



The Management Strategies on Small Business Operation Risks: A case of *Kariakoo ward at Dar es Salaam city*

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ABSTRACT

The study examined the management strategies toward small business operation risks was conducted in Kariakoo ward at Dar es Salaam city. Specifically the study aimed to identify risks associated with wholesaler business operation in the study area, to determine the impacts of risks and determine the strategies undertaken to overcome risks facing Small Enterprises development. The main type of data used was primary and secondary data. The sampling frame used Small Enterprises respondents where by sample unit drawn from and resulted into 95 respondents and 97 key informants.

The risks observed include fraud, human error, theft, malfunction of system and flawed organization structure. The study found out that, apart from all risks which have been detected there are strategies used to overcome those risks which include training, internal audit, close supervision, maintain security and improve technology system.

It is concluded that, small enterprises owners they are not aware on the procedures of identifying risks which faces their business and strategies to overcome identified risks for the business growth and profitability. The major issues recommended include the small business should have a 'goal outlook'. Business of all sized across the globe can inter act and share information, technology and products with the government, NGO's and other stakeholders.

Key words: Management, Management Strategies, Small Business, Risks, and Operation Risks

INTRODUCTION

The small and media enterprise (SMEs) play an important role in the Tanzania Economic Tanzania has embarked on an ambitious and long process of economic social and political reforms to improve the past five years, despite adverse weather conditions and deteriorating terms of trade, the economy of Tanzania has been growing at an annual average rate of more than 4% (UNDAF, 2006). For example in 2003, the economy grew by 5.6% in real terms. Inflation had been reduced to 4.6% by March, 2004 (Budget speech, 2004/2005). The balance of payments position has also improved substantially with foreign exchange reserves rising and maintained at a sustainable level (UNDAF, 2006).

Risks are inherent in everything we do from crossing the road to running a business. Business risk management is the key to ensure risks are identified. Some risks we can control while others we cannot. Risks' bearing has often been called the essence of business enterprises; and if this is true, it should also be essences of business history. In 1950 Professor Hennrretta M. Larson pointed out the lack of history of risk in business. "The economic historian has not gone far beyond to deal with fully. If the history of business risk is to be limited in scope a good reason for concentrating on the riskiness of innovation for owners and managers is the key place such risky occupy in contemporary economic theory. For decades economists have tried to explain the function of pure profits. In the nineteenth century pure profit were views as necessary for personal incentives and as a means of capital formation. But socialists pointed out that personal expenditure were not the only source of prestige and self esteem for businessmen. Economists recognized that private savings was not the only means of raising capital since pure profit could not find its rationale in the need for incentives or saving another explanation has to be found. Around 1920 Professor A. Pigou developed the idea of uncertainly bearing as fourth factor of production.

Starting and operation a small business includes a possibility of success as well as failure. Because of their small size, a sample management mistake is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. Lack of planning, improper financing and poor management have been posited as the main cause of failure of small enterprises (Longenecker, 2006). Lack of credit has also been identified as one of the most serious constraints facing SMEs and hindering their development (Oketch, 2000; Tomecko *at*, 1992; Kiiru, 1991). Education is one of the factors that impact positively on growth of firms (King and McGrath, 2002). Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better

placed to adopt their enterprises to constantly changing business environments (King and McGrath, 1998). Infrastructure as it relates to provision of access roads, adequate power, water, sewage and telecommunication has been a major in the development of SMEs (Bokea at 1999).

However in case of Tanzania the MSEs estimates show the SMEs sector employing 3-4 million people, which is 20-30 percent of the total labour, force and contributing between 35 and 45 percent of GDP (Masseawe, 2000 and Finseth, 1998). SMEs contribute significantly in the income generations, stimulating development growth in both rural and urban areas as well as creating employment (URT, 2002).

Most of Small Business Enterprises starts their business without further analysis and foreseen risks that might face their business in future and most of these business collapses with different unknowing reasons but risk is among of the most challenges as the major problem of business failure. This problem is mainly happen at any of business environment but mainly at a trading placea such as in Dar es Salaam where most dwellers are engaging in doing business not only in Dar es Salaam but also in other place even across the country. There are several risks that are more specific in business but generally the common risks which most likely to face business and these are financial risk, strategic risk, operational risk, market risk and credit risk. Also there are main four categories of risk exposure such as physical asset exposure, financial asset exposure, liability exposure and human asset exposure. Different business active ties are conducted and most of the business collapse.

Over the 15years, Tanzania has embarked on ambitious and long process of economic, social and political reforms to improve the business environment and to increase economic growth and reduce poverty. The task of reducing poverty and improving living standard of Tanzania population is huge. That brings up the issue of majority to enter into private and informal sector of the economy from 23.9% in 1971 to 79.8% in 1996. Tanzania government under the collaborations of international agencies has tried much to establish Insurance Company refers to the development of modern business in insuring against risk and helps to eliminate risks as well as spread risks. According to a recent reported on Thursday, 26 March 2009 in the East Africa Business week, the government of Tanzania has released a report which states that within Tanzania business sector, the insurance business has growth significantly in the last ten years.

This research report seeks to determine strategies towards managing small business operational risks in Dar es Salaam specifically Kariakoo ward. Moreover, a comparison with organizations risk management practices will be undertaken. This is necessary to come up with a strong conclusion and the creation of "best business operation" recommendation.

1.2 Statement of the Problem and Significance of the Study

Since the end of 1961's still Tanzania has great challenge to formulate strategy of developing small business under the situation where there is an increase level of business failure among Small Enterprises in Tanzania that resulted due to many factors but risk is a major challenge in business activities. Between the years of 199 -2004 the government introduced macro – economic policies and legal reforms with the aim of improving the people and boosting economic growth in the Country. Various policies and strategies were formulated with the aim of economically empowering Tanzanians so that they own, run and benefit from their economy.

However these policy and legal reform strategies did not show changes in terms of property ownership and business operations as the majority were left under the informal sector. Since business introduced years ago, risk has become the problem that resulted to the failure of many small business to some extent. Small Enterprises has for been seen as a hub in generating income for the majority of urban dwellers.

In Tanzania one can start small business at any time and at any place. For the development of business the government established an institution for the purpose of controlling risk but most large business owner insure their business against risk. Most of Small Business Enterprises starts their business without analyses and foreseen risks that might face their business in the future and most of these business collapses with different unknowing reasons but risk is the major most challenges as the major problem of business activities.

There several risks those are more specific in business such as financial risk, credit risk, strategic risk, political risk, market risk and operational risk. Due to insufficiency of time and fund, the study will only deal with one type of risk namely operational risk specifically in the whole seller business. This risk may be more important risk compared to others. Operational risk include a wide variety of risks resulting from malfunction of system, flawed organization structure, faulty control, fraud and human error where this risks comes from internal environmental.

However, adequate consideration and calculation of risk – taking, risk – management and risk – detection van never be fully complete since there always unforeseen and unintended aspects of risk environments. In Tanzania, entry into small business entrepreneurship is usually not seen as a problem. One can start small business at any time and in any place. Most people enter into small business because lack of adequate education and difficulty of finding formal employment. There are few who were formerly employed engaged in small business due to various reasons including retrenchment. The second is parallel increase in events suggesting prevalence of crime and bureaucratic hurdles which affect SMEs and counter reaction from the small traders. The

research conducted by Rashid M. Mfaume and Wilhelm Leonard from Institute of Public Administration Mzumbe University interview small traders as respondents indicated that the two forms of crime were rampant and the most leading forms of crime having longstanding negative impact to their venture. As it can be depicted from destruction of properties is the leading form and type of crime (45.5%), the second is Petty theft (36.2%).

Generally the purpose of this study is to conduct a study on the risk identification, measurement. And controlling to small Enterprises marketing strategies in dealing with risks. This study tries to answer the following queries; Does appropriateness of risk management in small Small Enterprises in Dar es Salaam significantly affects the progress of certain organization? Is there any significant relationship between risk management and organization's progress of Small Enterprises in Dar es Salaam? Does consumer satisfaction contribute to the progress of small Enterprises in Dar es Salaam?

This study was a significant endeavor in understanding the importance of assessing risk management. This study was helpful to business administrators and management practitioners for this will be a guide for them when they employ effective marketing approach to their organization. By examining the risks and other factors involved in marketing strategies business administrators and management practitioners will be able to design measures to minimize the risks. Moreover this study was a significant endeavor in promoting effective marketing strategies that suffice the need of consumers. This study is deemed useful for future researchers on marketing strategies and its application to different business organization. This study was a significant endeavor in promoting effective marketing strategies that suffice the needs of consumers. This study is deemed useful for future researchers on marketing strategies and its application to different business originations. This study could also serve as an academic tool in informing its reader about the business development and organizational change. Moreover, this research has provided recommendation on how to value business, development as they are taking a large part in the organizations success. In addition, this study provided information to business leaders regarding business progress and development. Knowing how consumers perceive development of an organization will assist business leaders in establishing programs, policies and staff development.

1.3 Research Objectives

The main general objective of this study is to make determination on strategies towards managing small business operational risks.

Specific objectives were:-

- i. To identify the risk which associated in the whole seller business
- ii. To determine impacts of operational risks to business profitability
- iii. To determine the strategies towards managing risks associated in the business.

RESEARCH METHODOLOGY

3.1 Selection of the study area

Location

The study was carried out in Dar es Salaam at Ilala district specifically in Kariaokoo ward which selected for study. The area is selected for undertaking this study because it has been cited as an important and busiest business hub attracting local and foreign traders from both Africa and Asian countries. Hence respondents will obtain easily at the right time and at the right place.

3.2 Data Types and Sources

3.2.1 Data types

The study was based on secondary and primary data.

3.2.2 Sources of Data

3.2.2.1 Primary Data

The source of data was obtained from respondents through interview, questionnaire and observation methods.

3.2.2.2 Secondary Data

The source of data was obtained from published and unpublished books as pamphlets, internet and books.

3.3 Sampling Design

The appropriate method was used in conducting this study is a non-experimental design whereby a cross-sectional method was used in data collection where questionnaire method was applied due to its strength of capturing empirical data in both formal and informal setting. For this research design, the researcher gathered data, collect published studies from different article from books and makes a content analysis of the collect documentary and verbal material.

3.3.1 Sampling frame

The sample frame consisted of small enterprises owners and local government officers (Ward Trade Officers) at Ilala municipality.

3.3.2 Sampling unit

The sampling unit was an individual business owner engaging in trade activities in Kariaakoo ward.

3.3.3 Sample size

The sample size of 95 respondents obtained from the projected population of 1900 (business owners) by using the formulae by Yamane (1967) as shown below:-

3.4 Data Collection Methods

Both primary and secondary data collection methods were used. Interviews, Questionnaires and documentary review method were used in collecting data for both primary and secondary data respectively where in:-

3.4.1 Interview

Semi- structured interview was used to ask the question personally and records the answer respondents. In this way, the researcher obtained immediate response, while unstructured interview was used whenever the respondents were not given the clear answer. Also, semi- structured interview enabled research to gather quantitative, specific and in depth information from the responds. A checklist was used to guide the interview using this tool the researcher interviewed the key informant.

3.4.2 Observation

A researcher physically visited the study directly at the area in order to obtain data that could not only be obtained through interview or documented data. This technique enabled the researcher to collect data which are relevant. This method was used by the researcher to assess the existing situation of the respondents. This helped in giving addition more accurate information concerning the livelihoods of the respondents and the existing condition of the business activities.

3.4.3 Documentary Review

This method involved review of diverse source of professional reports/documents in hard copies and electronically forms. These are data already collected by other researcher on related subject but relevant to the current study, obtained from the published, books, and internet. In this source a review was made to the available document that provides information important to answer the research questions.

3.5 Data processing, analysis and presentation

3.5.1 Data Processing

Data processing implies editing, coding classification and tabulation of collected data so as that they are amenable to analysis (Kothari, 2004). The collected data was processed and verified prior to analysis. Data was edited to detect errors, omit them before coded into numerical and classify data to make them amenable for interpretation and then be entered into the computer for analysis using the tools like Statistical Package for Social Science (SPSS) and micro soft Excel.

3.5.2 Data Analysis

The analysis in this study was based on descriptive statistics analysis. These include frequency of data obtained. Statistical data collected to see their correlations.

Data presentation

Data presentation actually depended on finding; however table, charts and word text were used during data presentation. The presented data are useful for interpretation and therefore conclusion is made depending on variable relationship.

3.6 Limitation of the study

The researcher faced some limitations when carrying out the study; the following are some of the limitations faced:-

- Some of the respondents were reluctant to provide data and information as required
- The return for questionnaires for respondent took place over long period of time as agreed time.
- A financial constrains was another problem because sometimes respond demanded money so as that they can fill questionnaires this also cost.

Due to the limitations, the researcher overcome them using different ways such as firstly, researcher make the respondents aware on the importance of proving data and information for their business development, secondly, the researcher remind those who delayed to fill questionnaires as agreed time through phones and sometime found other respondents who were ready to provide data as required.

RESULTS

4.1 Introduction

This chapter is concerned with the presentation of major findings and discussions based on management strategies to small business market and operational risks. It starts with an analysis of the social economic characteristics of the respondents. In this part sex, age and education levels are



presented and discussed. The, it proceeds with answering the Research questions used to guide this study. A total of 95 respondents were covered by the study both interview and questionnaires. Basically this research was guided by three objectives, namely:- to identify the risk which associated in the whole seller business, to assess the risks identified in the business and to determine the impacts of risks associated in the business.

4.2 Demographic and Social economic Characteristics of Respondents.

4.2.1 Number and Sex of the respondents.

A total of 95 (100%) respondents were included in the study. Out of 95 respondents 35 (36.8%) were female and about 60 (63.2%) respondents were male. This implies that most of the owners of small enterprises are men compared to women because always male are overambitious to establish business in order to increase the income and also it depends with the nature of enterprises, other enterprises needs a lot of power in its operations. This finding is not new they are supported by several other similar studies conducted in Tanzania by (Magdalena, 2011) revealed that most of majority owners of the business were male compared to women. This information is presented below in table 2:-

Table 2: Demographic characteristics of the respondents covered (n = 95)

Variables	Variables of Characteristics	Frequency	Percent
Sex	Male	60	63.2
	Female	35	36.6
Age	25 – 35	31	32.6
	36 – 45	42	44.2
	46 – 55	17	17.9
	56 – 65	5	5.3
Education	Primary level	37	38.9
	Secondary level	49	51.6
	Post secondary education level	9	9.5
Employment type	Casual labour	22	23.2
	Family labour	41	43.2
	Permanent labour	32	33.7
Other occupations	Farming	11	11.6
	Teaching	8	8.4
	Nursing	2	2.1
	Animal keeping	20	21.1
	Not at all	54	56.8
Total		95	100.0

4.2.2 Age of respondents

The age distribution of the study respondents is presented in table 2 above. The minimum age was 25 years and maximum age 56 years. The result revealed that the majority of respondents (44.2%) were in the 36- 45 years age group, followed by 25- 55 years age group that account (32.6%), fewer (17.9% respondents were in 56- 65 years age group . similar research was done by (Michael, 2011) shows that majority of age group engaged in activities was between 40 – 55 years old followed by those respondents which between 22- 40 years old. Distribution of the respondents according to age was equally important so as to determine which age category was active to operations of Small Enterprises. 44.2% of respondents they belong to 36- 45 years which indicate that they are mature

in productive activities, very energetic to perform the Small Enterprises operations rather than those who are aged over 45 years to perform the activities such as selling goods.

4.2.3 Education level

During the survey, information on education attainment was collected from every respondents in terms of whether or not the respondents had been to school and the highest level of education attained. It was observed that in this study most of the respondents have been to school. The higher proportion of respondents who had been to school can be explained by the higher enrollment rate as described by the National Policy of Universal Primary Education of 1975 (TDHS, 1996). In this case of levels of education, result from the table 2 that the majority of the respondents had ordinary level (51.6%), followed by primary education (38.9%) and fewer of the respondents hold post secondary education level such as degree and vocational training. This findings was quite similar revealed by other researcher (Michael, Makarius and Samwel, 2009) shows that majority of the respondents (47 percent) out of 177 of respondents had post secondary school or vocational training which are not corresponds to other studies conducted in Tanzania (Kuzilwa, 2003, Mbwambo, 2003) and majority have stayed in Entrepreneurship for 1-5 years (57%). This was supported the fact that the majority of those who run Small enterprises are ordinary people whose educational background is middle, may well be able to face challenges that are harmful to their business performance. The finding shows that probability of being Small enterprise is lower among highly educated workers. Thus, why they need training support from different institutions in order to overcome different education problem which is very important for the improvement of small enterprises operation.

4.2.4 Creation of awareness on risks to employees

As the result show that in order to overcome risks, (58.9%) Small Enterprises owners were interviewed on the creation of awareness on risks as the major means of overcoming risks in their daily business operations. This ensures both business owner and works get attention for the risk that may face their business in daily operations.

4.2.5 Size of the Enterprises and source of labour

In most cases family members and Small Enterprises are mostly formalized undertakings engaging between 5 and 49 employees which is supported by SMEs policy 2002 in the context of Tanzania. The majority of the sample enterprises employ one to 5 employees where the source of labour 43.2% are family labour followed by permanent labour hold 33.75 and finally 23.2% of labour comes from casual labour. Majority of labour employed attended standard seven and attained ordinary

level which holds 63.2%. This implies that most of labours are able to identify risks and use their knowledge in controlling risks once happen. This study is supported by similar research conducted in Tanzania by (Magdalena,2011) who revealed most of people employed are part time bases holds 60.5% followed by full time bases holds 32.6%. This indicates that small enterprises can be both a significant forces in employment creation for both family members and others. The other analysis shows that SMEs that have increased their workers were more likely to survive than those have remained with the same size since their start.

Variables	Frequency	Percent
Family labour	41	43.2
Permanent labour	32	33.7
Casual labour	22	23.1
Total	95	100.0

4.2.5 Access to credit particularly for working capital

Most of Small business owners are highly much needs financial assistance that would be needed for the improvement and expansion of their operations. In some cases, credit is available as were reported, by (63.2 %) respondents lack freedom of choice because the leading conditions may force for them to have immovable equipment that can serve as collateral for the loan. This finding is not new as they are supported by several other similar studies conducted in Tanzania by (Michael, 2011) shows that lack of capital and limited access to finance is the factor inhibiting entrepreneurship and influencing performance negatively.

Table 4: Number of people access to credit

Respondents	Frequency	Percent
Access to credit	60	63.2
Not access to credit	35	36.8
Total	95	100.0

4.2.6 Financial assistance

For the well growth of business, business should be able to generate capital within its own asset than depend much from external assistance. As a result, some of the Small Enterprises indicates that source of capital is from own saving as reported, by (70.5%), other s pointed out that the

borrow from financial institutions (11.6%) from relatives (4.2%) and others from savings and relatives (13.7%) as shown in the table 5. This study is supported by similar other research conducted in Tanzania by (Michael, 2011) revealed that most of micro and small business needs much support in their business such as capital for their business operations.

Table 5: Financial assistance

Source of capital	Frequency	Percent
Loan from Bank	11	11.6
Own savings	67	70.5
Relatives	4	4.2
Own savings and relatives	13	13.7
Total	95	100.0

4.2.7 Other occupation apart from doing business

Majority out of 56.8% of the respondents do not engaging in other economic activities as revealed in finding Table 6. Only 21.1% of respondents mentioned they engaging in small keeping followed by farming hold 11.6% and other like teaching hold 8.4% as well as nursing hold 2.1%. This implies that majority of business owners do not diversify their resources to the other avenues as their major way of reducing risks in their business. When business does not perform well, other business activities can perform well since all business do not perform constant all the time.

Table 6: Occupation apart doing business

Variables	Frequency	Percent
Animal keeping	20	21.1
Farming	11	11.6
Teaching	8	8.4
Nursing	2	2.1
Not aware	54	56.8
Total	95	100.0

4.2.8 Type of Insurance covered in business

Findings (table 7 below) revealed that out of 95 of respondents only 10.5% mentioned they cover their business against risks such as theft insurance hold 7.4% followed by fire insurance hold 2.1%. This implies that majority of Small Enterprises Owners are not aware of the insurance services in their business growth and profitability. Once risks happen most of business owners take long time to cover from the previous situation and some of them collapse. If these businesses could be insured

n against risks, most of insured business could not collapse since insurance company could cover the risks that happen.

Table 7: Types of Insurance Covered in business

Variables	Frequency	Percent
Theft insurance	7	7.4
Fire insurance	2	2.1
Both fire and theft insurance	1	1.1
Not aware	85	89.4
Total	95	100.0

4.2.9 Risks awareness involved in the business

To address the risks facing the Small enterprises which hinder their performance respondents were asked to identify risks on their business operations of small enterprises. It has been identified that small enterprises face risks and this can be similar supported by (Homelle, 2002) that some small enterprises and micro enterprises feel that they do not have resources of expertise to keep pace with new technology. The results from table 6 generally identify a long list of risks faced by owners and operators of small enterprises. On the operational side, studies emphasized that primary risk is lack of managerial training and experience reported (12.6%) of respondents, followed by lack of business knowledge by (11.6%) of respondents. On the market side, the study reported by 10.5% of respondents face scanty market information.

Table 8: Respondents on risks facing Small Enterprises (N=95)

Risks facing Small Enterprises	Frequency (Raking)	Percent
Fraud	37	38.9
Human error	24	25.3
Theft	24	25.3
Flawed organization structure	7	7.3
Malfunction	3	3.2
Total	95	100.0

The finding show that most Small Enterprises experienced some risks when performing their operations which lead most of Small Enterprises to fail to expand to be medium and large enterprises. With respect to their responses on the problems facing the development of Small Enterprises. Respondents mention the following points which are presented in the table as the most common risks experienced by Small Enterprises in their operations which discussed as follows

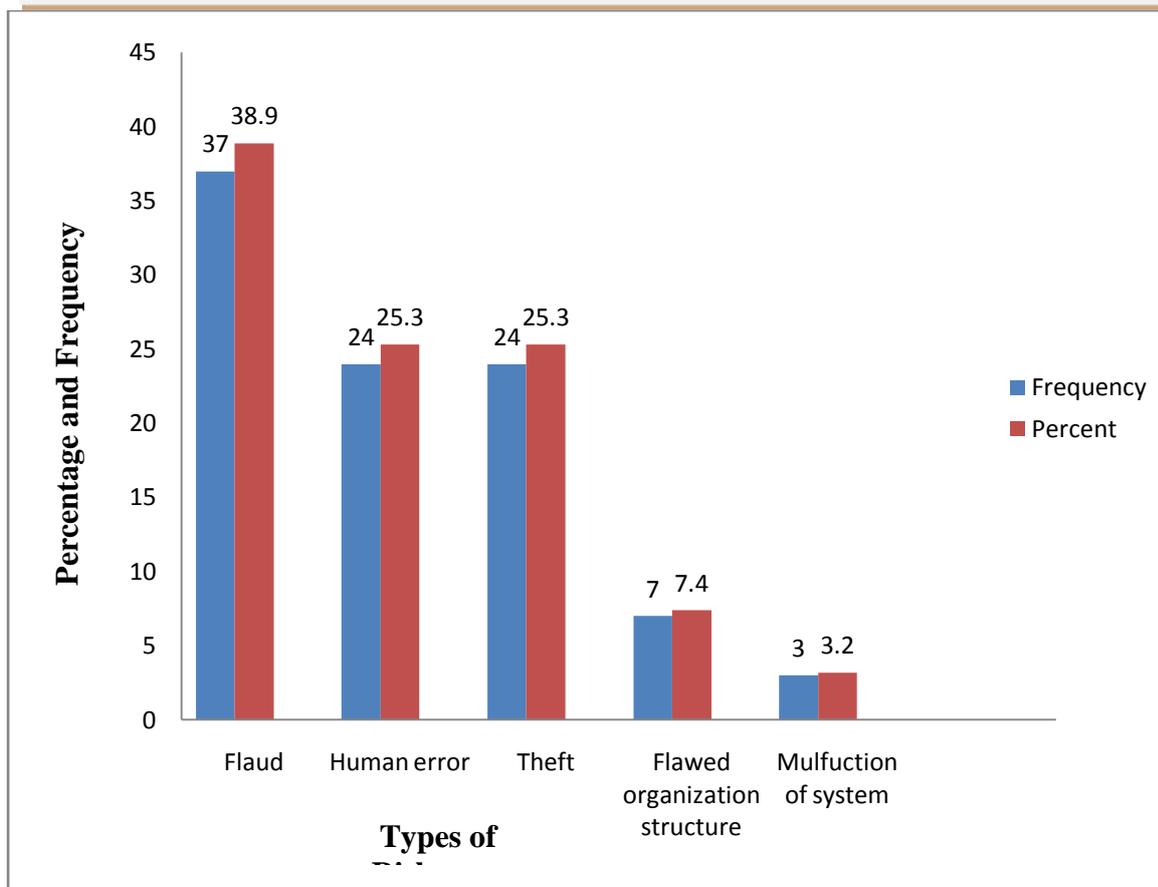


Figure 1: Types of Risks association in the Business

Fraud

Table 8 above shows 38.9 percent of the respondents cited fraud among workers as a risk to their businesses. Some of the employed workers are not honest which reduce profit as mentioned by 27.4 percent of the respondents and 42.1 percent of the respondents mentioned, reduced sales volumes as a risk to their business. A twenty year analysis of white color crime revealed that internal fraud by employees consistently exceeded the combine effects of shoplifting, holdups and burglary according to (Berger, 1981). This is particularly true with regards to theft of money which is the most threatening crime to small businesses (Doney, 1998). Nevertheless, respondents mentioned they use close supervision as a strategy to counter the stealing of money and products by 23.2 percent out of the respondents.

Human error

Table 8 above shows 25.3% of respondents mentioned human error as a operational risk that face business operation due to lack of experience, training, stress and so on. This risk resulted to un improvement of work quality hence reduce profit in business.

Flawed Organization Structure

Out of 95 respondents (7.4%) respondents that may owners on managers' lack managerial training and experience always develop their own approach to management. This study is supported by other similar research conducted in Tanzania by (Magdalena, 2011) who revealed (10.8%) of the respondents shows lack of managerial Training as a top seven challenges in SMEs operations. As a result, their management style is likely concerned more with day to day operations than long term issues and more opportunistic than strategic in its concept (Hill, 1987). Although this attitude is the key strength at the start – up stage of enterprises because it proved the creativity needed. A consequence of poor management ability is that Small Enterprises owners are ill prepared to face changes in the business environment and to plan appropriate changes of technology.

Theft

The Small Enterprises owners were reported; by (25.3%) their businesses are subjected to the risk of theft some of customers are not honest when they come to buy goods in their shops. This study is supported by other researcher particularly true with regards to theft is the most threatening crime to small businesses (Doney 19980. Nevertheless, respondents mentioned they use close supervision as a strategy to counter the stealing of money and products by 23.2 percent out of 95 of the respondents.

4.3.0 Impact of Risks to the business performance

Majority of 97.9 percent of the respondents out of 95 mentioned the impacts of risks to the business operations that face them day to day. 42.1 percent of respondents mentioned reduction of sales as the negative impact followed by low profit 27.4 of respondents, 20 percent of respondents mentioned increase of operation costs in business operation. This finding can be shown below table 9:

Table 9: Impacts of Risks in Business operations

Variables	Frequency	Percent
Reduce sales	40	42.1
Low profit	26	27.4
Increase operation cost	19	20.0
Lack of customer	4	4.2

Fail to meet customer needs	3	3.2
Not aware	3	3.2
Total	95	100

4.3.1 Opinions of respondents to the government

Most of majority interviewed out 95% of respondents suggested the government should give for the development of their business which is in form of moral and material support to stimulate the economy since they are considered to be very important in the economic development.

Table 10: Opinion undertaken to overcoming challenges facing Small Enterprises.

Opinions	Frequency	Percent
Reduce tax	19	20.0
Control inflation	8	8.4
Maintain good security	4	4.2
Provision of training	8	8.4
Reduce tax and control inflation	17	17.9
Reduce tax and maintain good security	18	18.9
Formulate policy that favour SMEs	7	7.4
Reduce tax and formulate policy	6	6.3
Provision of loans	8	8.4
Total	95	100.0

Table 10 shows that all 95 (100.0%) of the respondents in the research felt that they need government support. The kind of support they need focused is tax incentives, loans, grants, control inflation, market information, maintain good security, formulate policy that favour SMEs and provision training to prove management skills. This feeling was further reflected in the result on those who pointed to reduce tax (20.0%) as important need. The second one is both reduced tax and maintain good security as reported by (18.9%) of the respondents. According to some studies conducted recently in the city of Dar es Salaam, many people in small business sector get losses because of unrest between them and urban authorities (Mbwambo and Arbogast, 2003). However, 17.9% of the respondents also comments on tax reduction and maintain good security by the government as some of the most important strategy for SMEs. One of the factors inhibiting SMEs development is taxation (Robertson, 2003). If tax rates are high they reduce the profit incentive drastically.

Imparting loans provision and training were reported by 8.4% and 8.4% of the Small Enterprises respondents respectively, as some of the most important strategy for Small Enterprises. These results imply that a minority of Small Enterprises (8.4%) recognized that they need training in improving management skills such as marketing and financial management. The major provider of training and advisory services were the private institutions although the public institutions like SIDO, NMB, and CRDB are the most providers of business services to SMEs in Dar es Salaam but most of SMEs in Dar es Salaam are not getting training support from these institutions as reported by respondents.

7.4% of the respondents comments that the government should formulate trade policy that favour SMEs. The business sector is governed by various complicated laws and policies which do not attract the majority of the people under the informal business sector. Most policies related to business and trades do not clearly address and accommodate the small business entities. For instance the National Trade Policy 2003 objectives are mainly based on economic globalization, international trade, formal economy and export.

4.3.2 Strategies towards managing risks.

According to Calcopietro and Massawe (1999), in order to overcome the barriers facing the SMEs, a number of strategies that has to be taken by the business owner, government, donors as well as NGOs. Some of which are aimed specifically at empowering the SMEs so as to stimulate the economy since they are considered to be very important in the economic development. The study succeeded to come up with strategies that will be undertaken to overcome risks facing MSEs for guaranteed existence of other enterprises.

Table 11: Strategies undertaken to overcome challenges facing Small Enterprises (n=95)

Strategies	Frequency	Percent
Training	27	28.4
Internal audit	20	21.1
Insurance coverage	17	17.9
Maintain good security	14	14.7
Close supervision	10	10.5
Improved technology system	7	7.4
Total	95	100.0

The table 11 shows that all 95 (100.0%) of the respondents in the research felt that they need strategies that will be employed such as training, internal audit, insurance coverage, close supervision, maintain security and improved technology system, maintain good security.

Training

Provision of training was reported by 28.4 % as some of the most important strategy for Small Enterprises. This result implies that a majority of Small Enterprises recognize that they need training in improving management skills such as improving knowledge and financial management. The major providers of training and advisory services were the private institutions although the public institutions like SIDO, NMB and CRDB are the most providers of business services to SMEs in Dar es Salaam but most of SMEs in Dar es Salaam are not getting enough training support from these institutions as reported by respondents.

Internal Audit

Out of the 95 small business respondents, 21.1 percent mentioned internal audit as a strategy to operational risks management. This should be done regularly to detect errors in the business such as Work process in inventories and accounting should be subject to regularly scheduled and announced internal audit. This leads improvement of working among workers hence increase profit in the business.

Maintaining good security

The second one is to maintain good security as reported by (14.7%) of the respondents. This study is supported by other research conducted recently in the city of Dar es Salaam, many people in small business sector get losses because of property stolen (Mbwambo and Arbogast, 2003). Also this study was supported by other researchers conducted similar study in Tanzania by (Magdalena, 2011) shows good maintaining security is the major strategy to overcome challenges to SMEs.

Close supervision

10.5 percent of the small Enterprises mentioned close supervision as the major strategy to overcome operational risks in the business. This strategy enables Small Enterprises owners to close to their daily operational activities. Hence reduce the chance of worker to steal for their personal interest. Example steals money.

Improved technology system

Imparting management skills was reported by 7.4 of the small owners as some of the most important strategy for SMEs. The result implies that a minority of small enterprises 9.5% recognized that they need training in improved management skills such as financial management. The major

providers of training and advisory services were the private institutions although the public institutions like SIDO, NMB and CRDB as the most providers of services to SMEs in

Kariakoo ward. This study is supported by other research conducted in Tanzania (Magdalena, 2011) and (Michael, 2011) revealed that 7% and 4% mentioned technical and management skills respectively as their major strategies to overcome challenges.

Insurance coverage

Small enterprise owners can use different type of insurance services to cover their business against risks such as fire and theft. In most cases small enterprises are not aware of the insurance benefit in their business progress. Table 11 above revealed that only 10.5% of the small enterprises owners covered their business against risks while majority 89.5% of respondents are not aware of insurance services where 17.9% suggested in insurance covered as strategy to overcome risks. This implies that when risks happen such as theft, most business take long time to recover and some of them collapse within a short time hence owners should well trained on the important of insurance in their business progress.

DISCUSSIONS

5.1 Conclusion

Generally, the study aimed at examines the risks facing small enterprises development. Specifically the study intended to identify the risk which associated in the whole seller business, to determine the impacts of risks associated in the business and determine the strategies undertaken to overcome operational risks. The study verifies that most of Small Enterprises, it is recognized that small enterprise face unique risks which affect their growth and profitability and hence diminish their ability to contribute effectively to sustainable development. In this study, the following risks are briefly discussed: - fraud, human error, theft, flawed organizational structure and malfunction of system. These risks resulted to the low profitability or income in business such as low sales, increase operational costs; fail to meet customer needs and low profit. In order to solve these risks, strategies undertaken have been proposed to overcome the risks for growth of their business.

5.2 Recommendations

Finally based on the survey findings and available literature, we propose the following guidelines and strategies that small enterprise can use to boost their performance. It is appreciated that each business has its own unique combination of critical success factor, but some are important for all businesses.

First small businesses have 'a global outlook'. Businesses of all sizes across the globe can interact and share information, technology and products. Small business should consider what global trends are affecting availability of resources, increasing or decreasing demand for products and where there is unfilled need one might be able to meet. This may prove a challenge to SMEs but the government can step in here to provide information on business trends.

The government, NGOs and other stakeholders in the SMEs sector should encourage SMEs to diversify their business rather than concentration in one sector that is trade. This would have the effect of elimination stiff competition between similar business and therefore create more potential for growth.

Business development services should be made readily available. Training should be carried out by key stakeholders. Example community based organization, NGO's and similar organization should be supported by donor agencies with a view to conduct programmes to meet the emerging need of

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