

# Factors Affecting the Sustainability of Small Businesses in the Kariakoo Market in Dares Salaam, Tanzania

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## Abstract

*In Tanzania, despite the crucial role that small businesses play in the economy, their sustainability is often threatened by several factors, which remain inadequately understood to date. This study aimed to assess the factors affecting the sustainability of small businesses (SMEs) in Dar es Salaam, Tanzania. The study employed survey approach, where both secondary and primary data were collected from existing and closed small enterprises. The area of the study was selected based on the concentration and size of small enterprises. The sample size consisted of 85 small enterprises, including 80 existing and 5 closed businesses. A systematic random sampling procedure was used to select the respondents to be included in the study. The collected data was analyzed using appropriate descriptive statistics techniques. The empirical study produced key external and internal influences that appeared to distress the sustainability of small enterprises. Management and political factors emerged as the primary external influences, while financial factors revealed dual internal and external impacts. The findings underscore the critical role of addressing management and financial challenges to ensure the longevity of small enterprises.*

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## 1. Introduction

Small enterprises play a vital role in the economy. Their presence not only support government revenue collection but also stimulate employment opportunities, leading to further expansions and increased economic activities. According to Dilger (2018), small enterprises facilitate additional revenue generation and reinforce economic development. Small businesses have got different classifications from one country to another. While in some countries, the criteria for classification are capital, in others, the classification is based on the number of employees (Dhochak & Sharma, 2015; Njanike, 2019). Under Australian policy, SMEs entail a business undertaking with at least 15 employees. Similarly, the European Union policy implies a business with at least 50 employees, while in the United States of America (USA), a business with fewer than 500 employees is considered a small business (Walczak & Voss, 2016).

Regardless of their classification criteria, the sustainability of SMEs is paramount, as it ensures their longevity and continued contribution to the economy. As for this study, the sustainability of SMEs generally implied their ability to maintain long-term viability, profitability, and relevance in the marketplace. It, therefore, covers factors such as financial stability, operational efficiency, adaptability to changing market conditions, social responsibility, and environmental stewardship. Sustainability may entail the capacity of SMEs to meet the needs of present stakeholders without compromising the ability of future generations to meet their own needs. Parnell *et al.* (2015) explain that when small enterprises thrive and maintain sustainable operations, they not only benefit their owners but also play a vital role in generating revenue, creating employment opportunities, and fostering economic growth.

Consequently, governments globally have made strides to create enabling environments for small enterprises to thrive. They encourage fair tax policies, limited conditions, access to finance, and requirements in business startups and others depending on the context since countries differ before the suitable conditions for facilitating business development and growth in a sustainable manner (URT, 2002; Bilal *et al.*, 2017). These conditions have been favourable in most developed countries among business entities, where several businesses have been and still are established and have prospered to a great scale from the least established entities in several parts of the world (Amankwaa, 2016). In Africa, the situation is different due to challenges such as poverty and political instability, which affect the sustainability of small business startups.

In Tanzania, most businesses fall under Micro, Small, and Medium Enterprises (MSMEs). Small businesses are considered as micro provided that business equity capital is less than 5 million Tanzanian Shillings, with manpower of at most five people. Small enterprises, on the other hand, consist of enterprises with capital invested between 5-200 million shillings and 5-49 employees (URT, 2023). Enterprises or businesses of medium size comprise businesses with equity of Tanzanian Shillings of 200-800 million, with a workforce of around 50 to 99 employees. Despite the importance of SMEs in Tanzania, their overall sustainability remains uncertain and has been under investigation over the years.

The sustainability of small businesses, or lack of it, has been the centre of focus of several authors in and outside Tanzania (Masocha, 2019; Nkwabi & Mboya, 2019; Njiku & Nyamsogoro, 2019; Nakyejwe *et al.*, 2021). While the literature has mounted about their importance in the economy and contribution to the GDP, very few studies have assessed the factors affecting their sustainability and continued growth. Previous studies have indicated that investments in several businesses, such as shops, automobiles, vehicles, supermarkets, and several others, have been less sustained in the market since they collapsed after some time in the course of operation (Lawrence, 2016; Masocha, 2019; Nkwabi & Mboya, 2019). According

to Bartik *et al.* (2020), the sustainability rate of small enterprises in the country is worrying, and most SMEs perish in less than five years of operation.

Moreover, previous studies have shown that different constraints such as managerial skills, infrastructure, access to finance, business environment, policy, nature of business, access to business information, innovation, education, and capital have been indicated as factors that cause the failure of SMEs (Dhochak & Sharma, 2015; Bartik *et al.*, 2020; Quagraine *et al.*, 2021). On the other hand, studies by Mtendamema (2017) and Jesse (2018) have recommended that further focus should be placed on the long-term viability of Tanzanian small enterprises.

In that regard, the present study evaluated the factors affecting the sustainability of SMEs in Tanzania. Specifically, the study assessed the role of management and financial and political factors in small business sustainability in Tanzania. The aim was to address real circumstances relating to the sustainability of SMEs in Tanzania as a challenge for local investors. The results may serve as a platform for decision-making towards the way forward to enable the conduct of the business, which guarantees sustainability. In addition to that, this may form a platform for academicians and society to determine the way forward.

## **2. Theoretical Framework**

The present study drew upon several relevant theories to provide an inclusive understanding of the factors influencing the sustainability of small businesses. The first theory that has been used is the Resource-Based View, which posits that a firm's sustainable competitive advantage is derived from its unique resources and capabilities (Madhani, 2010). The resource-based view has been explored in academic literature as a means of explaining competitive advantage and, in turn, superior performance amongst firms. In the context of small businesses, this theory suggests that firms with valuable, rare, and difficult-to-imitate resources are more likely to achieve sustainability. The same theory has recently been used by Baah *et al.* (2021) to study marketing innovation and the sustainable competitive advantage of manufacturing SMEs in Ghana.

Additionally, the study employed the Institutional Theory to explore how external factors shape the behaviour and strategies of small businesses. Central to the institutional theory is the concept of legitimacy, which firms strive to gain to survive, in part, by adopting the institutional norms, behaviours, and beliefs that are created by society, government, and public opinion (Struckell *et al.*, 2022). According to this theory, businesses conform to institutional pressures to gain legitimacy and ensure survival, highlighting the importance of understanding the institutional environment in which small enterprises operate (David *et al.*, 2019). Thus, firms can only survive when they achieve legitimacy.

The same theory has recently been used by Al-Shaikh & Hanaysha (2023) in a conceptual review of entrepreneurial marketing and business sustainability in small and medium enterprises. However, there is a tendency to overlook the heterogeneity among small businesses, treating them as homogeneous entities rather than acknowledging the diverse characteristics, capabilities, and contexts within which they operate. This oversimplification may lead to a generalized understanding of the factors influencing sustainability, potentially overlooking nuanced dynamics that are crucial for effective analysis and policymaking.

The Stakeholder Theory was further employed to analyze the relationships between SMEs and their stakeholders, including customers, suppliers, employees, and the community (Baah *et al.*, 2021). This theory emphasizes the significance of managing stakeholder relationships to achieve long-term sustainability and organizational success (Freudenreich *et al.*, 2020). Thus, the theory was also applicable to the examination of the factors affecting the sustainability of

SMEs in the Kariakoo market. The integration of the three theories into the study, elucidated the complex interplay of internal and external factors influencing the sustainability of SMEs in Tanzania.

### **3. Materials and Methods**

The present study was conducted to assess the factors affecting the sustainability of SMEs at Kariakoo market in Dar es Salaam, Tanzania. Kariakoo market was selected because it was prone to the substantial influx and startup of small businesses, many of which were collapsing; thus, a sufficient amount of primary data for the study. A descriptive approach was used to facilitate the collection of data from participants to ascertain their attitudes, awareness, and opinions regarding the topic. As argued by Creswell *et al.* (2020) this design helped to provide numeric and practical explanations on factors affecting the sustainability of SMEs in the Kariakoo Market.

In this paper, the study population comprised about 13,780 small enterprise owners from different parts of Kariakoo market in Dar-es-Salaam City, including localities, streets, roads, and different enterprise layouts (Census, 2012). The unit of analysis was individual owners of SMEs in Kariakoo market. The investigation included 85 small business owners from a population of 850 small business owners. According to Webb *et al.* (2019), for a population of 100-13000 people, a 6% sample size is adequate. This study applied systematic random sampling to pick a sample from the population where every 10<sup>th</sup> small business owner was selected to form the sample. The study applied a survey-based research approach to gather data from both closed and existing small business enterprises.

Besides, the study used two categories of questionnaires to collect quantitative data from the respondents. Secondary sources such as reports from the city council office, books, government documents, papers, statistical documents, and journals were also used in this study. While qualitative data was analyzed using the content analysis approach, the information gathered from questionnaires on management factors, financial factors, and political factors was analyzed using the Microsoft Excel application and the Statistical Package for Social Scientists (SPSS). The examination was applied to a mathematical algorithm to find occurrences and proportions (percentages) of responses which were presented through figures and tables.

## **4. Results and Discussions**

### **4.1 Response Rates**

The study targeted 85 small business owners within Kariakoo market, Dar es Salaam. The response rate was considered superb based on the argument by Otieno *et al.* (2020) that for the overview of results to the entire population, the least satisfactory response percentage should be 50% and that a response percentage of above 70% is outstanding. Out of the 85 questionnaires provided, 80 and 5 were distributed to remaining and closed (in the exit process) businesses correspondingly. The quantities of questionnaires recovered from the existing businesses and the closed ones were 80 and 5, respectively.

### **4.2 Background Information of the Respondents**

The background information of the study respondents is shown in Table 1. The study showed that the males who operated SMEs in Kariakoo market were slightly more than the females who formed 49% of the respondents. Accordingly, like any other country, in Tanzania, both males and females operate in small enterprises at different positions or levels as employees, managers, or owners. However, the data showed that a majority of respondents (72%) were between 18 and 35 years old. The proportion of those aged below 18, 18 – 25, 26 – 35, 36 - 55, and above 55 was 5%, 19%, and 53%, 19% and 5% respectively. This shows that a majority of the respondents were between 31 and 45 years old, which is considered an active workforce as they are adults with many obligations. Similar findings were established by Meshack (2014),

who investigated the performance of SMEs in Kahama, Tanzania, and reported that 64.8% of the entrepreneurs were 18-35 years of age, 20.9% in the 36-45 age range, and the rest 14.4% were 46 years and above.

The educational level of the respondents revealed that 29% were secondary school graduates, whereas 21% were primary school graduates and high school graduates, respectively. Those with Diplomas, Technician certificates, no formal education, Bachelor's degree, and Master's degree were 8%, 8%, 5%, 4%, and 4% respectively. The results show that most owners and employees of the SMEs in Kariokoo market lacked skilled manpower because of lacking good business course backgrounds since the Tanzania Educational Syllabus starts business courses in higher learning institutions, with limited scope in some business schools like Shinyanga (business) secondary school (Mashenene & Kamburu, 2023). Generally, these findings illustrate that a majority of citizens engaging in SMEs in the Kariokoo market were those with primary and secondary education. Though the education qualifications were not the focus of this research, it suggests that the inadequacy of business knowledge can impact owners' businesses.

**Table 1. Background Information of the Respondents**

	<b>Characteristics of the respondents</b>	<b>Frequency</b>	<b>Percent (%)</b>
<b>1</b>	<b>Sex</b>		
	Male	43	51
	Female	42	49
	<b>Total</b>	<b>85</b>	<b>100</b>
<b>2</b>	<b>Education</b>		
	No Formal Education	4	5
	Primary School Education	18	21
	Secondary School Education	25	29
	High School Education	18	21
	Technician Certificate	7	8
	Diploma Certificate	7	8
	Bachelor Degree	3	4
	Master's Degree and Above	3	4
	<b>Total</b>	<b>85</b>	<b>100</b>
<b>3</b>	<b>Age</b>		
	Below 18 Years	4	5
	18 - 25 Years	16	19
	26 - 35 Years	45	53
	36 - 55 Years	16	19
	56 Years and Above	4	5
	<b>Total</b>	<b>85</b>	<b>100</b>
<b>4</b>	<b>Work Experience</b>		
	1 - 5 Years	45	53
	6 - 10 Years	27	32
	11 - 15 Years	11	13
	16 Years	2	2
	<b>Total</b>	<b>85</b>	<b>100</b>
<b>5</b>	<b>Main Responsibility in the Business</b>		
	Production	22	26
	Advertising and Sales	47	55
	Distribution	16	19
	<b>Total</b>	<b>85</b>	<b>100</b>

Source: Field Data (2022)

The study further showed that 53% of the respondents had an experience of 1 -5 years, whereas 32% had 6 -10 years of experience. Those with 11-16 years of working and business experience formed 13% of the respondents, and the remaining 3% had experience above 16 years. According to Masheneed &

Kumburu (2023), lack of experience is one of the internal factors that limit the growth and sustainability of SMEs in Tanzania. While assessing entrepreneurs' competencies and sustainability of SMEs in Tanzania, Ismail (2022) maintained that most (84.5%) of SME owners in two cities of Dar es Salaam and Dodoma had 5 to 21 years of experience running a business.

In terms of the types of businesses, the study showed that 55% of the respondents were involved in advertising and sales, 26% in production, and the rest (19%) in distribution activities. Production and manufacturing businesses have previously also been demonstrated to exist in moderate proportions in Dar es Salaam in the study by Nyello & Kalufya (2021), which showed that 53(14%) (n = 388) in the city were the manufacturing businesses. These type of businesses are generally more lucrative and attractive to entrepreneurs because they offer opportunities for value addition, higher profit margins, and scalability. Therefore, entrepreneurs are likely to be drawn to them due to the potential for long-term growth, stability, and profitability in the market.

#### 4.2 Management Factors Affecting the Sustainability of Small Business in Tanzania

The management factors affecting the sustainability of SMEs in Kariokoo market in Dar es Salaam are shown in Table 2. The study established that 49% of the respondents strongly agreed that a lack of strategic business planning affected the sustainability of SMEs in the market. Similarly, 29% of the respondents agreed with the statement, while only 7% disagreed and thus perceived that business sustainability had nothing to do with strategic planning. Evidence from other parts of Africa, such as Botswana, also shows that most SMEs lack strategic planning and that most business decisions are based on intuition (Majama & Magang, 2017). Strategic planning is a process of coordinating activities to achieve the organization's long-term goals and putting together an action plan for running business and conducting operations. Thus, a lack of strategic planning can severely impact the sustainability of small businesses.

The study revealed that 53% of the respondents strongly agreed that poor management skills, experience, and knowledge affected the sustainability of SMEs in the Kariokoo market. A further 29% of the respondents agreed with the statement, while 11% were neutral, 8% disagreed, and none strongly disagreed. This implies that in the market the sustainability of SMEs depends on the management skills, experience, and business knowledge of the owners/employees. Although age and experience have earlier been recognized as insignificant factors for MSMEs' growth elsewhere in Ethiopia (Haile & Batra, 2016), the experience of the owner-previous manager, interpersonal skills, the owner-manager innovativeness, and hard work are all factors that contribute to an organization's success.

The study also assessed the proper management of records concerning business sustainability in the Kariokoo market. The findings revealed that 66% of the respondents strongly agreed that the success of their business depended on record keeping. A further 24% of them also agreed with the statement, while 10% were neutral. No respondents disagreed or strongly disagreed with the statement. This implies that proper record-keeping in business is important for success and sustainability. Thus, businesses should ensure that all activities in the course of doing business are properly recorded with sufficient related details.

**Table 2. Management Factors Affecting the Sustainability of Small Businesses in Kariokoo Market, Dar es Salaam (n = 80)**

Statement	Response	Frequency	Percent (%)
Lack of Strategic Business Planning	Strongly Agree	39	49
	Agree	23	29
	Neutral	12	15
	Disagree	5	6

	Strongly Disagree	1	1
Poor Management Skills, Experience and Knowledge	Strongly Agree	42	53
	Agree	23	29
	Neutral	9	11
	Disagree	6	8
	Strongly Disagree	0	0
Lack of Proper Records Management	Strongly Agree	53	66
	Agree	19	24
	Neutral	8	10
	Disagree	0	0
	Strongly Disagree	0	0
Lack of Product Awareness	Strongly Agree	11	14
	Agree	42	53
	Neutral	23	29
	Disagree	3	4
	Strongly Disagree	1	1
Lack of Appropriate Processes, Equipment, and Tools	Strongly Agree	31	39
	Agree	30	38
	Neutral	18	23
	Disagree	1	1
	Strongly Disagree	0	0
Lack of Commitment of Owners and Employees	Strongly Agree	38	48
	Agree	39	36
	Neutral	13	26
	Disagree	0	0
	Strongly Disagree	0	9
Absence of Employees Without Notice	Strongly Agree	13	16
	Agree	17	21
	Neutral	31	39
	Disagree	14	18
	Strongly Agree	5	6
Failure to Foresee and Adapt to Changing Environment	Strongly Agree	36	45
	Agree	22	28
	Neutral	17	21
	Disagree	3	4
	Strongly Disagree	2	3

Source: Field Data (2022)

In examining the effects of product awareness as a factor for business sustainability in the Kariokoo market, the results showed that 53% of the respondents agreed that the success of their businesses depended on the creation of product awareness in the market. Although 29% of the respondents were neutral about the statement, 14% strongly agreed with the statement. Thus, product awareness emerged as an important factor for business sustainability in the Kariokoo market. With product awareness, customers can differentiate the products existing in the market, where to get the products and the benefits they can derive from them. In Kariokoo market, where various businesses compete for customers' attention, creating and maintaining product awareness is essential for businesses' sustainability because customers often rely on product awareness to make informed purchasing decisions, identify reliable sources for products, and understand the value proposition offered by different brands.

The research further established that 39% of the respondents strongly agreed that the lack of appropriate processes, equipment, and tools affected the sustainability of SMEs in the Kariokoo market. Such tools may be computers, books, pens, and safe cash boxes, to mention a few. On the other hand, processes may include those related to opening and closing business, stock taking, delivery and dispatch of goods, sale and purchase of merchandise, and the like. Thus, the lack of an ideal process for checks and

balances exposes the business to the risk of losing merchandise, profit margins earned, and loss of finances/sales. In some cases, it has been observed that employees bring their merchandise and sell it for their gain, other than business.

The lack of commitment of owners and employees was assessed as part of the management factors affecting the sustainability of SMEs in the Kariokoo market. The study showed that 48% of the respondents strongly agreed that the lack of commitment of owners and employees contributed to firm survival challenges. Another 36% of the respondents agreed with the statement, while 16% were neutral, and 0% disagreed or strongly disagreed with the statement. Thus, a majority of respondents agreed with the statement that in Tanzania, SMEs are started as a last resort when the concerned subjects have no other means of generating income. Also, some graduates in entrepreneurial activities tend to engage in part-time tasks once they get employment, thus leaving the businesses in the hands of employees. This leads to the collapse of many SMEs as they are abandoned by owners, or in some cases, owners do not put enough time into business.

The present study further assessed whether the absence of employees without notice affected the sustainability of SMEs in the Kariokoo market. The results showed that 39% of the respondents were neutral, 21% agreed, and 18% disagreed with the statement that the absence of employees without notice affected the sustainability of businesses in the market. 16% of the respondents strongly supported the statement, while 6% strongly disagreed. The argument around this is that the absence of employees without notice is not only unethical but also has an impact on business sustainability. The bottom line is that employees are the workforce for the business, and for business sustainability, it is important to be in control of employee turnover. In Belgium, the impact of absenteeism on firm productivity was recently reported by Grinza & Ryck (2020). In the Kariokoo market, while some respondents may perceive this issue with neutrality or even disagreement, it is essential to recognize the broader implications of employee absenteeism on business operations and performance.

The study also assessed if failure to foresee and adapt to the changing business environment affected the sustainability of SMEs in the Kariokoo market. The results showed that 45% of the respondents strongly supported the statement, and 28% agreed with the statement. 21% were neutral, while 4% of the respondents disagreed with the statement, and the remaining 3% strongly disagreed. In this context, flexibility and adjusting business plans can help businesses adapt to the changing external business operating environment to achieve business objectives. Thus, the study underscored the importance of adapting to the changing environment not only to do business but also to compete in the market. For example, a decade ago, the use of the internet and online platforms such as Instagram, WhatsApp, and Twitter technology to support business was of no presence or less importance in Tanzania. This is equally reported by Ismail, (2023) that businesses adopting such technologies can make more sales at affordable costs and get feedback to improve business while acting as a channel for communication to the Tanzanians.

#### **4.5 Financial Factors Affecting the Sustainability of Small Businesses in Tanzania**

The present study also assessed the financial factors affecting the sustainability of small businesses in Tanzania. The findings suggested that access to finance, high-interest rates, separation of business and personal funds, and banking services are key factors for sustainability (Table 3). The study assessed whether the lack of access to finance affected the sustainability of SMEs in the Kariokoo market. The results showed that 58% of the respondents strongly agreed with the statement, and a further 25% of the respondents also agreed with the statement. However, 9% of the respondents were neutral, while 4% disagreed and 5% strongly disagreed. Like other parts of the world, SMEs in Tanzania face more restrictions to access credit facilities become less compared to larger firms. This is because small firms



face a lack of adequate credit history as they tend not to use bank accounts due to financial illiteracy. In addition, SMEs are characterized by a lack of collateral to secure desired credit facilities.

Even though they may access reasonable funds from family, friends, or personal savings, sales and business uncertainties do not guarantee returns on capital injected into business in any near future. Similar sentiments have been echoed by Wasiuzzaman *et al.* (2020), who state that a lack of access to finance arises because service providers impose rigorous requirements that are less beneficial to SMEs. In the absence of liquidity, businesses fail to employ people with the necessary knowledge, experience, and skills required to run a business. In turn, many SMEs are managed by people with no relevant business skills, as evidenced in the study. According to Raphael (2020), such human resource issues also influence the growth of SMEs in the Ilala Municipal of Dar es Salaam. Other causes of lack of financial access for businesses include weak business records and failure to meet bank standards. Unfavourable credit policies have also been reported to affect the sustainability of small businesses.

**Table 3. Financial Factors Affecting the Sustainability of Small Businesses in the Kariokoo Market, Dar es Salaam**

Statement	Response	Frequency	Percent (%)
Lack of Access to Finance	Strongly Agree	46	58
	Agree	20	25
	Neutral	7	9
	Disagree	3	4
	Strongly Disagree	4	5
High Lending Interest Rate	Strongly Agree	22	28
	Agree	37	46
	Neutral	14	18
	Disagree	5	6
	Strongly Disagree	2	3
Poor Separation of Personal and Business Funds	Strongly Agree	22	28
	Agree	37	46
	Neutral	14	18
	Disagree	5	6
	Strongly Disagree	1	3
Lack of access to Banking Services	Strongly Agree	19	24
	Agree	25	31
	Neutral	23	29
	Disagree	11	14
	Strongly Disagree	2	3

Source: Field Data (2022)

The study also assessed the effects of high-interest rates on the sustainability of small businesses in the Kariokoo market. The study showed that 46% of the respondents agreed with the statement, while 28% strongly agreed with the statement. However, 18% of the respondents were neutral, 6% disagreed with the statement, and 3% strongly disagreed with the statement. The results suggested that high interest rates intimidated businesses from getting access from financial institutions or money lenders in the Kariokoo market. In addition, high interest increases the costs of operations, thus minimizing business profits as equally articulated by Gassiah & Kikula (2022).

The study also assessed whether the separation of personal and business funds affected the sustainability of SMEs in the Kariokoo market. The results revealed that businesses in the Kariokoo market struggled with the separation of personal and business funds. This is because of the thin distinction between business money and personal money, especially for unlimited liability companies/businesses. Similar results have previously been reported by Tundui & Tundui (2012) while investigating the survival, growth strategies, and performance of women-owned micro and SMEs in Tanzania. Small businesses tend not to keep business funds in banks or financial institutions to build their credit history for future

finances when the need arises. As such, businesses may fail to purchase the merchandise for business because of liquidity issues. That is why most SMEs in the country tend to lack credit history, which is a requirement for accessing finance (Mori & Richard, 2012).

The study also sought to establish if the lack of access to banking services also affected the sustainability of SMEs in the Kariokoo market. It was established that 31% of the respondents supported the statement, while 29% were neutral. Although 24% of the respondents strongly supported the statement, 14% disagreed, while the remaining 3% strongly disagreed with the statement. Lack of access to banking services has repeatedly been reported as a challenge for SMEs in Tanzania, especially for the acquisition of loans from commercial banks (Gassiah & Kikula, 2022). However, banks and other financial institutions allow for the safekeeping of business funds and as a source of business loans. Thus, businesses not using banks/financial institutions expose themselves to the risk of losing cash at hand and lacking credit history, which is vital for accessing finances for business sustainability.

#### **4.5 Political Factors Affecting the Sustainability of Small Businesses in Tanzania**

The political factors affecting the sustainability of SMEs in the Kariokoo market were established as inadequate government support, unfriendly tax levied on businesses, unfriendly licensing and registration requirements, and poor business locations allocated by the government (Table 4). Inadequate government support was recognized to affect the sustainability of SMEs in the Kariokoo market. The study established that 50% of the respondents strongly agreed with the statement. Another 30% of the respondents also agreed with the statement. The results suggest that the government has a part to play in the creation of space for business, as well as related industries supporting businesses. Although the government has developed various policies and initiatives to support the sustainability of businesses through business growth and performance, the supporting window is very narrow and normally open in large cities (URT, 2002). As a result, businesses in Tanzania still fail to get the necessary support through government initiatives. Similar sentiments have been echoed by Ogujiuba *et al.* (2022) for SMEs in South Africa.

**Table 4. Political Factors Affecting the Sustainability of Small Businesses in Kariokoo Market, Dar es Salaam (n = 80)**

Statement	Response	Frequency	Per cent
<b>Inadequate Government Support</b>	Strongly Agree	40	50
	Agree	24	30
	Neutral	14	18
	Disagree	1	1
	Strongly Disagree	1	1
<b>Unfriendly tax levied on business</b>	Strongly Agree	38	48
	Agree	27	34
	Neutral	14	18
	Disagree	1	1
	Strongly Disagree	0	0
<b>Unfriendly licensing and registration requirements</b>	Strongly Agree	17	21
	Agree	21	26
	Neutral	34	43
	Disagree	5	6
	Strongly Disagree	3	4
<b>Poor Business Locations Allocated by Government</b>	Strongly Agree	18	23
	Agree	27	34
	Neutral	23	29
	Disagree	7	9
	Strongly Disagree	5	6

Source: Field Data (2022)

An unfriendly tax levied on business was established as one of the critical factors affecting the sustainability of SMEs in the Kariokoo market. The study established that 48% of the respondents strongly agreed with the statement, while another 34% agreed. The results suggest that unfriendly tax regimes strongly affected business sustainability in the Kariokoo market. Previous studies have also reported that SMEs complain over existing tax assessment methodology and levies, which are based on subjective estimations and beyond the ability of SMEs to bear as the majority do not have conventional financial records keeping or audited financial statements. The requirement of SMEs to pay too many taxes connotes an unfriendly business environment that can affect the sustainability of small businesses, as has been shown in Nigeria by Ogbonna *et al.* (2020).

The study also assessed how licensing and registration requirements affected the sustainability of SMEs in the Kariokoo market. The results showed that 43% of the respondents were neutral to the statement, 26% agreed with the statement, and 21% strongly agreed with it. These results show that the licensing & registration requirements make it easier for businesses to start and sustain business. The bureaucracy associated with business registration and licensing in Tanzania has also been argued by Mtengela & Mrindoko (2022) while assessing the factors affecting the performance of SMEs in the East African region. According to Madiwa (2021), the bureaucratic issues associated with business registration and licensing were one of the challenges for MSMEs in Temeke district in Tanzania. Thus, the same issues can affect the sustainability of SMEs in the Kariokoo market in Dar es Salaam.

Finally, the study assessed the effects of government-provided business locations on the sustainability of SMEs in the Kariokoo market. The results revealed that 34% of the respondents agreed with the statement, and a further 23% strongly agreed with it. However, 29% of the respondents were neutral, and 9% disagreed with the statement. Thus, government-provided business locations were also established to be inadequate and uncondusive for SMEs at Kariokoo market. In this regard, the study

contributes to the existing literature by shedding light on the role of government interventions in shaping the business environment for small enterprises in the Kariokoo market and provides insights into the challenges and opportunities associated with government-provided business locations for small business sustainability. Business location has recently been established as among the factors affecting the performance and, therefore, sustainability of SMEs in Tanzania (Mashenene & Kamburu, 2023). In South Africa, Ogujiuba *et al.* (2022) also reported the impact of government-provided business locations on SMEs in the country.

## 5. Conclusions and Recommendations

The present study investigated the factors affecting the sustainability of SMEs at Kariakoo market in Dar es Salaam, Tanzania. The study established that SMEs in Kariokoo market are faced with several external and internal factors that impact their long-term success and survival. The study results showed that management factors like lack of strategic business planning, poor management skills, experience and knowledge, proper records keeping, and process management, failure to foresee and adapt to changing environment, lack of commitment to the owner and employees, and absence of employees without notice were the significant internal variables affecting the sustainability of SMEs in Dar es Salaam. Similarly, financial factors like high-interest rates on loans, inaccessibility to finance, poor bookkeeping or record management, lack of separation of personal and business funds, and lack of banking services were also reported to affect the sustainability of small businesses. Additionally, political factors like inadequate government support, unfriendly tax levied on businesses, unfriendly licensing and registration requirements, and poor business Locations Allocated by the government were also identified as key items for business sustainability in the studied market.

In view of this, the study recommends that Tanzania must focus instantly on addressing the harsh financial environments impeding the very existence and survival of the small businesses (SMEs) sector, such as reducing credit lending interest rates and addressing multiple taxation issues. Additionally, further studies should be carried out on the strategies and policies of small and medium businesses sustainability. Since the timeframe and financial resources for the present study made it impossible to cover a larger sample size and a more extensive geographical area in Tanzania, further research should be conducted to include a bigger sample size from larger geographical areas in the country.

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