are more innovative and they are ambitious towards firm's growth and further enterprises growth and prosperity.

Other studies such as Wang *et al.* (2007); Adesua *et al.* (2008) Islam *et al.* (2011) and Nkonoki (2010) also demonstrated that most enterprises founders have modest growth aspirations, which in turn has a direct effect on enterprises growth. Therefore, incorporating self motivation in micro enterprise is crucial aspect in determining enterprises growth as motivated owners are very ambitions to fulfill their goals and committed to tolerate risks hence may realize enterprise growth.

2.4.6.4 Innovation and Micro Enterprises Growth

The concept of innovation was first introduced into entrepreneurial process by Schumpeter (1942) as stated by Baba and Elumalai (2011) where the term 'creative destruction'., which focused on creation of wealth due to introduction of new goods or services and which proved to be disruptive to an existing enterprises. Wit (2009) defined innovation as ability or willingness of enterprise owners to support creativity and experimentation in introducing new products/services and technological leadership in new processes. Innovation involves four dimensions namely; intervention which means creation of new product/ service; extension which refer to expansion of a product or service; duplication which means to replace an existing product or service and synthesis which encompasses combination of existing and new process (Kuratko and Hodgetts, 2007; Hughes and Morgan, 2007).

Innovation has been singled out by social science research as a true mark of an entrepreneur and growth of enterprise (Wit, 2009; Yu and Peng, 2013). Studies conducted in the area of innovation have established the link between innovation and individual who have entrepreneurial traits for enterprises growth. For example (Schein, 1997) found that the wish to create something new was identified among SMEs graduates who later choose entrepreneurship carrier and they have experienced optimal enterprises growth. Some literature has found that micro enterprises and SMEs are more innovative than large enterprises due to their flexibility to respond quickly in scanning and identification of market gap (Audretsch and Thurik, 2004; Hult *et al.*, 2004).

Studies that examined the relationship between innovation and growth of the enterprises revealed mixed results. Some revealed positive relationship, other negative and others found no relationship (Kuratko and Hodgetts, 2007). For example, Hult *et al.* (2004) found that innovation have positive influence on SMEs growth than pro-activeness and risk taking propensity. Kusumawardhani *et al.* (2012); found positive influence of innovation and SMEs growth in Indonesia while Mmari (2012) found also positive influence of innovation possessed by the owners and the performance of SMEs in Arush and Moshi. Contrary, Papadaki and Chami (2002) found insignificant influence of innovation and micro enterprises growth while Kiraka *et al.* (2013) found negative and insignificant influence of innovation and SMEs growth.

Despite some empirical support on the relationship between innovation and growth of the enterprises especially SMEs and economic growth, these studies have been challenged, for example Stanworth *et al.* (1989) as cited by (Mmari, 2012) argued that SMEs are not necessarily innovators, rather they are to be exploiters and developers of ideas which have been developed by larger enterprises. Moreover, Hult *et al.* (2004) asserted that the innovation of the owners of the enterprises depend of the level of technology that the owners has. Little consideration from previous literatures were directed towards micro enterprises thus, innovation in this study is considered as an essential factor that influence growth of micro enterprises with the belief that by increasing commitment to innovative products or services, an enterprise can renew their operations in marketplace and improve their profitability level hence, grow into small, medium and larger sizes.

2.4.6.5 Enterprise networking and growth of micro enterprises

A network is a group of individual or organizations closely to each other by direct or indirect reciprocal relationship. It is accepted that network plays a great role in the success of people and organizations, including enterprises, however not always the case. Enterprise networking is the management of relationships that the individual has with others in their society (Bhatti and Dileep, 2012); (Širec and Brada, 2009).

Previous literature have argued differently on enterprises networking and growth of an enterprise, for example Kristiansen (2004) argued that networking helps entrepreneurs to reduce business risks and transaction costs and improve access to enterprise ideas, knowledge, and capital. On the other hand, Širec and Brada (2009) argued that networking enable Owner-Manager of enterprises' to overcome the liabilities of getting resources that cannot be readily accessed through market mechanism. Networking in enterprise context could be related to activities in which the enterprises owners build and manage personal relationships with particular individuals in their environment for enterprises growth and prosperity (Mbura and Olomi, 2009).

In this view, networking is essential for growth of an enterprise through identification of partners with trust and confidence to share core competitive resources and manage to capture market gap. While the arguments in favor of enterprise networking are compelling, and most of the existing literature is grounded to the belief that networking is beneficial (Haahtie *et al.*, 2005; Širec and Brada, 2009 and Bhatti and Dileep, 2012), Bengesi and Le Roux (2014) argued that the extent to which networking is beneficial to SMEs performances and growth depends on the ability of a firm to acquire and apply dimensions of Networking Capabilities (NWC) namely; coordination, relational skills, internal communication and partner's knowledge that will enable the owners of the enterprises to aggressively compete and experience growth of the enterprises.

However, the extent to which the influence of NWC on resource sharing and market identification for micro enterprises growth is not clearly known in the District. There has been little consideration of the enterprise networking especially on the partners sharing of resources and partners role to enhance growth particularly for the established enterprises like the ones under the study. For example, Aldrich and Reese (1993); were unable to find any evidence linking an entrepreneur's use of networks to enterprise performance; Kyewalabye (2003) was unable to find the relationship between enterprise growth of women and networking. It is the concerns of this study that enterprise networking influence growth of an enterprise with the partners sharing of resources and ability of the owners to have more partners to exchange valuable goods which in turn increase growth and expansion of the enterprise.

2.4.6.6 Financial services and micro enterprises growth

The term "financial services" means any service of a financial nature offered by a financial service supplier. Financial services include things like banking, credit facility and loans provision (Karlan and Valdivia, 2006). Different enterprises in Tanzania have been asserted to have several options for financing their investments from various sources for stance loans from commercial banks; funds from semi financial institutions such as savings and credit cooperative societies (SACCOs); and informal financial institutions such as money lenders (Mori *et al.*, 2009; Olomi, 2009). Despite these options, the situation for micro enterprises in rural settings is not compelling as most of the enterprise owners opt for semi and informal or own financing due to their accessibility (Richard and Mori, 2012). Financial services have been considered to be lifeblood of growing enterprises whether at a startup phase or at a last stage (Mmari, 2012).

Several studies have traced enterprises accessibility to financial services differently for example Karlan and Valdivia, 2006; Lyniewska and Selezneva, 2009) stated that access to financial services have strong relationship on SMEs growth and expansion ; according to these previous literatures, there are new flourishing researches which does not recognized the fact that financial services influence both SMEs and micro enterprises growth in poor countries and rich countries despite the guaranteed advantages of semi-microfinance institutions. Wit (2009) evidenced that banks are more conservative when they provide loans to micro enterprises owners due to information inequality that the micro enterprises owner has. Mmari (2012) argued that it is not only the matter of unavailability of funding and access, but rather lack of planning for funding to support opportunities for growth that is a major problem to SMEs.

Nevertheless, URT (2011) asserted that the access to finance is one of the major factors that determine the success of the private sector and economic growth of a country. However, Micro finance institutions has been argued to be the approach appropriate to provide credit to low income earners who are not accepted by other source of financial, the situation in rural setting for credit access is not convincing. In this context, the growth of the micro enterprises can only achieve optimal required level with provision of financial services specifically credit at the startup and expansion period in order to cover the costs used to set up the enterprise.

Olomi (2009); Mahembe (2011); URT (2011) found that in Africa particularly micro enterprises usually are facing difficulties in obtaining formal credits. As a consequence, most of them finance their enterprises activities using own funds, loans from friends and family, money lenders, relatives, rotating savings and credit groups. Moreover, complexity in accessing finance were stated to remained one of the top three constraints mentioned by the national expert panel in several surveys and small enterprises studies in South Africa.

The study by Temu and Kessy (2010); Bowen *et al.* (2009); Olomi (2009); Richard and Mori (2012) in Tanzania found that SMEs are more prone in accessing additional funds than larger due to limits set by banks, big amount of short term loans and maximum limit for short term loans which is lower than those needed by SMEs owners. To micro enterprises the situation is worse as owners lack awareness and information gap on borrowing procedures since many go to a certain bank because they have been told by friends or they have seen other people going there. Thus, different from previous studies, this study is bound to what extent financial services (credit) can enhance growth of the micro level enterprises by transforming them to other size categories hence grow at optimal required level.

2.7 Research Gap

Despite the fact that the literature shows some studies have been carried out to examine the influence of personal attributes and business support services in Tanzania, most studies have mainly confined themselves to performance of small and medium enterprises (SMEs). With the exception of Temu and Kessy (2010); Tundui (2012); Kibassa (2012) who have examined on small and micro enterprises based on different issues such as impact of training on performance of micro and small enterprises; survival and growth strategies to micro and small enterprises and role of micro and small enterprises to government revenue, the remaining studies in Tanzania especially at the district level (Mfaume and Leornardd, 2004; Maziku, 2007; Kibassa, 2009; Łyniewska and Selezneva, 2009; Hamis, 2010; Mutambala, 2011; Nzunuri, 2011; Jagero and Kushoka, 2011; Isaga, 2012; Richard and Mori, 2012 and Mmari, 2012) reported none on micro enterprise growth in relation to personal attributes and business support services. Therefore this study aims to fill this gap.

2.8 Theoretical Framework

Different theories have been put forward to explain growth of the firm in both business and economic literature that recognize the role of enterprise owners in enterprise formation and growth. For example, Churchill and Lewis (1983) have explained growth of enterprises' as a natural phenomenon in the evolution of the firm through what is known as five stages: i.e. existence, survival, success, renewal, and death. The assumption of this theory is that small firm's pass through a predictable sequence of stages as the product market enlarges (Greiner, 1997).

Another theory is the stochastic theory of growth based on Gibrat's Law in 1931 as stated by Hermelo and Vassolo (2007) which states that the growth rate of a given firm is independent of its size at the beginning of the examined period. The key assumption to Gibrat's theory is that, the growth of a firm, in any given period of time, is independent of the firm's size at the beginning of the period. However, empirical studies do not find supporting evidence (Becchetti and Trovato, 2002; Zhou and Wit, 2009). Studies show that small firms show higher growth rates than larger firms since they have to achieve a minimum efficient size (Audretsch and Thurik, 2004; Yasuda, 2005). However, Yasuda (2005) finds a negative effect of firm size on firm growth in the case of Japanese manufacturing industry. Gibrates theory is static, as it considers little about how an industry and the firms evolve over time and ignore the fact that individuals can learn their enterprise acumen by operating enterprise over time.

On the other hand, resource based theory as stated by Alvarez and Busenitz (2001) states that entrepreneurs have specific resources that facilitate the recognition of new opportunities for enterprises venture. Based on a resource-based view, financial resources and human capital are most important resources for small business growth (Wiklund *et al.*, 2007). The assumption of this theory is that financial resources can relatively easily be converted into other types of resources which do not only increases their innovation potential but also enables the enterprises to pursue new growth opportunities. Due to the above mentioned weaknesses this study is neither under guided by Gibrate's theory nor five stages theory instead the theory of entrepreneurial choice which is similar to resource based theory is used.

The theory of entrepreneurial choice states that individual have certain attributes that are associated with the propensity for entrepreneurship and growth of an enterprise (Papadaki and Chami, 2002). Growth in the theory of entrepreneurial choice is a consequence of strategic choice of the owner in the attributes of the business owner, organizational resources (human and financial resources) and environmental opportunity which are crucial in expanding the firm.

According to Davidson (1989) growth of an enterprise is a choice of the owner and that profit maximization is the only one of the possible motives for enterprise growth. Profit, in turn, depends on the individual's ability to tolerate business risks, abilities to search for new market opportunities and make innovation. However, profit maximization is inclined to personal attributes of founders of an enterprise and the ability to respond to the changing environment (Davidson 1989). In this regard, theory of entrepreneurial choice is suitable in this study because it recognizes the attributes of enterprise owners, the resources and enterprise environment that enhance growth of an enterprise.

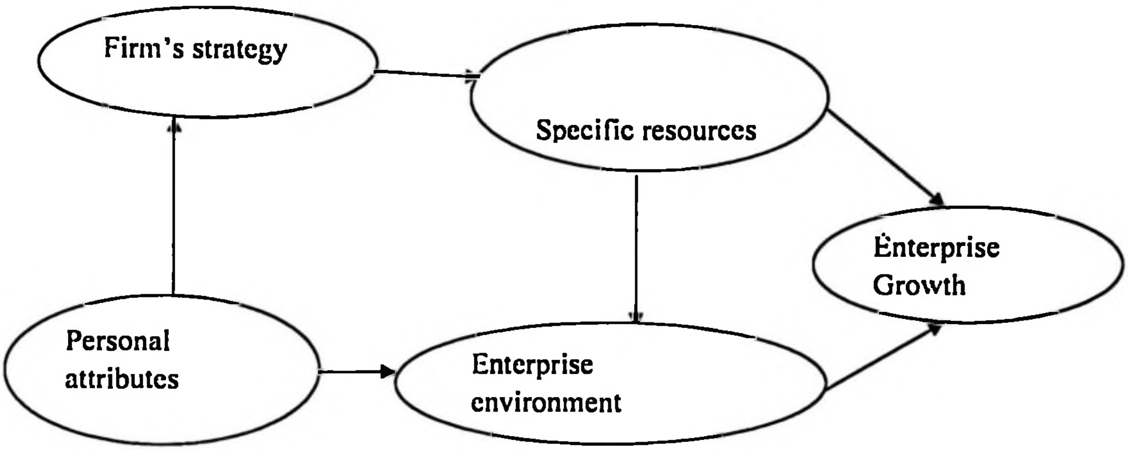

Figure 1: Dimension of theory of entrepreneurial choice

Source: Alvarez and Busenitz (2001) and Zhou and Wit (2009)

2.8.1 Influence of micro enterprises growth and the theory of entrepreneurial choice

The application of the theory of entrepreneurial choice in the analysis of the linkages between influence of personal attributes, business support services and micro enterprises growth is based on the fact that the theory of entrepreneurial choice recognizes the components of persona attributes and business support services dimension which together may influence micro enterprises growth and prosperity. For example, persona attributes may imply self motivation that build a sense of risk tolerance and capability to work in a dynamic environment (Adesua *et al.*, 2008; Ogunleye, 2012) and make innovation (Gebreeyesus, 2009). While business support services may indicate means to which micro enterprises can survive and remain competitive through financial services access and enterprise networking.

2.9 Conceptual Framework for this Study

Based on various arguments and reflections found in the literatures on how micro enterprises are influenced by various factors, a simple conceptual framework was developed and modified and some elements in the dimension of the theory were dropped in order to make it fit for this study. Micro enterprises growth in this study were expected to be influenced by personal attributes of the owner's i.e. self motivation and innovation and business support services enterprise i.e. enterprise networking and financial services. The relationship of personal attributes and business support services in the growth of micro enterprises is that; self motivated owners desire innovations which in turn may increase income profits.

In addition, self motivated owners eager to search network to have resources and information sharing on either how to modify existing enterprise or get goods that are the need of customers' hence enterprise growth. Similarly, financial services i.e. credit for enterprise setup and expansion enhances access of goods, innovation process and even increase number of employees which altogether influence growth of micro enterprises in terms of profits (Tshs) and return on investment (ROI). The conceptual framework of the study is illustrated in Fig. 2.

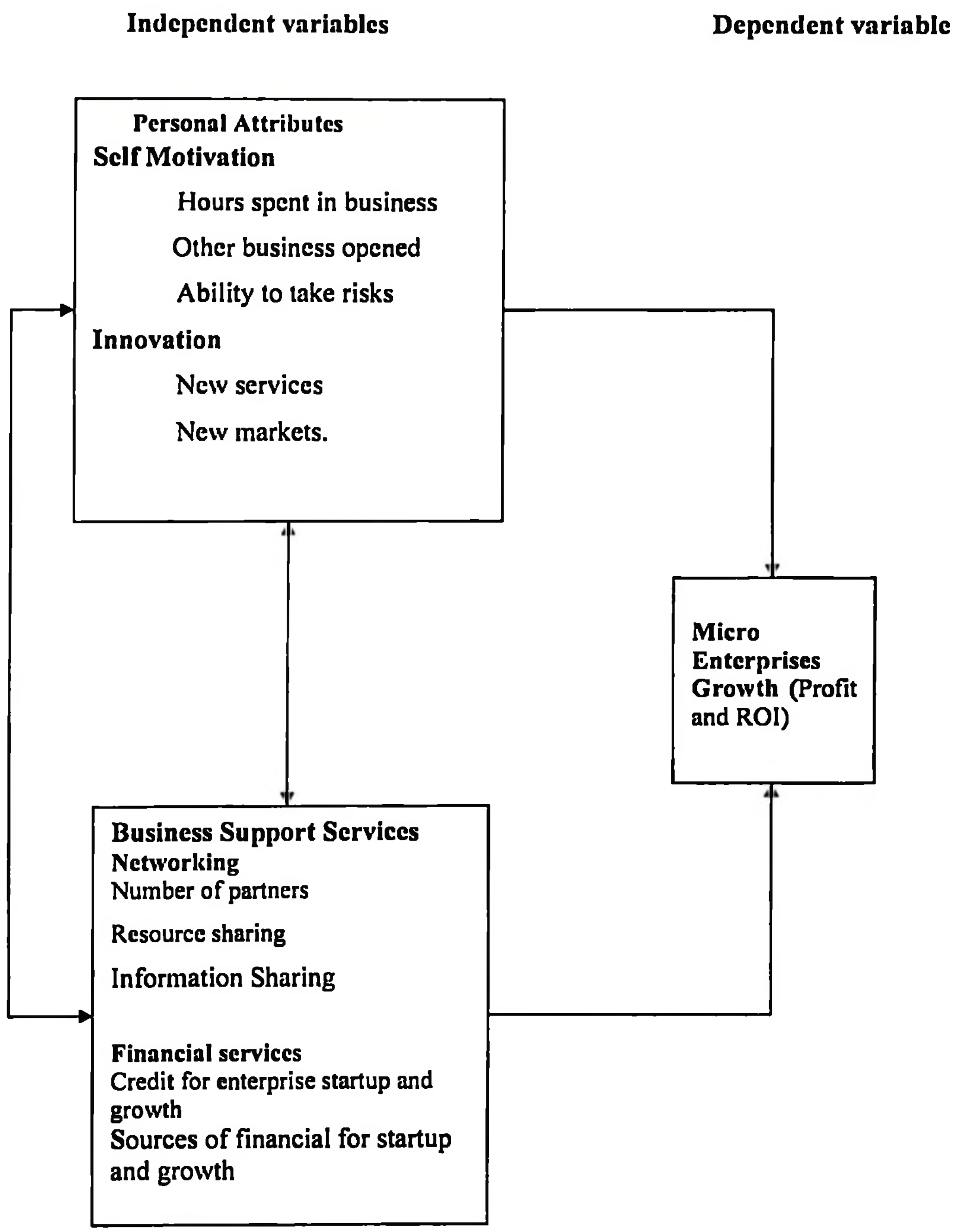

Figure 2: Conceptual framework

Source: Modified from (Zhou and Wit (2009)

CHAPTER THREE

3.0 METHODOLOGY

3.1 Description of the Study Area

3.1.1 Location

Location is a postcode or place of interest of a researcher. Kigoma District Council is among the councils in Kigoma Region. Other councils in Kigoma Region are; Uvinza, Kasulu, Buhigwe, Kasulu Township, Kibondo, Kakonko and Kigoma/Ujiji Municipal. The Council covers area of 9 396 km^2 (20.8 percent total area of the regional) of which 1, 204 km^2 is covered with water mainly Lake Tanganyika. The council borders Uvinza District in Southern part, Kasulu District in Eastern part, Buhigwe District in Northern part and Democratic Republic of Congo (DRC) and Burundi Country in the Western part.

Administratively, Kigoma District is divided into 3 Divisions, namely Mwandiga, Mahembe and Kalinzi, 11 Wards, 33 registered Villages and 212 hamlets (KDC, 2012). The district was purposeful selected due to availability of enterprise opportunities that were left unexplored and only (6.6%) of the enterprise were operating in the district despite the initiatives devoted by the government and different organizations (Nzunuri, 2011).

3.1.2 Population

Population refers to all elements or individuals that meet the selection criteria for group to be studies and from which a representative sample is taken (Kothari, 2004). According to the national census held in year 2012, the District's population was 211 566 of which 110 067 are Females and 101 499 are Males with an average household size of 5.8 with an annual growth rate of 4.1 percent (KDC, 2012).

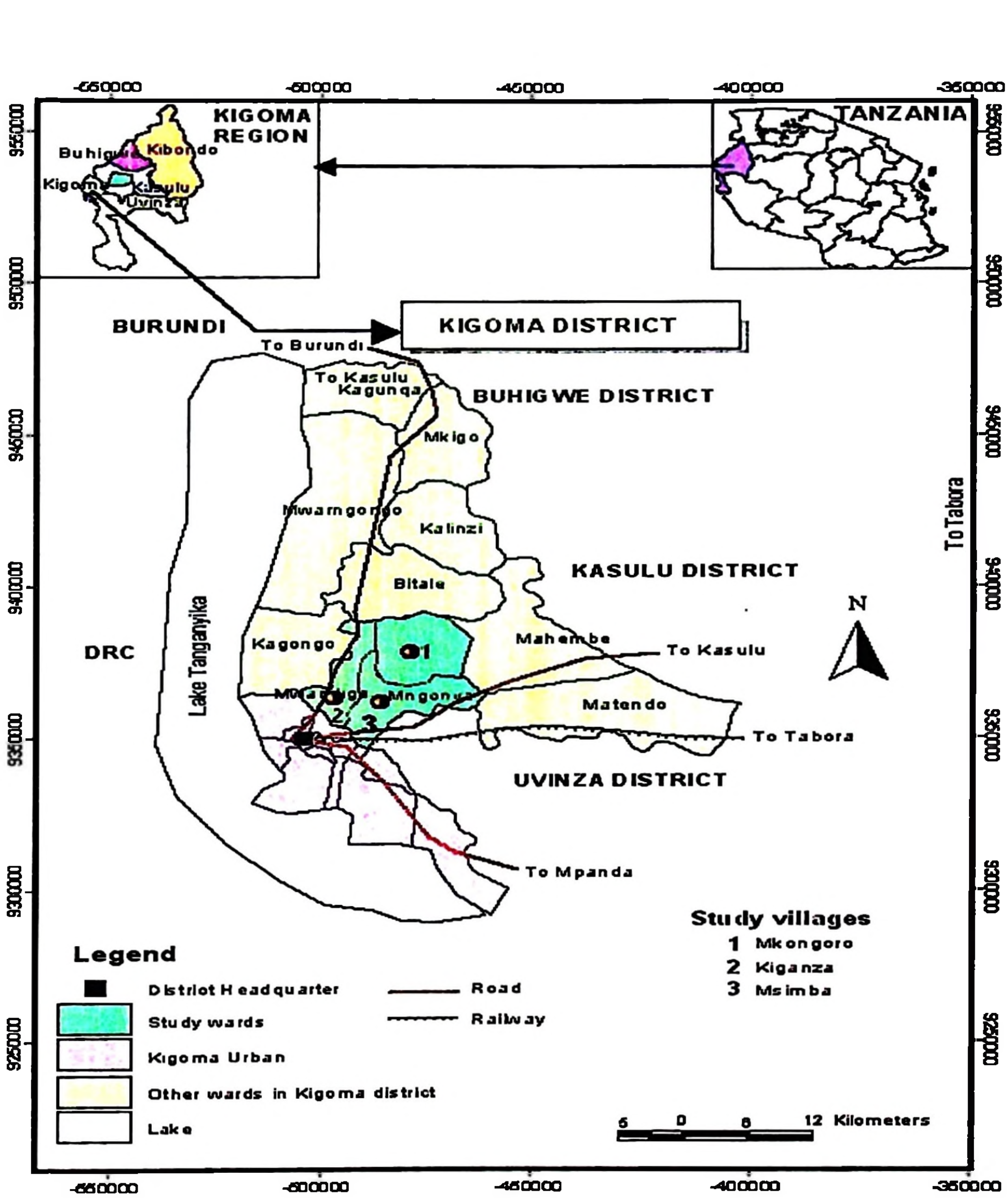

Figure 3: Map of Kigoma District; Source: KDC (2012)

3.1.3 Economic activities

Economic activities refer to action that involves production, distribution and consumption of goods and services within a society. The major economic activities in the district include agriculture which occupy the first rank with 82 percent, fishing 3.8 percent, enterprises operations 6.6 percent, office work 2.4 percent, others elementary occupations like small industries such as carpentry, processing and manson 3.7 percent and others 1.5 percent. Major food crops grown in the district include maize, beans, sweet potatoes, cassava and bananas. Cash crops include: coffee, palm, groundnuts and horticulture crops like tomatoes, pineapples avocados, passions and others (Nzunuri, 2011; KDC, 2012). Cash crops found in the study area like coffee and palm especially in Mkongoro village act as source of capital to boost up the nearly perishing business and manage once again surviving.

3.2 Research Design

Research design is a comprehensive plan for data collection in an empirical research (Batacherjee, 2012). The research design adopted in this study is cross-section in which data from respondents were collected at a single point in time. The design is used due to its dual economic advantages of saving time and money during data collection as recommended by Bhattacherjee (2012) and Babbie (1990). This study used cross-section design since it permits a researcher to collect data from the field setting at once and provides the ability to identify respondents relevant to the purpose of the study. Data collected was used for simple statistical description, interpretation and determination of the relationship between different variables that were the focused of the study.

3.3 Target Population

The target population for the study is all retail and service enterprises operated for 3 years in Mkongoro, Mwandiga and Mungonya wards. According to market chairperson's and wards officer's records there were 130 enterprises operating, however out of 130 enterprises operated only 110 enterprises qualified for interview since they had existed for 3 years. The wards were selected to present other wards in the district given that they had a larger number of enterprises operating than other wards in the district.

3.4 Sample Size and Sampling Technique

Sampling is the statistical process of selecting a subset (called a "sample") of a population of interest for purposes of making observations and statistical inferences (Kothari, 2004). The study used multistage sampling procedures in which one district among seven districts was selected and two divisions from the district, three wards from the division, and three villages from the wards in the district were selected. The criteria for the purposeful selection of the division, wards and villages were the availability of retail and services enterprises in which micro enterprises were operating shops, milling machines, sewing machines and food vendors and easy accessibility to the areas.

The identification of enterprises was preceded by the selection of owners by means of simple randomly sampling. This satisfies the law of statistical regularity, which states that if a sample is chosen at random, on average it will have the same characteristics and composition as the population (Kothari, 2004). This ensured that each individual had an equal chance of selection and thus avoid biased selection. The study used sample size of 110 owners of the enterprise suggested by (Sudman, 1976) cited by Israel (2012) that a minimum of 100 elements in social science research is acceptable and suitable for analysis. Therefore the sample size of 110 is above the recommended by Sudman for the analysis. The composition of sample size was as follows 80 were shop owners, 18 sewing machines, 6 milling machines while 5 were food vendors.

3.5 Data Collection Method and Instruments

3.5.1 Primary data

Primary data are raw values that have been collected directly from the field (Batacherjee, 2012). In this study, primary data were collected by using two types of self-administered questionnaires, one for micro enterprise owners and other for Key informant interview. The questionnaires were structured in such a way that they capture all the relevant information with regard to micro enterprises growth in relation to self motivation, innovation, business networking and financial services. Both open and close ended questions were included in the questionnaire in order to allow respondents to fully express their awareness and opinion (Appendices 1, 2 and 3). Moreover, data collection instrument was first pre-tested to representatives from both groups of respondents. Two villages Mkongoro and Kiganza were included during the pre-testing exercise. Thereafter, necessary amendments to take care of omission and restructuring and addition of same questions were also made in order to ensure validity and reliability of the instruments.

3.5.2 Secondary information

Secondary information is information collected by someone other than a user (Batacherjee, 2012). Secondary information related to this study was obtained from Kigoma District Council and Ward Executive Office where information concerning the location of the district, economic activities that are operated by different micro enterprise owners and number of micro enterprise owners operating in the respective ward. Numbers of micro enterprises operating in each ward were obtained from a specific ward market chairperson and wards officers responsible for enterprise record registry where their records were written in the exercise book.

3.6 Measurement

Measurement is the assignment of numbers to objects or events. Data were measured on ratio scales since the data to be measured were continuous.

3.6.1 Self motivation and innovation

The study used three measurement of self motivation that were modified from Adesua *et al.* (2008) and Ogunleye (2012). The three items used to assess ability of the micro enterprises owner to take risks; the ability to open other enterprises and hours spent in running an enterprise. To capture innovation, two items were adopted from Gebreeyesus, (2009) and Kiraka *et al.* (2013); ability to provide new services and have new markets, however, the original study used four items including new product diversification and new sources of raw materials.

3.6.2 Business networking and financial services

Enterprise networking used three items to assess the degree in which networking partners share resources for enterprise advantage, information sharing and the number of partners that the owner has modified from (Witt, 2009). Financial services used two items to capture the information related to credit for enterprise startup and growth modified from Mori *et al.* (2009); Olomi (2009) and Mori (2012).

3.6.3 Growth

Growth is a multidimensional construct which requires integration of different dimensions of empirical studies (Chong, 2008; Mao, 2009). Growth refers to changes in the amount of sales, the value of assets, profits and return on investment (Paul, 2014). To capture micro enterprises growth, the study used profit and Return on Investment (ROI) for the past 3 years. Due to reluctance of micro enterprise owners to give financial information and lack of proper record keeping, indirect questions (i.e. average daily sales) were asked such that the provided information were used as inputs to compute the growth measures such as profit and ROI as presented in equation i and ii respectively. This procedure has proved successfully in previous studies (Bengesi and Le Roux, 2014).

Profit = Gross income – total cost ....Equation (i)

$$ROI = \frac{Profit \times 100}{Investments\ cost}$$ .... Equation (ii)

3.7 Data Analysis

Data analysis is the process of breaking data in to small unit so that they may be easily interpreted. Data that were assumed to influence micro enterprises growth and expansion were coded, summarized and entered in the computer and finally analyzed by using SPSS 16.0 for windows. Both analytical models that are descriptive and inferential analysis were employed in the study.

3.7.1 Descriptive analysis

Descriptive analysis is a statistical describing, aggregating, and presenting the constructs of interest. Thus, descriptive analysis was employed to analyze micro enterprise characteristics and determine the distribution among micro enterprise respondents through frequencies, percentages and then was presented by using tables and figures. Moreover, the level of growth attained by owners of the enterprise were recorded and computed and then presented by using tables. So far, personal attributes and business support services existed in the study area were analyzed as a requirement to answer objective one.

3.7.2 Inferential analysis

Inferential analysis refers to the statistical testing of hypotheses so as to make generalization of the population. This was done by using multiple regression model by fitting an equation which was used to examine the influence of independent variables on dependent variable that were assumed before to have influence on micro enterprises growth and to test hypotheses H_{1a}, H_{1b}, H_{2a} and H_{2b}. Hence variables include in the model were self motivation, innovation, networking and financial services. The micro enterprises growth in this study is specified as dependent variable.

The formula of this model is

In $Y = \beta_0 + \beta_1 X_1 + \beta_2 X2 + \beta_3 X_3 + \beta_4 X4 + \varepsilon$..Equation (iii)

Whereby:

β_0	=	Intercept when all independent variables are equal to zero.
Y	=	Growth profit (Tshs) and ROI
X_1	=	Self motivation
X_2	=	Business networking
X_3	=	Financial services
X^4	=	Innovation
$\beta_1 - \beta_4$	=	coefficients of determination of independent variables
ε	=	Stochastic disturbance (Error term)

3.8 Test of Multicollinearity

Testing of the model multicollinearity was done by using tolerance and Variance Inflation Factor (VIF) test which builds in regression of each independent variable. The higher the inter correlation of the independent variables, the more the tolerance approaches zero, when VIF is high there is high multicollinearity and instability of the coefficients (Gujarat, 2004). Therefore, VIF $\geq$ 4 is an arbitrary but common cut – off criterion for deciding when a given independent variable displays "too much" multicollinearity.

On The other hand, Pallant (2011) argued that Tolerance value of less than 0.10; suggest multicollinearity problem or a VIF value of above 10. Therefore the variable entered in the model indicated that tolerance values did not approach zero and VIF values were below four (4) for independent variables and thus there were no variable with Tolerance value of less than 0.10 or a VIF value of above 10. This indicates that the variables entered in the model did not suffer from multicollinearity problem.

3.9 Limitation of the Study

Although this study was completed according to the university requirements, a number of limitations were principally recorded. First, social events such as funerals and celebration to some of the owners of the enterprises that were to be interviewed made the interview to be shifted on the other time when the events were over.

Second, owners fear to be interviewed since majority thought as one of TRA's tax collector which could increase high tax payments and weaken their enterprises income; however University letter for data collection permission and the help of Village and Ward Officers rescued the situation by clarifying that the interview were not concerned with tax payments and it is just part of academic completion so the interviews continued.

Third, there was demand of money by the respondents as majority owners thought of more government politics or NGOs activities. However, only those who were willing to be interviewed with no money were concerted for the interview provided that the one meets the criteria of owning retail or services enterprises. Last but not least, to avoid wrong estimation of gross income generated, owners were asked to provide their average daily sales in a day which were later computed in a week, month and year hence were used to compute profit generated.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSION

This Chapter presents results and discussion of the study. The chapter presents general demographic characteristics of the micro enterprise owners; the existence of personal attributes and business support services in the study area; the influence of personal attributes particularly self motivation and innovation on micro enterprises growth; how business support services specifically enterprise networking and financial services influence micro enterprises growth and the identification of the best predictor of growth between personal attributes and business support services.

4.1 General Description of Respondents' Characteristics

4.1.1 Age

Age of the micro enterprises was considered so as to determine what age categories are more active in enterprise activity. The findings in Table 2 show that, a good number of active micro enterprises owners aged between, 29 - 38 years which accounted for 40.9% of owners. Similarly, findings show that the youngest age group for owners of micro enterprise owners was 18 - 28 years while the oldest age group was 59 – 68 years which accounted for only 29.1%. On the other hand, modal class intervals for micro enterprises owner from Table 2 show that, there were few owners above the age of 49 years who manage micro enterprises.

This implies that most of micro enterprise owners in the study area were in the age groups between 18 and 48 years constituting about 91.8% of the micro enterprises. From these age groups, it is clear that owners of micro enterprises actively engaged in micro enterprises because they are still energetic; they desire to fulfill life aspiration and wish to maintain their security in the society.

On the other hand, the age group of 49 – 68 years which accounts for 8.2% indicates that owners are at old ages; they are less energetic; for them enterprises survival is priority than growth. These findings are similar to Mmari (2012) and Islam *et al.* (2011) who found that the optimal age range for starting business enterprises to be 22 and 45 years as this age category have more commitment and are eager to fulfill their life aspiration, hence they are likely to generate optimal required profit and experience growth in their business.

4.1.2 Sex of respondents

Sex of the owners of the enterprises was examined in order to find out if both men and women had equal opportunity in managing and operating enterprise. Table 2 shows that 67.3% of the micro enterprises owners are males and 32.7% are females. This implies that micro enterprises offer opportunities to both men and women to earn their living. However, females' involvement is low compared to their males' counterparts.

On the other hand, the study noted that the level of involvement of females in Kigoma District specifically in the villages of Mkongoro., Kiganza., and Msimba is relatively low due to cultural settings that place females' as housekeepers while men carry out enterprise activities. Shane (2003) found that females' low involvement in enterprises activities increases lower sales revenue, fewer assets, smaller profit margins and lower likelihood of survival than males' enterprises and this is rooted by factors which influence their enterprises growth such as little credit, savings education and family responsibilities.

4.1.3 Marital status

Marital status of micro enterprises owners was explored so as to determine partial or full involvement of owners in enterprise activities. The findings in Table 2 indicate that married owners were fully engaged in enterprise activities compared to single ones. This is shown in Table 2 that 19.1% of micro enterprises owners were single while 80.9% were married. Moreover, findings indicate that married owners are bound with social responsibilities that demands money for food, clothes and shelter something which propels their high level of business engagement.

This finding is similar to the study of Maziku (2007) who found that married people are the ones heavily engaged in economic activities including joining of groups like SACCOS while the singles are partially engaging or just remain idle. Moreover, Oroko (2002); Walker and Brown (2004); Tundui (2012) found that majority of 79% married owners were heavily engaging in business compared to about 21% single owners. This is because married owners of the business are bound to work hard in order to overcome family burdens and some have partner assistance from either husbands or wives

4.1.4 Education level of the owners

Education level of owners of enterprise was analyzed so as to find out which levels of education are more involving in enterprise activities. The findings revealed that 63.6% of the interviewed micro enterprises owners attained primary education (Table 2). However, 29.1% of respondents attained informal education level that could not be acquired through formal schools instead they inherited knowledge based on oral and practical ways from their peers, elders and ancestors; while 7.3% of the owners of the enterprises attained Form Four level that was acquired through formal schools. The implication of this finding is that the higher education the owner has does not facilitate involvement in micro enterprises activities. The findings do not reflect the findings of Adesua *et al.* (2008) who found 19% of micro business run by owner with primary level education showed the least propensity of growth while Islam *et al.* (2011) found that only (5.6%) were from primary School, (22.5%) from secondary school and 44.9% from Certificate/Diploma.

Table 2: Distribution of Demographic characteristics

Variable	Category	Frequency	Percents
Age	18 – 28	29	26.4%
	29 – 38	45	40.9%
	39 – 48	27	24.5%
	49 – 58	6	5.5%
	59 –68	3	2.7%
Total		**110**	**100.0**
Sex	Males	74	67.3%
	Females	36	32.7%
Total		**110**	**100.0**
Marital Status	Married	89	80.9%
	Single	21	19.1%
Total			**100**
Education Level	Primary	70	63.6%
	Informal Education	32	29.1%
	Secondary (form four)	8	7.3%
Total		**110**	**100.0**

4.1.5 Source of start up capital

The findings in Fig. 4 show that 93.6% of micro enterprises owners used their own sources to start their enterprises whereas 3.6% had their startup capital from their families and out of 110 owners interviewed only 2.7% borrowed their startup capital from microfinance institutions especially PRIDE Tanzania. It is clear that sources of capital for enterprises startup play a very important role for someone to start and grow enterprises. Similarly, the interview conducted with the key financial informants added that there are a lot of factors that are the bottleneck for micro enterprises owners to access capital to start their business, one of them being lack of collaterals and ignorance on how to follow the borrowing procedures.

Moreover, the payback period set by microfinance institutions (MFI) especially PRIDE Tanzania distresses owners of micro enterprises as they had to pay back the loan weekly with or without profit being regenerated from enterprises. As a result, micro enterprises owners' growth in the study area remained weak. Owners of micro enterprises were distributed according to their sources of capital they used to start an enterprise because sources of capital used to start an enterprise were well thought to relate with their sizes and growth. For instance, if owners had to get capital from reliable sources like banks they could be able to start larger enterprises that could generate optimal required profits and attain high levels of growth.

On the other hand, the capital used to start an enterprise came from own sources specifically farming and selling of palm oil. Richard (2010) found that the establishment of microfinance institutions (MFI) loans was unsustainable to micro enterprises owners due to tough terms where interest rates were high and ranged between 28% and 48% with no grace period and short payback period. URT (2011); Lincoln (2012) concurred that tough terms and lack of reliable sources of capital is a strong limitation to growth of micro enterprises and achievement.

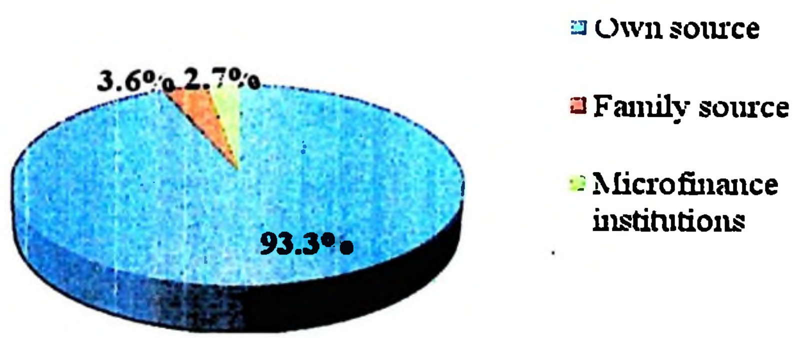

Figure 4: Distribution of respondent according to their sources of start up capital

4.1.6 Household size

Household heads were asked to mention the total number of people who were living in the households with exclusion of temporal quests, but also with inclusion of households members who were temporarily absent due to socio-economic reasons. Therefore, households' were grouped into three categories that are small households (those with members up to six); medium sized household (i.e. those with households ranging from seven to ten); large household (i.e. those with household members ranging from eleven to fifteen).

Results presented in Fig. 5 on household size showed that 65.5% of micro enterprises owners were within the household category of 3 to 6 members. In addition, it was revealed that life hardship drove them to have minimal number of members in their households. Moreover, results show that 21.8% of micro enterprise owners had family size ranging between 7 and 10 members and 12.7% had family members ranging from 11 to 15 members. The implication is that owners with larger number of dependants involve in enterprises activities to find extra source of income to earn their living and accommodate members in the household. The findings reflect the study by Tundui (2012) who suggested that household size determines income of the owners which reflect performance and growth of enterprises. Descriptively, irrespective of categories of household size, the average household size is 7.2. According to the 2012 National Population and Housing Census, the average District's household size was 5.8 indicting that owner's households sizes have increased.

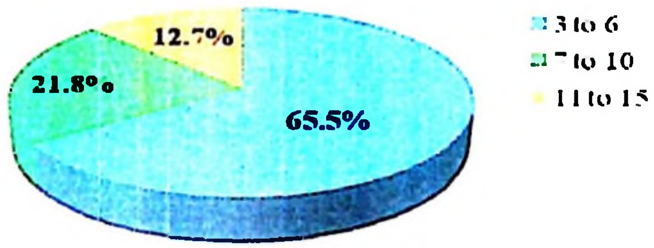

Figure 5: Distribution respondents by their household sizes

4.1.7 Number of dependants

The number of dependants was expected to have facilitated involvement in micro enterprises activities especially novice. The study findings in Fig. 6 show that 20% of micro enterprises owners had no dependants while 31.8% had dependants ranging from one to five and 48.2% had dependants six and above. This implies that micro enterprises owners with few dependants have an opportunity to serve income for further business expansion. On the other hand, this entails that micro enterprise owners with more dependants work hard to accommodate them either in terms of food, clothes and shelter which in turn increase level of enterprise involvement.

However, it is not always the case as other micro enterprises owners had no any dependant and still experience no change in their enterprises. Additionally, it was observed that; micro enterprises owners whose dependants range from six and above members, included children below 14 years and adult above 60 years, so they depended on micro enterprises owners to get food, clothes and shelter. This is an indication that generation of income from an enterprise is used to solve other non enterprises issues.

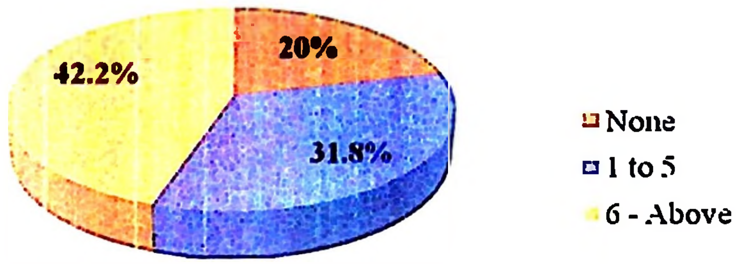

Figure 6: Distribution respondents by their dependants

4.2 Micro Enterprises Growth in the Study Area

Profits of micro enterprises were established so as to discover growth level attained by micro enterprises owners. The results in Figure 7 indicate that majority of the owners of micro enterprises generated 25.5% of the profits in 2011 which is equivalent to Tshs of 301 400 per owner per annual while in 2012 owners of an enterprises increased profits by generating 56.1% which is equivalent to an average profit of Tshs of 669 000 and in 2013 owners of an enterprises generated 18.6% equivalent to Tshs of 221 350. The findings show that there was high profit generation in 2012 compared to other years.

One of the reasons for high profit generation in 2012 was absence of competition since there were few enterprise owners and great demand of goods by customers was high. While, in 2011 and 2013 different circumstances emerged such as life hardships caused by economic problems lead to low demand of goods hence few customers and low profits. Moreover, construction of Kigoma-Manyovu road increased opening of new enterprises which lead to competition among the old owners. Price fluctuation and change of customers' preference posed a strong drop of enterprises profits.

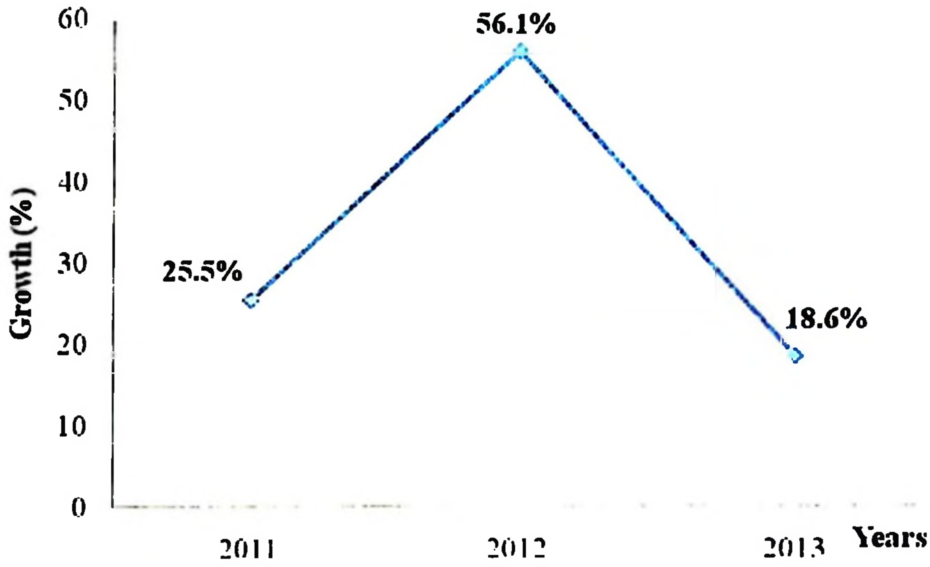

Figure 7: Distribution of Respondents by Profit Growth

In order to realize the extent micro enterprises experienced growth or decline in terms of return on investment; computation of ROI was done where net profit generated in each year were computed to get ratio in percentages. Investment costs used in enterprises were also computed.

Therefore:

ROI = Net profit / Investment cost x 100.. (iv)

The findings in Table 3 indicate that the mean average for return on investment in 2011 were 37.99 % per owner while in 2012 the owner of the enterprise had return on investment of 30.35% and in 2013, return on investment per owner was 24.9%. This means that year 2011 return on investment was higher compared to other years due to different circumstances that were noted in the study area including fair price, more customers and absence of competition while in other years return on investment decreased due to price fluctuation, strong competition and change of customers' preference. In fact, the return on investment to micro enterprises in the study area is low compared to return on investment to small and medium enterprise in others areas. For example; Mmari (2012) found that majority of the SMEs had return on investment of 75% which is as much as twice the return on investment to micro enterprises in the study area in 2011.

Table 3: Distribution of owners by their return on investments (n = 110)

Year	(ROI) Average	Std Deviation
2011	37.99%	20.8
2012	30.35%	25.8
2013	24.19%	27.9

4.3 Personal Attributes and Business Support Services in the Study Area

Personal attributes determine owners' commitment to work in a dynamic environment while business support services open a corridor for owners of enterprises to have external support for enterprises advantage. Thus, findings in Table 4 indicate that there was existence of personal attributes in the study area as majority of 92.7% of the owners of enterprises claimed to have started their enterprises for self employment purposes. However, only 7.3% of owners claimed to be driven by other reasons such as life hardships and lack of other source of income.

On the other hand, the ability to start own enterprises indicated existence of personal attributes since 97.3% of the owners were self motivated and were capable to take risks in their enterprises and only 2.7% were found none self motivated with no capability to take risks for the enterprises advantages. So far, new markets and services as innovation indicators showed that 55.5% and 62.7% were not providing any new services and had found no new markets for their enterprises while 44.5% and 37.3% were able to provide new services and search for new markets to sell or buy goods for their enterprises. This shows that personal attributes exist in the study area. However, innovations as a dimension of personal attributes in the study area were not among the owners of the enterprises due to absence of enterprise modifications.

Table 4: Distribution of Personal attributes in the Study Area

Personal Attributes	Variables		Frequency	Percent
Self Motivation	Self Employment		102	92.7
	Other Reasons		8	7.3
Total			**110**	**100**
	Risk takers		107	97.3
	None risk takers		3	2.7
Total			**110**	**100**
Innovation	New Markets	Yes	49	44.5
		No	61	55.5
Total			**110**	**100**
	New Services			
		Yes	41	37.3
		No	69	62.7
Total			**110**	**100**

Moreover, findings in Table 5 show that there was existence of business support services in the study area as majority 97.3% had more than two partners while only 2.7% had less than two partners. In addition, findings in Table 5 indicate that 10.9% of the owners claimed to have shared resources in their enterprises such as ideas and even capital while 89.1% had no resource sharing and had experienced no change in their enterprises. Similarly, findings show that 67.3% of owners shared information concerning enterprises activities such as markets identification to sell or buy goods for an enterprise expansion and prosperity and only 32.7% of the owners lack information sharing for enterprise purposes.

Majority of the owners would have experienced slight changes in their enterprises with sharing of resources such as ideas, skills and knowledge for enterprise's advantage hence, further transformation into medium and larger enterprises. So far, findings indicate that there were no accesses to financial services to the extent that 97.3% had no access to credit for enterprise's start up and growth and only 2.7% were accessible to financial services. This is an indication that financial services in the study area are not easily accessible due to different problems such tough collaterals, ignorance on borrowing procedures and high interest rate.

Table 5: Distribution of Business Support Services in the Study Area

Business Support Services	Variable		Frequency	Percent
Networking	Number of Partners	More than two	107	97.3
		Less than two	3	2.7
Total			**110**	**100**
	Resource Sharing			
		Yes	12	10.9
		No	98	89.1
Total			**110**	**100**
	Information sharing			
		Yes	74	67.3
		No	36	32.7
Total			**110**	**100**
Financial services	Access to credit for enterprise start up and expansion	Yes	3	2.7
		No	107	97.3
Total			**110**	**100**

4.4 Personal Attributes and Business Support Services on Micro enterprises Growth

4.4.1 Personal attributes

Personal attributes contribute to enterprise activities since they act as a channel for someone to struggle for success and be committed towards a certain goal.

4.4.1.1 Self motivation

Self motivation of owners of an enterprise assists owners of an enterprise to search more opportunities in a changing environment. The findings in table 6 revealed that self motivation recorded positive significant influence on the growth of micro enterprises (β 0.184, $P<0.05$) suggesting that the more the owner of the enterprises is highly motivated the more the profit is generated and vice versa. As a result null hypothesis was rejected which states that self motivation do not influence growth of micro enterprises.

This may also suggest that motivated owners are more likely to tolerate risks encountered in enterprises; they desire to open more enterprises, spend more hours in managing their enterprises and desire to generate profits for further enterprise expansion and prosperity. This is an indication that individuals who are self-motivated may have more commitment, in identifying market gaps and may have self fulfillment which in turn influence her/his growth level of an enterprise.

Adesua *et al.* (2008); Selezneva and Łyniewska (2009); Ahmad (2010) found that owners with self motivation are likely to experience growth in their enterprises because the owner are driven by profit maximization which in turn determine enterprises growth and prosperity. Moreover, Witt (2009) found that motivated individuals, who experienced growth in an enterprise, are innovative and tend to be ambitious towards firm growth and expansion.

4.4.1.2 Innovation

With innovation in an enterprise, owners can make modification to an existing enterprise or change the enterprise so as to capture customers' interest and remain competitive in the dynamic environment. Innovation on enterprise growth recorded positive nonsignificant influence (β -0.084, $P>0.373$) implying that innovation has no influence on the micro enterprises growth in the study area. With these findings, this study failed to reject the null hypothesis which states that Innovation do not influence micro enterprises growth. Several factors may contribute to its non significant in the growth of an enterprise in the study area; possibly the measurement instrument was not able to capture well innovation in the study area.

These findings are contrary to Hult *et al.* (2004) and Kusumawardhani *et al.* (2012), who found positive significant influence of innovation and enterprise growth through introducing of new products and new markets that improved their profitability. Papadaki and Chami (2002); Kiraka *et al.* (2013) recorded similar findings that innovation have no influence in the growth of women enterprises due to low level of education possessed by women. This study proposes further research to examine dynamics of innovation in different context including rural areas to confirm this observation.

Table 6: Results of Multiple linear regression model

Independent variables	Dependent variable Profits(Tshs)				Collineality Statistics	
	Beta Coefficients	Std. Error	t	Sig.	Tolerance	VIF
Constant (α)		0.339	20.053	0.000	-	-
Self motivation	0. 184	0. 061	1.968	0.05	0.995	1.005
Innovation	0.084	0.049	0.894	0.373	0.998	1.002
Networking	-0.210	0.097	-2.248	0.027	0.996	1.004
Financial services	0.004	0.130	0.039	0.969	0.993	1.007

$R^2 = 0.292$, Adjusted R^2=0.155, F, 2.442, Std. Error of Estimates = 0.38466

Note: Significant at 95% level of confidence

4.4.2 Business support services

Business support services help owners of an enterprise to acquire credits to cover costs used for enterprise start up and reduce risks that could hinder enterprise growth.

4.4.2.1 Networking

Through networking owners of enterprise may share resources and information that help to identify markets gap for enterprises' exchange of goods and services. With regard to enterprise networking, the results recorded negative significant influence on growth of the micro enterprises (β -0.210, P<0.027) suggesting that the more the emphasis the owners of the enterprises put on enterprise networking the lower the growth it realizes. The results reject the null hypothesis which states that enterprise networking do not influence micro enterprises growth. This could be attributed to the fact that enterprise networking may create a benefit to both owners and enterprises if sharing of resource and information among partners for enterprises advantage is very strong.

However, drawing from dynamic of enterprises networking view, these findings may suggest that in the open market economy where events are changing rapidly due to free entry and exit of rivals in the enterprise environment; the enterprises network may requires long term plan of the partners to build a meaningful trust and beneficial relationships that will trigger enterprises profits (Bengesi and Le Roux, 2014). Morever, Kyewalabye (2003) found also no positive influence of enterprise networking and growth of women enterprises. However, Bruderl and Preisendorfer (1998); Haahtie *et al.* (2005); Širec and Brada (2009); Bhatti and Dileep (2012) found positive significant influence of enterprise networking and growth of an enterprise in what they called risk reduction, transaction costs and market identification.

4.4.2.2 Financial services

Credit is a crucial type of financial services to realize growth of an enterprise in both phases of an enterprise growth at the start up phase and expansion phase. For this case, financial services on the growth of microenterprises recorded nonsignificant influence (β 0.004, P> 0.969) suggesting that financial services do not influence growth of enterprises in the study area. According to these findings, this study failed to reject the null hypothesis which states that financial services do not influence micro enterprises growth.

These findings contradict the general view from the previous literature that there is a direct positive influence of financial services on enterprises' growth. So far Bowen *et al.* (2009); Temu and Kessy (2010) found positive influence of financial services and growth of SMEs., Olusola (2012) found positive influence of microfinance banks to growth of women micro entrepreneurs in Nigeria suggesting that financial services through microfinance banks are very crucial in the expansion of enterprises.

In order to fulfill the requirement of the fourth objective, the identification of the best predictor was done among personal attributes and business support services. The findings in Table 6 indicate that personal attributes i.e. self motivation was the best predictor due to its high β values that has the ability to explain enterprise growth with a $\beta = 0.184$; $P = 0.05$ compared to business supportive services especially financial services which could only explain micro enterprises growth with $\beta = 0.004$; $P = 0.969$. Therefore, self motivation of owners of an enterprise is very important in the study area because it influences growth of micro enterprise.

CHAPTER FIVE

5.0 CONCLUSIONS AND RECOMMENDATIONS

This study was conducted with the overall objectivc to examine the influencc of personal attributes and business support services on micro enterprises growth in Kigoma District. The study analysed characteristics of the owners of the enterprises. Specifically, the study explored the existence of personal attributes and business support services in the study area; the influence of personal attributes (self motivation and innovation) on growth of micro enterprises and the influence of business support services (enterprise networking and financial services) on growth of micro enterprises as well as the identification of the best predictor between personal attributes and business support services.

5.1 Conclusions

The study found that personal attributes existed and were the more dominant attributes in the study area than business support services. Moreover, the study findings revealed that self motivation has positive significant influence on growth of micro enterprises, this imply that the more the owner of the enterprises is self motivated the more the growth of the micro enterprises he/she will realize as the owner of the enterprises is likely to tolerate risks which in turn enhance growth of an enterprise. Furthermore, innovation activity is related with a number of entrepreneur attributes; however the study findings showed nonsignificant influence on the growth of an enterprise. This may be due to the fact that owners of the enterprise provided similar services and goods hence no competition among them and there were no any enterprise innovation made especially to the old ones.

With regard to enterprise networking, the findings recorded negative and significant influence in the growth of micro enterprises, suggesting that the more the owners of enterprises concentrate in networking the less the growth the enterprises will experience. In addition, financial services were positive and nonsignificant influence on growth of micro enterprises. Furthermore, the findings show that the best predictor that has the capability to explain growth of micro enterprises is personal attributes i.e. self motivation.

5.2 Recommendations

Based on the conclusions above, the following are recommendations: First, the study recommends policy intervention to reduce barriers in starting/initiating enterprises, which in turn will motivate owners of an enterprise to venture into enterprise opportunities and further ensure diversification of the existing enterprises hence expand into small, medium and larger enterprises.

Second, with regard to enterprise networking the study recommends that owners of an enterprise have to build a beneficial network for resource and information sharing for enterprises advantage hence expand the enterprises into small, medium and larger enterprises. Third, the study recommended that owners of the business should focus to grow their business while targeting to make profits maximization rather than targeting on business surviving.

Last but not least, the study recommends that central government should create micro enterprises corridor to attract majority owners to fetch market gap hence grow into small, medium and larger enterprises hence improve the health condition of enterprises and owners which will also increase in country's GDPs.

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APPENDICES

Appendix 1: Micro enterprises questionnaire

INFLUENCE OF PERSONAL ATTRIBUTES AND SELECTED BUSSINESS SUPPORTIVE SERVICES ON MICRO ENTERPRISES GROWTH IN KIGOMA DISTIRCT.

My name is Lucy Kizanye, a student of Sokoine University of Agriculture (SUA) Morogoro, Tanzania. I hereby request your consent to interview you as a MEs owner. Your personal views are highly respected and are important in this study because there is no right or wrong answer and the information that you will provide will be treated as much as confidential and will only be used for the purpose of this study.

Interview date -- District ------------------------------------

Division ---Ward----------------------------------

Village --

SECTION A: GENERAL INFORMATION

Instructions: Write your Answers in the Space provided or Circle the Appropriate answer

a. Name of the interviewer ....

1. Age in complete years

2. Sex of respondents

    1 – Male, 2 - Female

3. Marital status

    1 – Married, 2- Single

4. Education level

    1 - Formal education, 2 – Primary, 3 - Secondary (Form four/form six)

5. Source of startup capital

    1 – Family/Friends, 2 - Microfinance institutions, 3 – Own sources

6. How many permanent members are there in your household? (Actual number) -----------

7. How many dependants do you have? ---------------------

SECTION B: INFLUENCE OF SELF MOTIVATION ON MICRO ENTERPRISES GROWTH

8. Why did you prefer to start your own enterprise?

    1 - Self employment, 2 - No other source of income and 3 - Small investment is necessary

9. Who opened and started an enterprise for you?

    1 – Parents, 2 - Friends/partners and 3 - Yourself

10. Is there any close person like parents, friends' or relatives who owned any related business? ------------

    1 – Yes, 0 - No

11. How many hours do you spend in an enterprise? (Actual hours)--------------------------

12. Are there any risks that you face in running your enterprise?

    1 – Yes, 0 – No

13. If yes, what means do you use to reduce those risks?

    1. --

    2. --

14. Is there any other enterprise apart from this enterprise that belongs to you as your own property?

    1. Yes, 0. No

SECTION C: INFLUENCE OF INNOVATION ON MICRO ENTERPRISES GROWTH

Influence of innovation on Micro enterprises growth might be due to the following. Please after you have read the statement, tick the option below.

15. Have you changed or added any new products since running your enterprise?

1 = Yes, 0 = No

16. Have you changed or added any services you offered for the past three years?

1 = Yes, 0 = No

17. Have you identified a new market for your goods/services since you stated this enterprise?

1 = Yes, 0 = No

SECTION D: INFLUENCE OF NETWORKING ON MICRO ENTERPRISES GROWTH

Influence of business Supportive services specifically networking on micro enterprises growth might be due to the following. Please after you have read the statement; evaluate them in relation to your business, then put the number of your choices in the box provided. Thank you.

18. Do you have any enterprise partners?

1 – Yes, 0 - No

19. If yes, how many enterprise partners do you have?

1 – None, 2- two, 3- More than two

20. Is there any resource sharing with partners for enterprises advantage?

1 – Yes, 0 - No

21. Does enterprise partners increase the level of enterprise growth or?

1 – Yes, 0 – No

SECTION E: INFLUENCE OF FINANCIAL SERVICES ON MICRO ENTERPRISES GROWTH

Influence of financial services on micro enterprises growth might be due to the following. Please after you have read the statement, evaluate them in relation to your business then put a number of your choices in the box provided. **Your kindness is highly appreciated.**

22. Did you have any access to credit for enterprise startup?

    1 – Yes, 2 - No

23. Do you have access to credit for enterprise growth?

    1 – Yes, 2 – No

24. What are your sources of financial for enterprise startup?

    1- Formal, 2- Informal , 3- Others specify

25. If 1, formal sources; what are they?

    1- Banks, 2- NGOs, 3 – Government, 4- Others specify

26. If 2, informal sources; do they include the following?

    1 – Family, 2 – Friends, 3 – Own source

27. If, your source of financial is formal, why formal?

    1. ---

    2. ---

28. If, your source of financial is informal, why informal?

    1. --

    2. --

29. Are there any conditions set by these sources of financial in acquiring credit for enterprise start up?

    1 – Yes, 0 - No

30. If yes, are there conditions suitable to support micro enterprises growth?

    1 – Yes, 0 - No

31. Arc the conditions set by these sources of financial suitable in acquiring credit for enterprise start up?

1 – Yes, 0 – No

ECTION F: MICRO ENTERPRISES GROWTH

Under this section, please answer according to your profit generated and return on your investment. Thank you

35. According to the nature of your enterprise how much income (gross-income) do you gain per month? (Actual income).

----

36. How much did you spend to start up this enterprise? (Actual cost)

Appendix 2: Interview schedule with financial providers

Division --Ward---------------------------------

Sex------------------Type of financial institutions ---------------------------------------

1. Is there any special financial support that you provide for micro enterprises owners?

    1 - Yes, 2 - No

2. What conditions do you set for Micro enterprises to acquire loan for enterprise startup?

    1. --

    2. --

3. Are the conditions concerned with return interests for micro enterprises owners?

    1 – Yes, 2 - No

4. If yes, for how long do micro enterprises owners suppose to pay back the loans provided?

    1. --

    2. --

5. Do you face any problems in borrowing credits to micro enterprises owners?

    1 – Yes, 2 – No

6. If yes, what measures do you take to solve those problems you face?

    1- Court, 2 - Property confiscation, 3 - Others (specify)

7. What are your plans in the coming time, say after five years in time towards micro enterprises owners credits borrowing?

    1. ---

    2. ---

Appendix 3: Interview schedule with the key informants

Date of interview-------------------------------District-------------------------------------

Division ---------------------------Ward--- Village---------

Sex--Job title-----------------------------------

1. How many Micro Enterprises are operating in your area?

----

2. What do you think are the motives behind being in enterprises?

1. --

2. --

3. Are the owners of micro enterprises making any innovation (Modification)?

1 – Yes, 2 - No

4. Do they have enterprise networking?

1-Yes, 2-No

How do you see their enterprise networking?

1 --

2 --

6. Is there any financial support for their enterprises startup?

1- Yes, 2 – No

7. Do they have any financial support for their enterprises growth?

1- Yes, 2 – No

8. Who is their fiancée?

1 – Family/ Friends,

2 – Banks and

3- Own sources

Thank you so much

Operational definition of the key variables

Operational definitions of the key variables used in this research are given below to avoid reader's misinterpretations.

a) **Micro enterprises owner:** Male or females who plays leading roles in operating and managing enterprise.

b) **Micro Enterprises activities:** Regally accepted activities normally nonfarm activities

c) **Profit:** Refer to total monetary values before tax per month

d) **Personal Attributes:** Traits of owners of the micro enterprises that influence entrepreneurship

e) **Self motivation:** Negative or positive attributes of one to be in an enterprise activities

f) **Innovation:** Creating something new or modification an existing enterprise

i) **Enterprise networking:** Individual interactions into formal/informal subgroups for enterprise prosperity.

j) **Business supportive services:** Public initiative, Individuals or private efforts, which aim to support enterprises to successfully develop their enterprise activity.

k) **Financial services:** Ability of owner of micro enterprises to belong to a certain institutions for credit or capital borrowing.

l) **Credits:** Is money borrowed from external sources for the purpose of supporting the launch or progress of any socioeconomic activity; it has to be returned.

m) **Growth:** Increases in sales, profits, and return on investment.

n) **Informal Sector:** Describes a sector characterized by ease of entry and exit, high proportion of family workers, low skilled human capital, little capital, and limited access to organized markets, credit, education, or training.