

**FACTORS AFFECTING THE PERFORMANCE OF FOOD STUFF RETAIL:
A CASE STUDY OF TRADE AT URBAN DISTRICT IN ZANZIBAR**

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2013

CERTIFICATION

I have read the dissertation and found it to be in a form acceptable for examination

.....

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DECLARATION

I declared that the study on “Factors affecting the performance of food stuff retail trade at Urban District in Zanzibar” is my own work, and that it has not been submitted for a similar degree in any other university.

.....

Signature

.....

Date

DEDICATION

This work is dedicated to my beloved father; Mr. Seif Ali; and to my wife; Saada Ameir and our children; Adhra, Akram, Suhaila and Thumaiya for their endless and unconditional love and moral support during the whole period of my life and throughout my course.

ABSTRACT

The study examines the factors affecting the performance of food stuff retail at urban district in Zanzibar. It was conducted in Zanzibar, Urban district incorporating 80 people all of them dealing with food stuff retail trade. Probability and non probability sampling methods were used. Structured questionnaires, interview and focus group discussion were used to explore information from the participants.

Based on the information collected from the study, it is found that the performance of food stuff retail trade is affected by marketing practices, management skills and miscellaneous factors. Marketing practices include kind and quality of products the business is offering, channels involved for the products to reach the potential customers, ways of communicating with the customers on details of the products offered and price set up for the product. In addition to that, it includes the after sales services served by the business.

More over the study findings reveal that the business is profitable one as the respective shop worth always increases year to year, although a lump of business outcomes are used by the owner for non business expenditures.

The study recommends people to acquire entrepreneurial skills before start trading.

Laws and regulations governing the business have to be made fair.

Infrastructure should be developed proportionally to the technology growth.

Financial institutions have to provide the trader with fair borrowing restrictions together with moderate interest rate

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LIST OF ABBREVIATIONS

FGD	Focus Group Discussion
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GOZ	Government of Zanzibar
HBS	Household Budget System
IGA	Income Generating Activities
NGO`s	Non Government Organizations
SACCOS	Saving and Credit
SPSS	Statistical Package for Social Science
UK	United Kingdom
USA	United State of America
ZPRP	Zanzibar Poverty Reduction Plan

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Customers need to buy products to satisfy their needs. This means that they eat food, wear cloth and use transport to move from one point to another on a daily basis. When customers buy these everyday necessities they deal with retailers. We find retailers everywhere in our societies, and we use them to be able to satisfy our needs in a convenient manner. Can you think of the retailers you dealt with yesterday? They could have included a café, a petrol station, a dry-cleaner or even a fast - food out let (Akabueze 2003)

The retail trade sector includes many groups such as foods, drugs, clothing, furniture, automotive, general merchandise, and other. Retailers have a major impact on the lives of most customers. Retailing is an important part of any economy, and ultimately links consumers with manufacturers. Retailing is changing swiftly because of the fast changing environment in which retailers operate. Consumer needs are changing, competitors are entering the market arena and technology is introducing new retailing methods to the industry. Retailers need to know how to keep abreast of these changes to attract new customers and keep them (Zindiye 2008)

Retailing may be seen as a business that focuses its marketing efforts on the final consumers with the intention of selling goods or services to them. This means that any business that sells a product or services to a final consumer, whether it is to a

customer in a shop, by mail, over the telephone, door to door or by means of a vending machine, is a retailing business. Retailers usually buy in bulk and sell these items in smaller quantities to consumers for personal, family or household use. Retailing has a profound effect on our society and the people in it as follow: The large number of organizations engaging in retail activities, the number of people these organizations employ, and the tremendous sales volume they generate indicate the importance of retailing in our society.

Retailers play a major role in creating and adding value to final goods and services. This ensures that the customer's needs and wants are satisfied. Retailers are the critical link between producers and consumers because they provide the environment in which exchanges with end consumers take place. Consumer ultimately benefit from the marketing functions the retailer performs, which results in the availability of a broader range of products.

As it was seen earlier the retail trade provide with people different utilities such as possession utility, place utility and time utility. Apart from various services served by retail trade the business also raise the economy of the individual and nation in large. Many of the retailers who lack employment they employ themselves in this business and do it as their primary income generating activity. On the other side this investment acts as secondary (additional) income generating activity for those traders who are employed in various sectors. If that is the case, it proves beyond that the primary goal of these two types of investors is to raise the economy both individually and national in large.

Unfortunately this goal is not met every time and by every retailer, the observation revealed that there are many retailers who do not perform better in their business, things which finally lead to the closing of their business followed with substantial loss and debts. On the other side of the coin there are those retailers who are gradually doing better in their business up to the level of making extension and diversification.

This study tries to find out what actually makes the business failure and the business success. When the investigation is through, the study will show directions and give recommendations to the retailer's stakeholders so as to make this business profitable and successful for the intention of rising the people and national economy, hence better standard of living.

1.2 Statement of the Research Problem

Zanzibar is still under the firm grip of poverty which is commonly observed in the rural areas. Many households in Zanzibar live below the poverty line. (Mohamed 2003). Low productivity in agriculture, poor livestock keeping and little fishing yield due to poor technology are the major underlying causes of poverty in Zanzibar.

According to the 2004/2005 Household Budget Survey (HBS) 49 percent of Zanzibarians live under the firm grip of poverty which is commonly observed in the rural areas. Many households in Zanzibar live below the poverty line (Mohamed 2003). It shows also that 7 percent of the working age population is unemployed. Among youth (15-24 years) unemployment is estimated at 20 percent.

To reduce this high level of poverty many people engage themselves in retailing business. It is commonly observed that very frequently many retailing trades are opened everywhere in Zanzibar but surprisingly after a time the shops come down and closed. When retailing trade is started the owners borrow money (capital) from different sources to finance their business e.g. from banks, SACCOS, relatives etc., but what is commonly observed is the falling down of those businesses day to day such that the paying back of the so borrowed money becomes difficult and impossible.

It is very recently the government of United Republic of Tanzania and the Revolutionary government of Zanzibar have both allocated total amount of 1.2 Billion shillings through different financial institution which was provided by Jakaya Kikwete and Amani Karume to the people for them to establish different investments, many people responded on this and some of them made investment in retailing business, unfortunately majority of these investor failed to pay back their loans. (Tiba 2009).

Some of the retired workers (retirees) soon after receiving their retirement fund decide to open retail stores as an income generating activities but some of them close their business after one or two years, however many other establish new ones. (GOZ 2009) Therefore this study will analyze the factors affecting the performance of food stuff retail trade in Zanzibar. This issue of constraints to retail trade growth is not only a problem to trade owners, but this impacts the Zanzibarians community and the economy of Zanzibar as a whole. This is so because if small business fail to grow

accelerates unemployment, lowers productivity, hence lowering saving and achievements. Moreover the government loses money that it would have made as tax revenue. This means national income deteriorates.

1.3. Objectives of the Research

1.3.1 General Objective

The general objective of this study is to determine the factors affecting the performance of food stuff retail trade in Zanzibar.

1.3.2 Specific Objectives

Specifically, this study aims at

- i. To determine factors leading to success of food stuff retail trade in Zanzibar.
- ii. To find out challenges facing food stuff retail trade in Zanzibar
- iii. To determine the profitability of food stuff retail trade in Zanzibar.
- iv. To determine the impacts of marketing practices on the performance of food stuff retail trade.

1.4 Research Questions

1.4.1 General Research Question

What are the factors affecting the performance of food stuff retail trade in Zanzibar?

1.4.2 Specific Research Questions

- i. What are the factors leading to success of food stuff retail trade in Zanzibar?
- ii. Describe the challenges facing food stuff retail trade in Zanzibar?

- iii. At what degree retail trade is profitable?
- iv. To what extent do the marketing practices influence the food stuff retail trade performance?

1.5 Significance of the Research

This study will help the development of new theoretical framework in this field. On the other side the study can be applied by the Ministry of Trade, Financial Institutions, and Chambers of Commerce in their various applications such as planning, policy making and the likes. Apart from that, this study will provide general information on the importance of retail trade individually, family wise, community wise as well as national wise. It will show all the challenges, problems and constraints facing the retailers in Zanzibar. The information will reveal that the financial institution have the role of financing the retailer by providing with them a reasonable capital and guidance to start and run respectively their businesses.

The government and Non-government organization will realize a need of providing the retailers with business skills such as business planning, financial management skills, marketing practice skills, management and organization skills etc. together with conducting training to the retailers for them to operate their business competently.

The study finding will also benefit the development parties and civil society organization involved in the provision of credit facilities to small traders and micro ones to ensure that they provide credit (loan) only to the right person who are skillful enough in the business management to avoid paying back problem.

On the other hand the study will bring awareness to the final consumers who some of them are bad debtor to try their best to pay their debts promptly to avoid business from being collapsed. Furthermore it is hoped that the study will convince the stakeholders of the Zanzibar Poverty Reduction Plan ZPRP, (2001) to support heavily the retailers as they play a major and vital role in poverty eradication practice by initiating self employment and raise standard of living and society well being too. In addition the study will bring cautions for all potential retailers that whenever wish to start doing business they should make sure that they are to somehow competent in the respective business by acquiring lots of business skills e.g. business planning skills, management skills, marketing skills, funds management skills so as to avoid wastage of resources. By any means it is totally not recommended to do anything blindly.

Lastly as the government thoroughly understand to what extent does retail trade contribute in the annual national income, it is hoped that will create conducive business environment in terms of financial support, tax fees, license fee and other trade restrictions.

1.6 Scope of the Study

The study confine on determining the factors affecting the performance of food stuff retail trade specifically in Zanzibar. The study has been conducted in Zanzibar (Unguja) Urban District and covered a ward of Mwanakwerekwe which comprise three distinct shehias .These shehias are selected as many retail trades are found and they possess the information which are pertinent to the objectives of this research.

1.7 Research Organization

This study is organized based in five chapters. Chapter one is on background information, statement of the problem and objectives of the study. Chapter two deals with literature review. Chapter three looks at the research methodology whereas findings presentation is dealt in chapter four while research summary, conclusion and recommendations is presented on chapter five.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The review of the literature will describe the meaning of the basic concepts such as retailing, food stuff retail and performance as they are used in this study. It will explain the challenges facing global retailer as well as those facing nations individually and lastly the prerequisite for successful retailing as they are reviewed from various places inside and outside of Africa.

2.2 Conceptual Definitions

2.2.1 Retailing

Retailing may be seen as a business that focuses its marketing efforts on the final consumers with the intention of selling goods or services to them. This means that any business that sells a product or services to a final consumer, whether it is to a customer in a shop, by mail, over the telephone, door to door or by means of a vending machine, is a retailing business. Retailers usually buy in bulk and sell these items in smaller quantities to consumers for personal, family or household use (Gibb 1988).

Retailing, as we use the term in this text, consists of the final activities and steps needed either to place product in the hand of the consumer or to provide a service to the consumer. In fact, retailing is actually the last step in a supply chain that may stretch from Europe or Asia to your home town. Therefore, any firm that sells a

product or provides a service to the final consumer is performing the retailing function. Regardless of whether the firm sells to the consumer in a store, through the mail, over the telephone, through the internet, door to door, or through a vending machine, the firm is involved in retailing (Dunne et al. 2008)

Several writers (Madaan 2009; Mathur 2010) argue that the word retailing is derived from French word which means to cut a piece off or breaking the bulk. They defined retailing as a distribution function which includes activities in buying products from suppliers and selling goods or services or both to customers for their personal, family or household use. Pradhan (2006) says retail is the final stage of any economic activity. He added that according to Philip Kotler, retailing include all the activities involved in selling goods or services to the final consumers for personal, non – personal use.

2.2.2 Food Stuff Retail Trade

Food stuff retail trade normally takes place in grocery stores, it is a trade that sells food and other non food items. Larger food stuff retail trade stocks products other than food, such as clothing or household items are called supermarkets. U.S grocery store sold not only food but clothing, household items, tools, furniture and other miscellaneous merchandise. These trading posts evolved into larger retail business known as general stores.

Many rural areas still contain general stores that sell goods ranging from cigars to imported napkins. Traditionally, general stores have offered credit to their customers,

a system of payment that works on trust rather than modern credit cards (Foley and Green 1989). In Zanzibar context and as the concept used in this study food stuff retail trade is the one selling food stuff materials and general varieties of non food items such as clothing, household items, tools, furniture, cigars and other miscellaneous merchandise. These varieties of merchandise normally are available in small amount of items.

2.2.3 Performance

GEM, (2004) defined performance as the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it.

2.3 Theoretical Literature Review

Development of the retail Industry: People traditionally associate retailing with the selling goods to consumers but retailers may also sell services. Newman and Cullen (2002) said that the fast food companies such as MC Donald's have long been recognized as service retailers. In the UK, public house operators and industrial caterers have declared themselves to be retailers. Medical and health services have also begun to behave as retailer. There are many businesses in UK that engage in some form of product retailing, for instance, about 15 percent of pub sales are retail sales of various kinds and most museums and visitor centers have shops.

According to Madaan (2009) USA is comparatively a younger nation in terms of history of trade and development, but a study of retail formats in USA shows that now it is the largest and one of the most diverse retail market in the world. He added

that India on the other side is one of the oldest civilized nations in the history of mankind, his explanation gives us some general idea about different phases of development of retail in India. It is a very diverse market and different forms of retail are practiced in its different locations starting from the traditional ones such as barter system and peddlers to the modern retail for examples, specialty retailers, supermarket, hypermarket, modern retail store chains, e- retailing and so on.

The role of the retailer: From an economic stand point the role of a retailer according to Sullivan and Adcock (2002) is to provide real added value or utility to their customer. This is observed from four different perspectives: First is utility regarding the form of a product which is acceptable by the consumers. That is the retailer does not supply raw materials, but rather offers finished goods and services in a form that customers want. Second is the critical aspect of place. Offerings are available at a place appropriate to where a customer wants to purchase. Third is the time utility, in this respect retailers provide a benefit by making offerings available at a time suitable to their customers. Finally there is utility from possession, retailers facilitate the transfer of ownership to the customer. All these are retail benefits which retailers can offer by getting close to potential customers. It is necessary, therefore, for retailer to fully understand the motivations that drive their customers and the different types of utility that a particular retailer can offer.

Role of retail in nation's economy: Importance of retail goes much beyond being just a trading activity and channel of distribution. According to Madam (2009) it is a key indicator of performance of economy. Currently, the combined sales turnover of

retail sector in India is around 39% of the GDP” .He added that, Wal-mart with 1.8 millions workforce is the largest employer in the world. In India, employment in retailing is only 7-8% of total workforce as compared to 17% in USA.

On the other side, the tax revenue of government are likely to go up with the increase in organized retailing that is why the government wants retail trade to become more organized in nature. Another role is to keep rate of inflation low by citing an example of low prices of products when the retailers compete. Lastly is the exposure to international manufacturing practices that is by working closely with international retailers there is a scope for local vendors to improve their manufacturing practices (Tybjee 1982)

The marketing role of the retailer: Marketing is not just selling and promoting but it is everything undertaken by a supplier in order to satisfy the needs and wants of customers. Sullivan and Adcock (2002) added that, this is possible only, if there is an acceptable and affordable combination of goods and services available to customers at the right time and in the right place. Furthermore, retailing is the bringing together of customers with the final link in the distribution chain, this usually involves some form of direct contact with the actual consumer, which is an important distinguish feature of retail.

On the other side, retailing is not simply selling, as even when there is face to face contact there are also many marketing activities necessary before, during and after a sale in order to ensure that the customer is fully satisfied. On top of that retail

businesses are major employers with over four million people working in the sector in UK.

Functions of Retailing: There are many functions performed by the retailer. Madaan (2009) identified six basic specific functions as discussed as under. Firstly is breaking bulk, the products have to be manufactured in bulk quantities to keep cost of production and to reduce transport cost. Generally the products are consumed in smaller quantities, so there is a need to break the bulk quantities into smaller quantities.

Secondly is holding stock and risk taking, retailers keep adequate inventory of merchandise so that it can be made available to customers as per their demand. Thirdly is creating place and time utility, place utility is bridging physical distance that exists between the location where the product is manufactured and the location where the product is finally consumed.

Time utility is to make sure that product is available to the consumer timely. Fourthly is assortment of product and services, imagine the situation if the consumers has to visit different retailers to purchase milk, bread, jam, porridge for the breakfast of family members. Many times, the consumers demand and assortment of products or products and service, not just a single product.

Fifthly is extending other services, the retailers extend many others services like display and demonstration of the specialized products, providing information, matching needs of shoppers with products offering, after sales services and so on.

Sixthly is creating demand and sales of merchandize, in many cases, retailers perform an active selling role using persuasive techniques to encourage customers to purchase products. Sometimes, they supplement the marketing efforts of manufactures in their own advertising efforts and use other promotional means such as special product displays. Moreover retailing is a sophisticated user of modern technology. For instance electronic tills are linked to computers to help control stock and track customer spending and various technical devices are increasingly used to combat retail crime (Brophy 1981)

Factors affecting the Performance of Food Stuff Retail Trade: Five theoretical perspectives explain the factors affecting the performance of food stuff retail trade, namely individual motivation and goals, social learning, network affiliation, human capital, and environmental influences.

2.3.1 Motivation Theory

Motivation showed a strong relationship to performance of retail trade. Retailers and many of us are motivated by needs. The Maslow hierarchy of needs theory mentions five categories of needs which motivate people including retailers to work very hard and skillfully in order to achieve better performance in their business so as to increase income and be capable to acquire these needs. Human needs can be categorized into five types: Physical needs, safety or security needs, affiliation or social needs, esteem needs and self actualization needs. Physical needs relates to clothing, shelter, air, water and other necessities of life. Safety needs involves security, protection against dangers, safety of property, etc. Social needs; Man is

social being. He is, therefore, interested in conversation, sociability, exchange of feelings, companionship, recognition, belongingness, etc.

Esteem and Status needs; these needs embrace such things as self-confidence, independence, achievements, competence, knowledge, initiative and success (Chhabia 1994). These needs are concerned with prestige and respect of the individual. Self fulfillment needs; these are the needs of the highest order. They are generally found in persons whose first four needs have already been filled. They are concerned with achieving what a person considers to be his mission in a life. In simple words, human behavior is related to his needs.

2.3.2 Social Learning Theory

Social learning theory is another theoretical approach emphasizes the role of entrepreneurial socialization and provides explanation of entrepreneurial behavior and career development. This theory made famous by Albert Bandura states that social behavior (any type of behavior that we display socially) is learned primarily by observing and imitating the action of others. (Joseph and Nirupama 2009)

According to this theory the performance of retailers partly is affected by his personnel characteristics (behavior) such as creativeness, innovative nature, commitment, faithfulness, hardworking, as he sees his older brothers and other relatives in his society. If a child sees his older brothers (model) become successful in their trade by being hardworking or innovative, the child may observe this so he should do it too. On the other side, the social learning theory explain that if a child or

someone observe the poor business performance of his relatives or friends due to either entrepreneur weaknesses such as lack of entrepreneurial skills, poor business capital, poor business plan or environmental challenges like the customers` economy and unfair trade laws and regulations, he normally become less motivated and discouraged on the undertaking or continuing with such type of business.

2.3.3 Human Capital Theory

The human capital perspective proposes that level of education, area of education, previous entrepreneurial experience, previous business experience, and business skills have positive relationship with the retail trade performance. (Card and Alan 2000) This is explained in human capital theory which is a modern extension of Adam Smith's explanation of wage differential by the so called net advantages and net disadvantages between different employment.

Human capital is the stock of competencies, knowledge, social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value. Cooper (1981) proposed experience and education were "antecedents" to the decisions to start a business and ultimately affected performance.

2.3.4 Stakeholder Theory

This theory has been articulated in a number of ways, but in each of these ways stakeholders(suppliers, customers, employees, political action groups, local communities, financial institutions, media etc) represents a broader constituency for business responsibility than stockholder. (Wooldridge 2003) For the sustainability

and good performance of retail business the retailer should deal with these stakeholders competently as their contribution can lead to either failure or success of retailing.

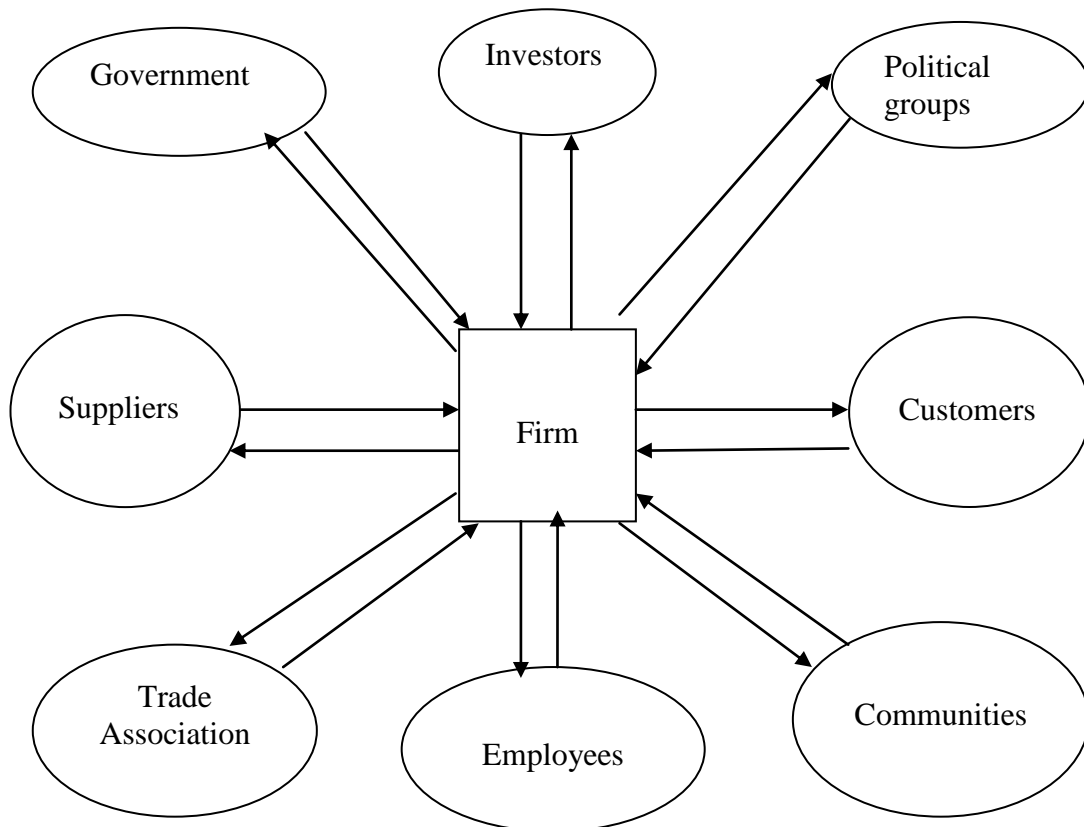


Figure 2.1: A model of Stakeholder Theory

Source: Donaldson and Prestor, 1995

2.3.5 Challenges Facing Global Retailers

The recent economic slowdown has forced many retailers to start looking at other economies. Pradhan (2006) addressed some of the key challenges being faced by retailers worldwide. Firstly is the rising of fuel prices which show a negative effect on the rapid expansion of the trade in various parts of the world. Secondly is the

empowered consumer, retaining the consumer is difficult today, technology is aiding consumers in making sound shopping decisions. Consumers now demand more quality, choice, consistency, convenience, and service, for less money, time, effort and risk.

Thirdly is the efficiencies which is enabled by technology where by data are received and transmitted at a fast speed. In the near future, retailer supplier partnership will depend on technology, substituting information for inventory in the pipe line to reduce costs while improving productivity.

Lastly is the rise of internet retailing which has been a key driver of changes in this business, the increase in the number of internet users has placed new demand on retailer. Internet both enhances and competes with the store.

2.3.6 Nations Retail Development Challenges

There are several challenges that Indian retailers face, these are real estate issue, capital availability, legal frame works, human resources and supply chain development and management (Wrise 2004). This is further explained that the cost of real estate is high. They added that a sale tax is another substantial hindrance to the growth of this sector. On the other side retail not being recognized as an industry in India, this hampers the availability of finance to the existing and new players, this affects growth and expansions plan. These challenges have also been said by many writers (Pradhan 2006; Bhatia 2008). They further argued that new rules are required to enable retail stores to operate every day with longer hours and utilization of part time employees without incurring any extra costs.

Labor force problem is identified as another hindrance in retailing growth in India where Child labor is forbidden while dependence on adult and experienced workforce will definitely increase their cost of operation, this factor also affects the growth of retailing in UK. (Akethurst 1996).

Pradhan (2006) added other two challenges hindering the retail growth in India as lack of adequate infrastructure and high stamp duties. He said that poor roads and other infrastructure hamper the development of food and fresh grocery retail. It is further argued that in addition to the high cost of real estate, the retail trade also faces very high stamp duties on transfer of property which rises from state to state.

Another challenge in UK is specialization as seen by Knee and Walters (1985), this involves establishing a recognizable, well differentiated product brand that is congruent with the needs of a clearly defined market segment of appropriate size. The risk of this strategy include the danger of misjudging the precise needs of the segment, excessive concentration of invested capital and the risk of becoming too rigid to adapt to opportunities and threats as they arise.

Richards and Smiddy (1985) contend that UK retailing generally has reached maturity and that there is a surfeit of stores. They cite a number of symptoms to support this including falling of returns on investments; greater price competition and high advertising expenditure. Furthermore, general management is identified as another retail challenge in UK.(Akehurst 1996) this involves stock control

difficulties, weaknesses in marketing, difficulty in creating new products and inadequate knowledge of demand.

2.3.7 Prerequisites for Successful Retailing

There are several factors that influence a retailer's success by considering that retail sector is a vibrant, dynamic and over changing market place, the factors are: Location of the business, that is physical or virtual placement of outlet, this is said by many writers (Sullivan and Adcock 2002; Cant 2004; Fernie et al 2012). The business should be allocated nearby the stakeholders of the respective products so as to provide full place utility.

Store design that is interior and exterior design (Sullivan and Adcock 2002 ; Cant 2004). They argue that the layout of the store (outside and inside) should be well designed such that to support the display of the products sold as some of them are impulse. Services provision must be skillfully conducted to serve effectively the need of a well defined group or groups of customers (Bhatia 2008).

After sales service such as instructions on how to use the products, educating the customer on the benefits and advantages of the product cares and maintenance of the products should be provided by the seller to the buyer .This encourage heavily the customer to purchase the product which ultimately lead to the success of the business. Right product, price and time (Sullivan and Adcock 2002; Cant 2004; Bhatia 2008; Varleys 2006). They argue that these marketing practices influence greatly the amount of sales of the respective product and hence retailing

performance. The product to be sold in the retail store must be the one which is in preference of the customers, in the package of affordable prices and must be timely available. Promotion that is market based communication (Sullivan and Adcock 2004; Bhatia 2008).

They observed that the product sold should be made known by all consumers in terms of its availability, quality, importance, benefits etc, this encourage people to make high purchasing and is only possibly through promotion. Appropriate administration, personal management together with financial management as well as relationship management are among the strong tools for creating the good image and reputation of the retail store and hence builds loyalty and positive shopper perceptions (Newman and Cullen 2002; Sullivan and Adcock 2002; Segel 2008)

Retailer has to assort his products competently by offering mix of items for sale. (Sullivan and Adcock 2002).They argue that some products are dependent in their consumption, their usage go together for example tea and sugar, petrol and oil, tooth brush and tooth paste, therefore retailer should make sure that a varieties of goods are available at the same time.

Hard work, analytical skills, creativity and enthusiasm are named by Dunne et al. (2005) as the other factors to success. Retailer must have good time management and planning skills. Analytical skills enable the retail manager to solve problems through numerical analysis of facts and data in order to plan, managing and control. He is a problem solver on a day to day basis. Creativity; this is the ability to generate and

recognize novel ideas and solution. A retail manager can't operate a store totally by a set of pre programmed equations and formula as the competitive environment is dynamic. The same point is talked by Engle (2007); Fettke and Loos (2006)..

Enthusiasm; successful retailers must have a strong feeling of warmth for their job; otherwise they will convey the wrong image to their customers. Sales forces are trained to smile even when talking to customers on the telephone because it shows through in your voice, this is re – emphasized by Lincoln and Lashley (2012).

2.3.8 Internal Factors Affecting the Performance of Food Stuff Retail Trade

Personal characteristic is among the key factor to the performance of retail trade. It includes managerial and education background of the retailer, having basic management skills and practical industrial experience. Lack of these skills specifically at the beginning and poor control on internal activities eventually lead to business failure (Wilfred, 2005).

Management skill, that are human relation skills, technical skills and conceptual skills have a significant relations to the performance of retail trade as they bring the efficiency of work. The higher the management skills the more likely to succeed in the business and vice verse is true (Mehralizadeh and Sajady 2010). Another factor is financial resource; having adequate funds to finance the business contribute the success of the business. This entails the business to compete competently, be up dated in term of technology and product it offer. These results better performance of the business and hence sustainability and extension (Nedim, 1999). Having an

industry experience is an important factor for the better performance of retailing. This is observed by Silas (2005) who sees inadequate experiences lead to poor business planning and less confidence in handling problems which finally results failure of the business.

2.3.9 Environmental Factors Affecting the Performance of Food Stuff Retail Trade

This section includes changes in interest and exchange rates, market size, business location, impact on inflation, purchasing power of customers and intensity of competition in the market. Inflation always make the running of business very difficult as it affects the profit margin since the business will have to spend more to balance the increase in price. On the other side inflation also weakens the size of the capital.

Market size, this is the amount of the customers who buy the respective product. As the market size widen the probability for retailing to success increases as sales increases hence profit while the smaller the market size the more probability for a business to fail, since sales decreases. With the narrow market size the cost of the business will be higher than its ability to recover costs and makes profit (Wilfred, 2005).

Van (1999) identified location of business as another factor influences performance of retailing. He argues that most of the retailers prefer to invest in the areas do they live simply because they take the advantage of a vacant building close to their locality however the products does he offer do not match with the respective environment in terms of target market and the real situation.

Basil (2005) argued that rules and regulations governing business impact greatly the retail trade. Government policy inconsistencies and bureaucracy and multiple taxes and levies also impede the retail trade. He added that the rules in general do not provide the conducive environment for the trade prosper.

2.4. Empirical Analysis of Relevant Studies

This section shows the empirical analysis of relevant studies in the subject matter which is the factors influencing performance of retail trade in Zanzibar. The following are the factors that have been described in various studies.

2.4.1 Review done in Thailand

Chuthamas (2011) conducted a research on the factors affecting business success of small enterprises in Thailand. The intention of this study was to provide the understanding on how people should start their business by looking at all the factors affecting business success hence help to reduce the risk of failure and increase chances of success. The study examined eight factors that influence the SMEs business success. These factors are: SMEs characteristic, management and know-how, products and services, customer and market, the way of doing business and cooperation, resources and finance, Strategy, and external environment. Innovative products, quality, cost, reliability, and services are the key strategic dimension on business success. Innovative products give added value to the customer and it is important to achieve a suitable balance between product quality and cost. Small business owner must have a missionary zeal about their products, be willingly to be

personally involved in it, be willingly to stick with the business, be able to define the market clearly and pay attention to details and pro activeness.

Firm should make differentiation by offering difference in their products. They should put brands as a market capture, have high service level, unique distribution. The external factors are social network, government support and legality. A social network consists of a series of formal and informal ties between the central actor and other actors for a retailer to get access to the necessary resources for business start-up, growth and success (Kristiansen 2003) . In many cases, dealing with legal aspects has forced the firm to allocate a significant amount of financial resources due to bribery practice (Mazzaro and Choo 2003)

2.4.2 Review of the Studies done in India

The study done in India by Rajib (2012) proves beyond the impact of marketing practices on the performance of small business enterprises including retail trade. Marketing practices include product quality, range of products, distribution coverage, marketing research, customer services, advertising, personnel selling, sales promotion, pricing related issues and customer friendly procedure. Marketing orientation (marketing practice) involves the determination of customers need and the effective management of the marketing functions to achieve customer satisfaction and organizational goal/objective.

The findings of the study implicated marketing mix factors and product strategy issues as the most important and impacting factors in the marketing practices of

small business in India. The study found a strong positive relationship between the marketing practices of India small business entrepreneurs and organizational performance indicators.

Marketing is the art of selling products. But Peter Drucker, a leading management theorist, says that “the aim of marketing is to make selling superfluous”. Marketing practices manage to know and understand the customer so well that the product or service fits him and sell itself. This study reveals that marketing practices such as selling a variety of products, quality products, availability of the goods at the right time and place, products promotion and right price contribute greatly in the performance of retail trade.

2.4.3 Review of the Studies done in Emirate of Dubai

In the study conducted in Emirate of Dubai by Woradee (2012) addressed as home based business (retail trade) performance and its determinants reveals that out of many independent variables thought to be the performance determinants factors such as owners gender, source of funds to finance the business at start up, usage of information and communication technology, business expenses, number of weekly hours an owner works, age of business and number of the family member assisting the owner in running the business. The results shows significant positive relationship between retail trade performance and the average weekly hours an owner devotes to the business. There is a significant difference in business performance between the retailer who devotes much of his time in the business and the one who do not. Opening the retail store for many hours a week is among the good reputation of the

firm which builds a good will as always a customer has a confidence to get what he needs since most of the time the store is operating. To emphasize this point there are some firms which go very far by providing services twenty four hours per day. This result is consistent with the findings of Stanger (2000) done in Australia. However, the other mentioned remaining variables did not show any impact on business performance. Both men and women can do the same in the field of home based business.

2.4.4 Review of the Study done in Nigeria

Some of the study which has great contribution on factors affecting performance of retail trade includes study of Olabisi (1999) conducted in Nigeria. The study found out that the factors are concerned with personal factors such as demographic variables (gender, race, age, marital status, education) and business factors such as amount of financing, use of technology, age of business, operating location, business structure and number of working hours. Education is a key constituent of the human capital needed for the business success.

It is argued that education provides the basis for intellectual development needed by the entrepreneur in business to be successful. Moreover, it provides the entrepreneur with confidence to deal with clients (Storey 1994). Educated traders show more promising results in terms of how their business is doing. On the other study conducted by Lerner and Hisrich (1977) in Israel on the factors affecting the performance of retail trade, it reveals that there are five major perspectives, that is motivation and goals, social learning theory (entrepreneurial socialisation), network

affiliation (contact and membership in organisations); human capital (level of education, skills) and environmental influences (location, sectoral participation and socio political variables)

2.4.5 Review on the Study done in Kenya

Starting and operating small business includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of small enterprise hence no opportunity to learn from its past mistakes. The findings indicate that SMEs face the following challenges; competition among themselves and from large firms, lack of access to credit, cheap imports, insecurity and debt collection. Credit constraint seems to be easing up when compared to previous researches.

Other factors are lack of planning, lack of improper financing, poor management and the most effective hindrance is lack of credit. It is hard for retailers to be able to have access to proper financing due to collateral constraints, inadequate business plan, state of economy and bureaucratic procedures in applying for loans (Kuzilwa 2005) The only way to get loan from financial institution is by having collaterals which in most cases are physical assets which is a hindrance for most of the minor traders.

Education is documented as one of the factor that impact positively on growth of firms. Those entrepreneurs with larger stock of human capital in terms of education and (or) vocational training are better placed to adapt their enterprises to constantly changing business environment. Infrastructure on the other side as it relates to

provision of access roads, adequate power, water and telecommunication has been a major constraint in the development of retail trade. Other factors reported include business networking, competitive pricing or low cost, selling variety of products and services and availability of capital as well as credit from the bank as some of the key reasons

2.4.6 Review on the Study done in Tanzania

From the study done by Enock Nkonoki (2010) titled as “What are the factors limiting the success and / or growth of small business in Tanzania?`The aim of this study was to determine the factors that limit the growth/and or success of small business in Tanzania and to try and suggest solutions to those factors. Nine interviews were conducted which include six small business owners and three officials representing three organizations.

The results obtained identified a number of limiting factors to small business growth. The author saw it is a merit to group the results into two groups; limiting factors that are internal to the firm (inadequate education and training, lack of proper business plan, capital constraints etcetera) and those that are external to the firm (comprising things like corruption, government policy, bureaucratic processes interviewees.

These constraints include corruption, in access to finances/ capital constraints, government policy, unfavourable economic conditions, people factor/ lack of needed talent, lack of proper record keeping, lack of or improper professional advice and consultation, theft/ cheating and lack of trust in doing business, lack of a proper

business plan/ vision for the business. It is evident that firms which have no proper business plan at start face the most challenges during the course of their lives. A formal plan for a business is needed in order for proper goals and objectives of the firm to be laid openly so that workers the firm could work together for the same goal in the same mind, also it is used as the monitoring tool.

A counselling centre should be established to assist people who want to invest their money, centre where also people could be advised on what and how they could invest profitably. Undertake training on business management and entrepreneurship to trade owners those engaging in small business. This would help to acquire crucial skills needed for the effective management of the business.

2.5 Limitation of the Literature Reviewed

Very few studies have been done related to the factors affecting the performance of food stuff retailing trade none has been done in Tanzania particularly in Zanzibar. On the other side those few done do not match the environment of Zanzibar where the market size is small and the economy is poor. Also the existing studies rely on data from the business owners where tax burden, the impact of policies and the business regulations as well as corruptions by state agencies are not exactly included.

2.6 Research Gap Identified

Almost all of the studies conducted examine on factors affecting the performance of retail trade in the angle of performance and not in the light of profit margin (profitability).None of the study done tried to do thorough examination on the gap

(difference) between the costs and the selling price of the respective product which is regarded to contribute heavily the success and failure of the business concerned

2.7 Conceptual Framework

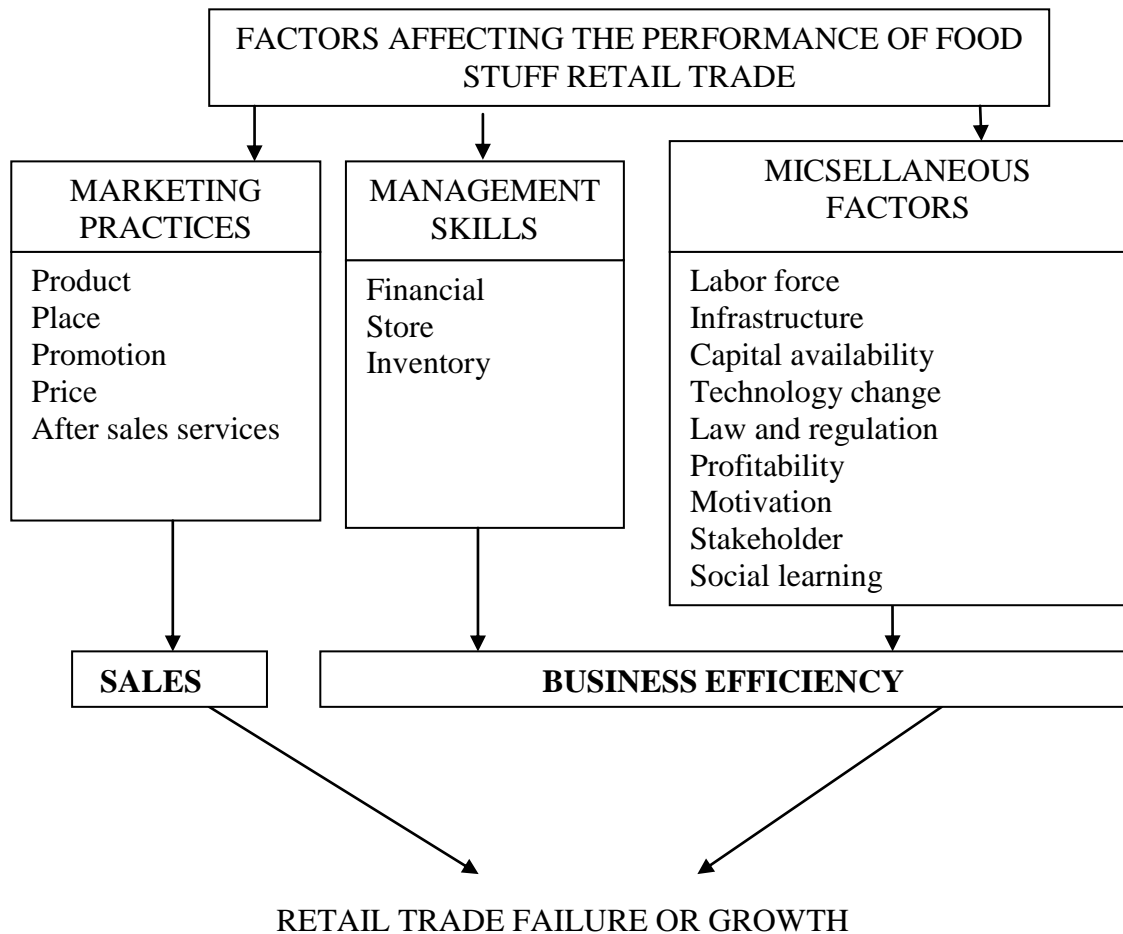


Figure 2.2: Factors Affecting Retail Trade Performance

Source: this study

2.8 Theoretical Framework

The conceptual frame work presented in Figure 2.2 explain the relationship between the dependent variables and independent variables in a simple way .The variable interest to study is the dependent variable which is retailing success that can

accelerate economic growth and reduction of poverty among retail traders. There should be also the need to study the independent variables used which are marketing practices, management skills and miscellaneous factors, these should be skillfully operated so as to result business efficiency and high sales and ultimately retailing success.

The performances in retail trade are a faction of one set of factors which may work in both ways negative or positive. When play in a positive manner, the business will nourish and grow but if it does in a negative trend the business will retard and finally die. The marketing practices includes product, place, promotion, price and after sales services. The skills are financial, inventory and store management skills.

These factors which are operating at individual entrepreneur may impede the development of a business or stimulate it depending on the extent to which one possesses the required skills, attitudes and practices. Also there are miscellaneous factors which are playing outside the control of an individual entrepreneur, these factors includes the laws and regulations, labor force, infrastructures, capital availability, technology changes, profitability, motivation, stakeholder, human capital and social learning. In general failure or success of any business will depend on how these factors exact influence over a respective business.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter discuss on the research design it specifically describe how the study have been carried out (research methods).It entails research techniques or procedures used to gather and analyse data. In other words, method refer to the techniques or tools used to process data, and can include both qualitative and quantitative data processing techniques, or a way to systematically solve the research problem (Kothari,2004). It highlights on the mode of operation, sampling procedures and techniques, the instruments and methods that have been used in data collection. It further describes the mode that was used in data analysis.

3.2 Research Design

This study has undertaken descriptive design of research because it simply gives fact findings which may often results in the formulation of important principles of knowledge and solution to significant problems. They are more than just a collection of data they involve measurement, classification, analysis, comparison and interpretation of data. This method explore collection of information by interviewing or administering a questionnaire to a sample of individual, (Orodho, 2003).

For this study to be successful, it used both primary and secondary data. Secondary data were obtained through theories, previous literatures, books, internet and journals. Primary data were collected by the researcher from respondents through

survey, focus group discussion, individual interview and observation. In addition to that, the study employed both quantitative and qualitative techniques to adequately substantiate findings from all perspectives. Qualitative methods were employed to learn perception and beliefs on why food stuff retail trade has been showing negative trend among many traders but quantitative methods were used in quantifying variation in responses among food stuff retail owners.

Qualitative data were gathered through individual interview and focus group discussion while quantitative data were collected using structured individual questionnaires. Moreover this study is a case study design, which aimed at assessing the factors affecting the performance of food stuff retail. A case is a unit under investigation, which aims at investigating the unit across a variety of characteristics. The motives for adopting a case study were due to the advantages of using a case and characteristics of a case as outlined here under by Kothari (2004); Adam and Kamuzora, (2008); Ndunguru, (2007)

- It is a fairly exhaustive method which enables researcher to study deeply and thoroughly different aspects of the research questions
- It is flexible in respects to data collection methods and findings
- It saves costs in terms of both time and money
- The validity of the findings in such studies is relevant to the case under investigation and thus generalization is limited.

Furthermore the study identified the means by which the survey used to conduct and summarize the data in a way that provides the designed descriptive information.

3.3 Area of the Study

The study was conducted in Zanzibar (Unguja) Urban district, and covered one selected ward namely Mwanakwerekwe. This area is selected as many retail traders are found and they possess the information that is pertinent to the objectives of this research. More over since researcher works in the area, it was found convenient for data access. Time and financial constraints on researcher side also was a considerable factor for area selection.

3.4 Survey Population

People involved in this study were the retail trader owners as they are the primary stakeholders in the food stuff retail trading and have full insight on subject matter. Population is a group of individuals, objects or items from which samples are taken for measurements. It refers to an entire group of elements that have at least one thing in common (Kombo and Delmo, 2006)

3.5 Sampling Design and Procedure

Both probability and non probability sampling techniques were employed by this study. Probability sampling is a sampling technique whereby the samples are gathered in a process that gives all the individuals in the population equal chance of being selected. Each population element has a known, none zero chance of being included in the sample rather than being selected based on the subjective convenience of the researcher.

Simple random sample: every member of the population has an equal chance of selection.

Stratified random sample: the population is divided into mutually exclusive group such as age groups, gender, education level etc. and random samples are drawn from each group.

Cluster (Area) sample: The population is divided into mutually exclusive group such as city blocks and the researcher draws a sample of the group to interview.

The researcher used cluster sample to select 80 respondents who participated in interview through questionnaires. The Mwanakwerekwe warrd is comprised of four shehia, from each shehia twenty food stuff retail owners were selected randomly. Purposive (none probability) sampling involves deliberate selection of particular units of the universe (population) for constituting a sample which represents the universe. Elements are selected for inclusion in the sample based on the ease of access (Kothari, 2004). None probability sampling is divided into 3 types:

Convenience (Accidental) sample: Sometimes, it is called accidental sample because those composing the sample enter by accident, they just happen to be where the information for the study is being collected.

Judgement (Purposive) sample: Are often called purposive samples, the samples elements are handpicked because it is expected that they can serve the research purpose. This selection may not be made on the basis that they are representatives but rather because they can offer the contribution sought. The researcher used this type to select six respondents to participate in FGD and three in depth interview.

Quota samples: It ensure that the sample is representative by selecting sample elements in such a way that the proportion of the sample elements possessing a certain characteristics is approximately the same as the proportion of the elements with the characteristics in the population. As the procedure used to select units for inclusion in a sample are much easier, quicker and cheaper compared with probability sampling, none probability sampling is widely used. The researcher used convenience sampling as a branch of none probability sampling to get sample who participated in focus group discussion, observation and individual interview’

The optimum number of the respondent was 80 retail store owners. The respondents were selected from the targeted population by judgmental or purposive sampling. It was suggested by Kothari (2009), that judgmental or purposive sampling involves selecting people whose views are relevant and particularly worth obtaining for the research.

The sample size to be drawn is based on the theoretical concept of the central unit theorem which allows a statistical inferences to be done when the sample drawn from the population exceeds thirty items (when $n > 30$), hence the sample seem to be sufficient. More over this theory makes it possible to use probabilities associated with the normal curve to answer questions about the means of sufficiently large samples.

3.6 Nature and Types of Data

This study used both primary and secondary data

Secondary data: Secondary data is the information that is already available, have been collected and analyzed by someone else, for some other purposes and could be both qualitative and quantitative (Sandra 1996) Researchers usually start their investigation by examining secondary data to see whether their problems can be partly or wholly solved without collecting costly primary data. In this study the researcher collected these data from various studies done on the subject matter from inside and outside of Tanzania through different books, journals, magazines, newspaper, annual reports, minutes of meetings and so forth. These data were reviewed, analyzed and synthesized in finding information for answering the specific questions of this study. Secondary data have provided an insight to the study on what kind of information to be collected, more over the data helps in the analysis of the primary data.

Primary data: Once a researcher has obtained as much information as possible from secondary data, he should be aware of what information is still needed to satisfy the research brief. This is called the information gap. Any remaining information will be found, as far as possible by primary data Primary (first hand) data are the data which has been collected for the first time and they are gathered for a specific purpose, and will be original and up-to date. It can be used to provide answers to problems or to establish a database for future operations (Kothari 2009) Primary data that have been used in this study were collected through focus group discussion, interview and social survey (questionnaires). This study aims to understand the factors affecting the performance of food stuff retail trade. Moreover it intends to investigate the profitability of the business. This information was obtained from retail shop owners.

The investigator collected information from the business owners on how well the business is doing gradually. On the other side he collected data concerning with the daily home expenditure of the retailer together with school fee that he pay for his children and other more expenditures which all of these come from the shop profits. Others variables such as management of the business, individual skills in running the business, business control were also used in determining the factor affecting the performance of food stuff retailing.

3.7 Data Collection Tools

These are the approaches, or methods that enabled researcher to gather the required data. Both primary and secondary sources of data were used to collect information in this research. Primary data were collected from respondents through questionnaires which are open and close ended questions. In addition, observation, personnel interview and focus group discussion were also used to supplement questionnaires. Secondary data were obtained through documentation.

Questionnaire: It consists of a set of questions presented to respondents. It intends to secure one or more item of information from a sample of respondents. The information was recorded on a form known as questionnaires or a blank form. The questionnaires consisted both open and closed ended questions. The kind of questions used is structured type which uses formal list of questions asked to all respondents in the same way. This type was used to address general information of the study, individual information of respondents and quantify variation in responses among food stuff retail trade owners on the specific questions that are listed this

study. The interviewer employed this approach because it can secure both qualitative and quantitative information directly from individuals. In addition, it is quick and low cost contrary to observation or experimental approach.

Observation: It is the gathering of primary data by investigator's own direct observation of relevant people action and situation without asking from the respondents. This technique was used in assessing the impacts of marketing practices in business performance. It also supplement personal interview to verify age, income and knowledge of the interviewees. It is a better choice for this study as it yield information which business owners are normally unwilling or unable to provide. Moreover it is more objective, accurate and reliable.

Personal interview: This is face to face communication which offers a great sense of participation. The interviewer used this instrument to assess feelings, thought, belief and perceptions of respondents on factors contributing the success of food stuff retail trade. The study employed this instrument because it creates depth interview, it has low rate of refusal and even complex questions can be addressed. Furthermore probing questions can be used to secure more information and lastly it is the most flexible form of data collection.

Documentary source: This involved collecting information and data from existing surveys, reports, news paper, books, papers, documents etc. Documentary sources concerned with the examination of documents describing various factors affecting the performance of retail trades. Those documents enabled the researcher to source

required data and information. Documentary sources were obtained from institutions files and other records.

Focus group Discussion

A focus group is a gathering of six to ten people who are invited to spend a few hours with a skilled moderator to discuss a product, organization, or other marketing entity (Kotler 2001) .The moderator needs to be objective, knowledgeable on the issue and skilled in group dynamics. Participants are normally paid a small sum for attending. The meeting is typically held in a pleasant surrounding and refreshments are served.

In this discussion the researcher encouraged free and easy discussion for the participants to reveal deep feelings and thoughts. This method was used to get wider insight on the subject matter. It provides another chance to retail trader to express their practice and perception as to the factors that affect the performance of the food stuff retail trade The discussion specifically sought to information for the following objectives; 1) determine the factors that lead to the success of retail trade 2) determine the factors that lead to the failure of retail trade 3) determine the profitability of the retail trade 4) determine how does the marketing practice affect the retail trade performance. The retail trade owners found out the factors leading the performance of retailing also determining its profitability.

3.8 Data Reliability and Validity

The term validity express the degree the instrument exactly measure what it intended to measures (Denise 2001) The term reliability shows the level of accuracy or

consistency of which an instrument designed to measure (Denise 2001). The instrument is said to be reliable if it succeeds to give similar results (information) whenever the measurements are repeated on the same matter to the same group. The question is; does the same result would appear at every time the measurement is taken or the results differ a lot when the exercise is repeated while both measurements are done in the same environment?

Nduguru (2007) refers reliability to the question of whether a measuring instrument or process can produce the same results if successively employed by different researchers. It is a measure of how consistent the results from a test are (Kombo and Tromp, 2006). Reliability involves the accuracy of the research methods and techniques. In this study the collected information was reliable as the following cautions were taken by the researcher: The study employed non probability sample for example judgement sample to select the informal persons relevant to the study objectives. The questions included in questionnaire seek exactly the answers of those specific questions addressed in this study. In some cases the same questions tend to be asked both directly and indirectly to the same person to find out the consistency of the response.

Observation approach was used to complement assessing the age and education level of the respondent. In addition it supplements to assess the extent by which the marketing practices are implemented by the seller. Structured questions were very clear in term of language and are straight forward to the aspect intended to be measured. Moreover the researcher was very careful and objective in collecting,

analyzing and processing data from the respondents. On the side of the instrument used to collect data, the tool was revised by the supervisor so as to confirm how clear it is and capable to measure content validity. Furthermore the instrument was pretested to see whether the questions were clear, easily to be understood and capable of directing the respondent to the target intended. This was made successful as the questionnaires were administered on the preferred language of the study participants; Kiswahili. The pretest was done to the business owner living nearby the researcher.

3.9 Data Processing and Analysis

Immediately after all data has been captured and entered in to appropriate data base, data analysis began. The collected data from primary sources were processed and analyzed both qualitatively and quantitatively. A simple descriptive statistics which include the frequency and cross tabulation as well as bar charts and graphs were presented for qualitative data. Statistical package for social science (SPSS) software was used to analyze quantitative data and compute percentages, tabulations and cross-tabulation of responses, these help to generate ratios that assisted in the analysis of the information gathered.

Analysis involved the production of interpretation of frequencies, counts, tables and graphs that described in short form the data, to make the final report more illustrative. Qualitative data were analyzed by making generalization base on most frequent responses from the study population. The qualitative data was used to track down and provide more information and analysis on the happening of certain

practices and behavior that promote or impede the development of food stuff retail trade.

3.10 Ethical Consideration

In general ethics are norms for conduct that distinguishes between acceptable and unacceptable behavior. Research ethics refer to the application of fundamental ethics principles to a variety of topics in scientific research (Kothari, 2004). To ensure that this study is successful, researcher kept in mind the following ethical measures during the entire period of research so as to secure the actual interest of those involved in the study.

Participants` identities were strongly preserved and not revealed. On top of that, all cases which could expose participants to mental stress were avoided. For example, arrive unpunctually, leaving respondents with many questions asking themselves. In addition there were no questions addressed which could destroy participants interest.

Moreover equipments such as recording device were only used after the participants` willingness and permission. Also the participants were not deceived on the purpose of the research, they were told the truth. Furthermore, the cover letter was emphasized to ensure that participants are not forced in answering the questions and lastly the response of the respondents have been put under strong confidentiality.

CHAPTER FOUR

4.0 DATA PRESENTATION AND FINDINGS

4.1 Introduction

The previous chapter dealt with research methodology. This chapter presents the research findings and analysis. The information collected was on factors affecting the performance of retail trade in Zanzibar. Following the specific questions asked in the study such as: What are the factors leading to the success of retail trade in Zanzibar? Describe the challenges facing retail stores in Zanzibar. At what degree retail store trade is profitable? To what extent retail trade is profitable? To what extent do the marketing practices influence the retail trade performance? Both primary and secondary data has been collected to answer the so mentioned asked questions.

4.2 Individual Information

4.2.1 Number of Respondents Involved in this Study

Eighty respondents were participated in this study. Out of 80 respondents 15 were female and 65 were male. The number of male involved in this was very high because retail trade is predominately male domain, female were normally involved as final consumers.

Table 4.1: Number of Respondents Involved in this Study

Gender	Respondents	Percent
Male	65	81.25
Female	15	18.75
Total	80	100.0

Source: Field Data

4.2.2 Age of the Study Participants

The findings shows that most of the people engaging in the retail trade were the full matured persons of the age between 25 -55

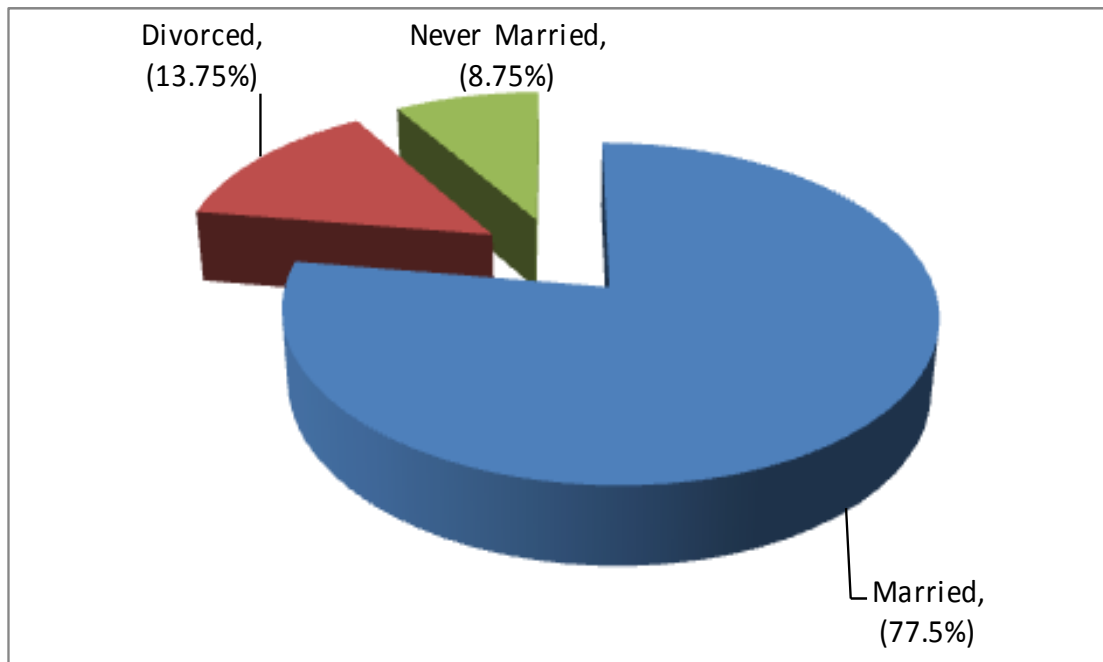


Figure 4.1: Age of the Study Participants

Source: Field data

4.2.3 Marital Status of the Study Respondents

The study reveals that out of the eighty respondents participated in this study 62 were married, 11 were divorced and 7 were never married.

Table 4.2: Marital status of the Study Participants

Married status	Frequency	Percentage
Married	62	77.5
Divorced	11	13.75
Never married	7	8.75
Total	80	100

Source: Field data

4.2.4 Education Levels of the Study Participants

Education is a key constituent of the human capital needed for the business success. It is argued that education provides the basis for intellectual development needed by the entrepreneur in business to be successful. Moreover, it provides the entrepreneur with confidence to deal with clients (Storey 1994). Educated traders show more promising results in terms of how their business is doing. In terms of education 63 of the study participants have secondary education, 12 have advanced education and 5 have primary education. The survey find out that people who are degree holders, accountants, economists, marketers and so on don't normally engage on self employment instead they look more on government employment.

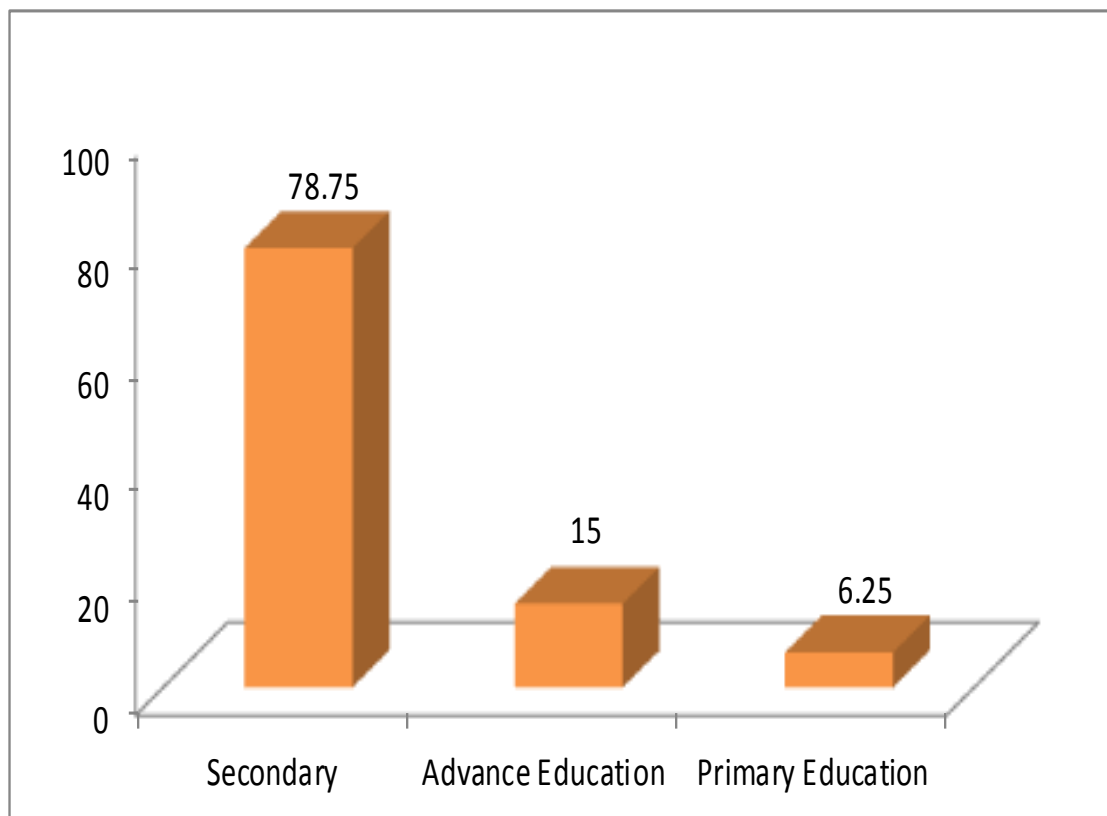


Figure 4.2: Education Level of the Study Participants

Source: Field data

4.2.5 Background and Experience of the Respondents in the Industry

Background and experience in this context implies prior self employment or prior employment in the same business. With prior experience in the same business; higher motivation and drive are involved when establishing or getting involved in a new business (and the vice versa is true).Background experience are likely to be associated with more rapid growth of the small trades. This is because experience, automatically give the entrepreneurs or manager adequate managerial capabilities to handle and overcome more easily the problems which are experienced and the business grows. Penrose (1999). The study reveals that 23 of the respondents have 1-10 year experience, 42 of the participants have 11- 20 year experience and 15 of the respondents have more than 21 year experience.

Table 4.3 Experience of the Respondents in the Industry

Year	Respondents	Percent
1 – 10	23	28.75
11 – 20	42	52.5
Above 21	15	18.75
Total	80	100

Source: Field Data

4.2.6 Extra Sources of Income of Respondents

Business principles tell entrepreneurs to keep the business income for the management and development of the same. Failure to do that will tend to difficulty by the trader to maintain and develop the business. Among the 80 participants

involved in this study 10 were livestock keepers, 12 were employees, 15 were farmers and 43 have no any additional income generating activities.

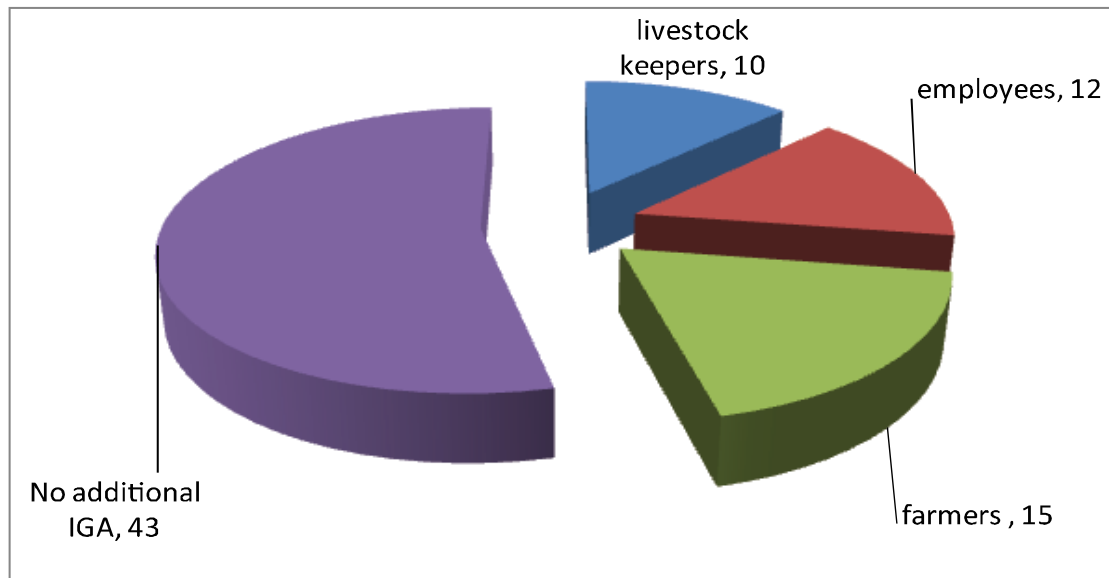


Figure 4.3: Extra Source of Income

Source: Field data

4.3 Factors Affecting the Performance of Retail Trade

The study revealed that there are a number of factors affecting the performance of the retail trade. These are marketing practices, management skills, and miscellaneous factors. These factors play in both sides, negative and positive. If are studied skillfully and properly implemented they play in positive side and result success while they play in negative side and yield business failure when they are wrongly dealt.

4.3.1 Marketing Practices

Marketing is the art of selling products. But Peter Drucker, a leading management theorist, says that “the aim of marketing is to make selling superfluous”. Marketing

practices manage to know and understand the customer so well that the product or service fits him and sell itself. This study reveals that marketing practices such as selling a variety of products, quality products, availability of the goods at the right time and place, products promotion and right price contribute greatly in the performance of retail trade.

4.3.1.1 Product Quality

People satisfy their needs and wants with products. A product is any offering that can satisfy a need or wants. The product will be successful if it delivers value and satisfaction to the target buyer, therefore retail trader should make sure that he offers products which are in preference of his target market. Always the benefit of the product must be greater than its cost. The study found that 12 of the respondents argue that all the products that are sold are in their preference, 58 says most of the products available are in their preference while 10 claims that only some of the available products are in their preferences.

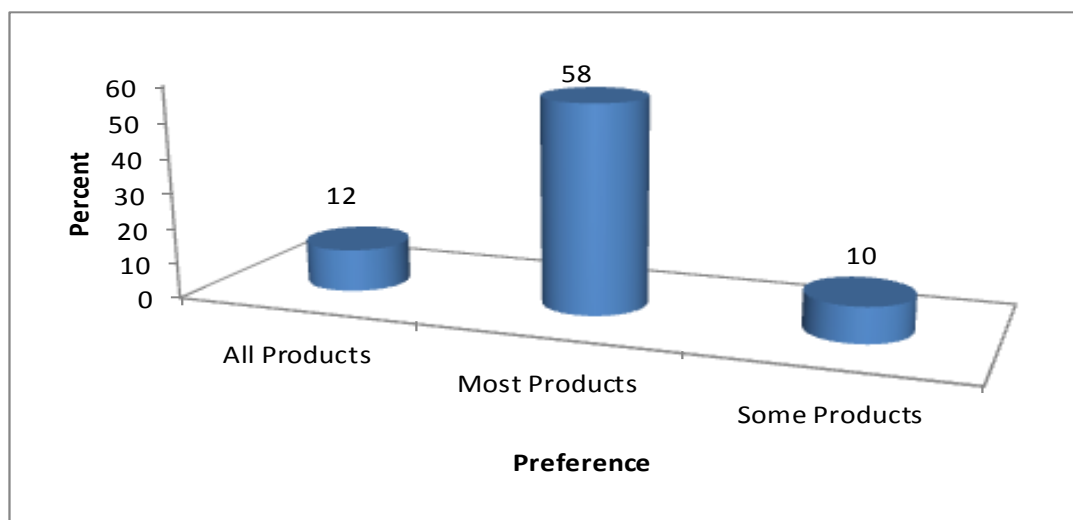


Figure 4.4: Customers` Preference on the Offered Products

Source: Field data

4.3.1.2 Range of Products

Retailer has to assort his products competently by offering mix of items for sale. (Sullivan and Adcock 2002) Products are dependent in their consumption, their usage go together for example tea and sugar, petrol and oil, tooth brush and tooth paste. It is inconvenient for the buyer to buy one product in one shop and move far away to find another one so as to meet his demand, therefore retailer must ensure that a range of products are available at a time.

The study found that most of the retailers do not have a variety of products in their shops as evidenced below. 56% of the respondents said that their simple daily needs are not mate in a single shop, 23% their needs are slightly mate, 17% their needs are really mate while 4% their needs are strongly mate.

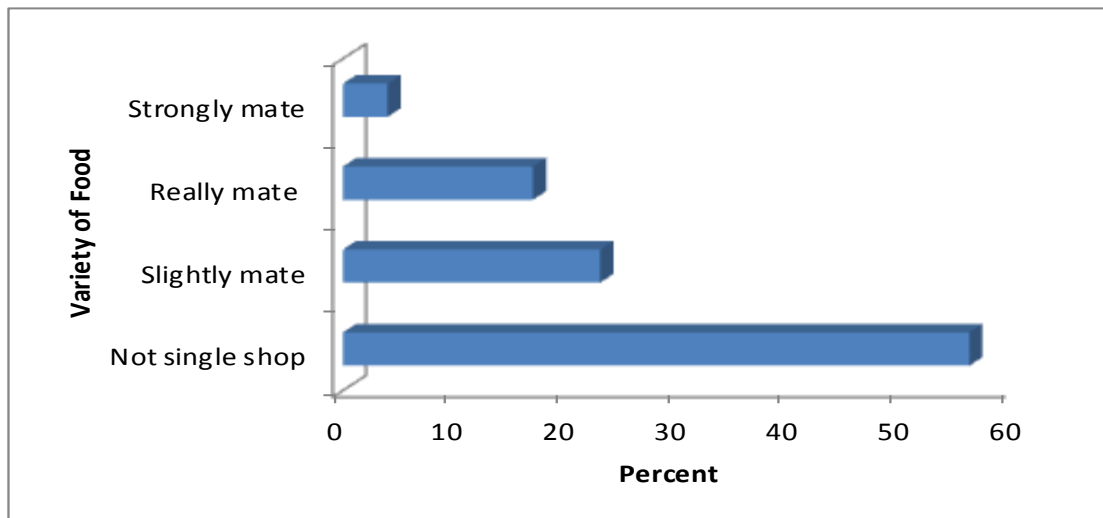


Figure 4.5: Availability of variety of Products in a Single Shop

Source: Field data

4.3.1.3 Promotion

Promotion deals with informing and persuading the customers regarding the products sold in the shop. It involves decision about advertising, giving free articles on

purchase of the particular commodities, free distribution of samples and other sales promotion techniques. The study reveals that 2 of the respondents create full awareness of their products to his customers, 10 creates simple awareness to his customers, 13 creates partial awareness and 55 do not practice any promotion techniques.

Table 4.4: Awareness of the Customers to the Products Offered

Level of awareness	Respondents	Percent
Full awareness	2	2.5
Simple awareness	10	12.5
Partial awareness	13	16.25
Not practice any promotion	55	68.75
Total	80	100

Source: Field Data

4.3.1.4 Price

It is one of the most difficult tasks of the retailer to fix the right prices. The retailer has to do a lot of exercise to determine the price. He should determine the price in such a way that the shop is able to sell its product successfully. The variables that vitally influence pricing are: demand for the product in question, its cost, actual and potential competition, and government regulation. Pricing decisions have direct influence on the sale volume and profit of the business that is why a competent retailer offers a variety of different size packages of distinct price levels. The study

finds out that 68 of the retailers offer the product of different packaging sizes for few products, 10 of the retailers offer for many products and 2 of the retailers never offer any.

Table 4.5: Offer of Different Packaging Size Products (Different Prize Levels)

Offer	Respondents	Percent
Offer different packaging sizes for many products	68	85
Offer different packaging size for few products	10	12.5
Never offer either	2	2.5
Total	80	100

Source: Field Data

4.3.1.5 After Sales Service

After sales service refers to various processes which make sure customers are satisfied with the products and services of the organization. It creates customer satisfaction, customer retention and generates loyal customers. The needs and demands of the customers must be fulfilled for them to spread apposite word of mouth. In the current scenario positive word of mouth plays an important role in promoting brands and products. After sales services make sure products and services meet or surpass the expectations of the After sales service is a crucial aspect of sales management and must not be ignored. The Study reveals that this service is highly available in 4 shops, normally available in 8 shops fairly available in 8 shops and never available in 60 shops.

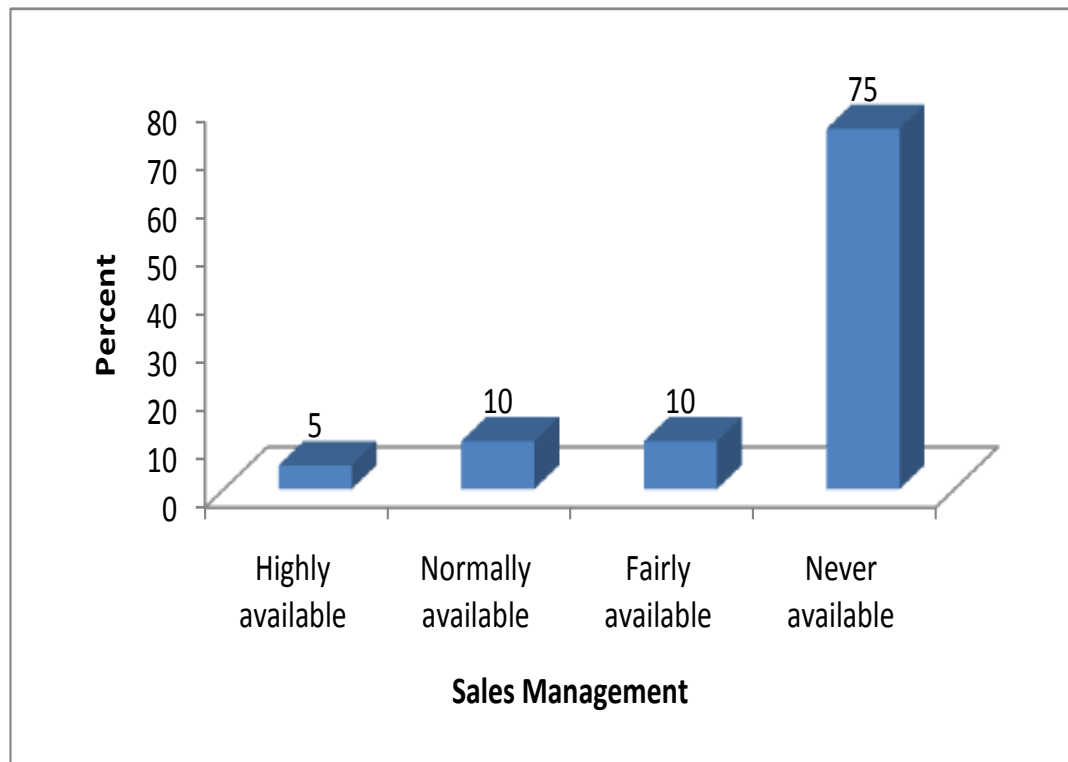


Figure 4.6: Availability of After sales Service to Customers

Source: Field data

4.3.2 Management Skills

It is documented from a theoretical perspective that management experience and continuous training provide a particular retailer with the necessary skills and competences needed for successful business (Casson 1982). With adequate education mixed with management experience and training puts a manager in a better position to make tough decisions and forecasting under conditions of uncertainty.

4.3.2.1 Financial Management Skill

Business finance can be broadly defined as the activity concerned with the planning, raising, controlling and administering of the funds used in the business (Chhabra

1994). Financial management is concerned with managerial activities related to procurement and utilization of funds for business purposes. It deals with planning, organizing, directing and controlling financial activities of the business. Financial activities should not be merely restricted to raising of capital, but also to other aspects of financing like assessing the needs for capital, raising sufficient funds, costs of financing, budgeting, maintaining liquidity and distribution of profits. The study find out that among 80 respondents 65 of them manage their funds simply through their experience, 10 have financial management skills, 4 use external sources, and 2 they don't know.

Table 4.6: Techniques of Controlling Fund in the Business

Means of fund control	Frequency	Percent
Experience	64	80
Financial management skill	10	12.5
External sources	4	5
Don't know	2	2.5
Total	80	100

Source: Field Data

4.3.2.2 Inventory Management Skills

Inventory control is an integral part of material management. It has two major objectives: to ensure regular supply of all kinds of materials; and to minimize costs of carrying the inventories. The concept of inventory control implies two types of control;

- Accounting control; to maintain proper record of receipts, disbursements and balance of various items.

- Operating control; to deal with the maintenance of stock of each item at such a level (optimum level) that cost of carrying the stocks are minimized.

The study reveals that 63 participants manage inventories through their experience, 11 participants apply their knowledge, 3 participants use the external sources and 3 participants they simply do as what their fellow traders do.

Table 4.7: Inventory Techniques Applied in the Business

Inventory technique	Respondents	Percent
Manage through experience	63	78.75
Their knowledge received	11	13.75
External Source	3	3.75
Others	3	3.75
Total	80	100

Source: Field Data

4.3.2.3 Store Management Skill

After the material has been received and inspected, they are stored in safe and convenient manner for quick delivery. The materials stored are issued against proper authorization in right quality, quantity and at a right time.

Proper record of receipts, issues and balance of materials lying in the store are maintained together with safeguarding the stocks in the store from breakage, spoilage, deterioration, theft, etc. The research finds out 12 respondents are skilful enough in storing management, 62 use their long term experience, 3 employ the external sources and 2 they don't have a clear system of storing their goods.

Table 4.8: Storing Technique Used in Retail Store

Technique	Respondents	Percent
Skilful enough in storing	12	15
Use long term experience	62	77.5
External sources	4	5
Don't have system of storing	2	2.5
Total	80	100

Source: Field Data

4.3.3 Miscellaneous Factors

4.3.3.1 Law and Regulation

The research find that 44 respondents claim the law to posses high payment problem, 13 argue the law to be too restricted and 23 claim the law to order double charge at a time. In general the traders feel the laws are not promoting the growth of the business.

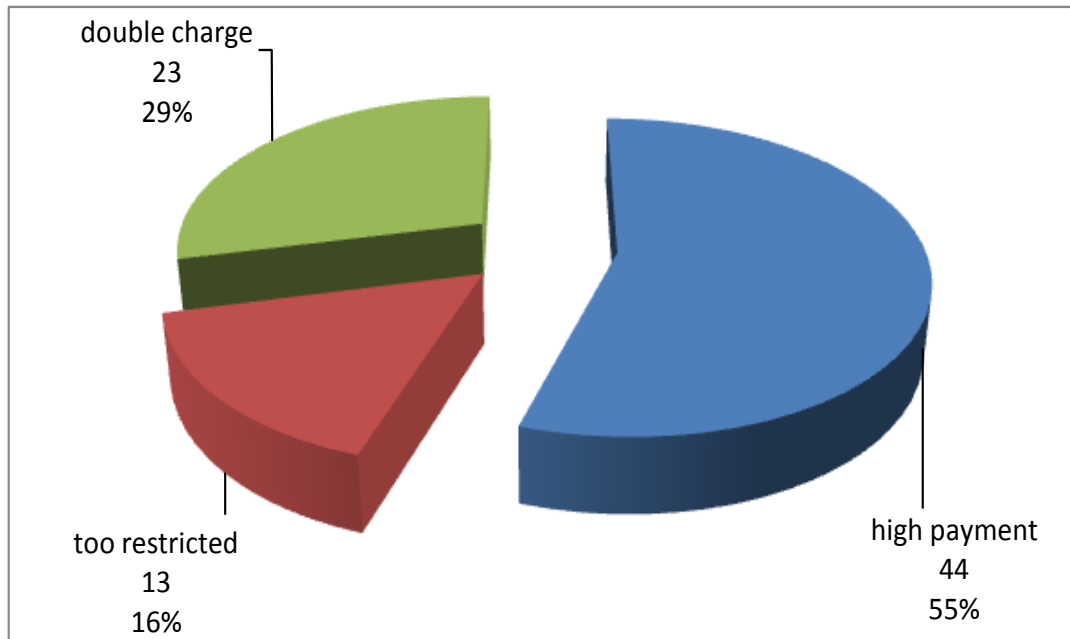


Figure 4.7: Claims of the Retailers toward Laws Governing the Business

Source: Field data

Unfair laws and regulations have the following negative effect as it was said by one respondent in the FCD:

“The laws and regulations governing the retailing somehow are not fair as apart from the annual trade license charge, you are also requested to contribute more funds in various ever happened public activities. Such activities are Uhuru torch run, city cleaning campaign, social activities and others public celebrations”

4.3.3.2 Capital Availability

It is hard for retailers to be able to have access to proper financing due to collateral constraints, inadequate business plan, state of economy and bureaucratic procedures in applying for loans (Kuzilwa 2005) The only way to get loan from financial institution is by having collaterals which in most cases are physical assets which is a hindrance for most of the minor traders. Moreover, it is argued that there are so many procedures to be adhered in order to obtain finance as stated by respondent in the FGD.

Silas (2005) observed that financing is a life blood of growing a business whether in the startup phase or in a later stage. Many retail traders fail due to lack of proper financing channel. One source of financing is through bank loans which have been very difficult to obtain as evidenced here under through this study; 65 of the respondents argued it is very difficult for them to get loans, 12 claimed that it is difficult and only 3 said it is simple.

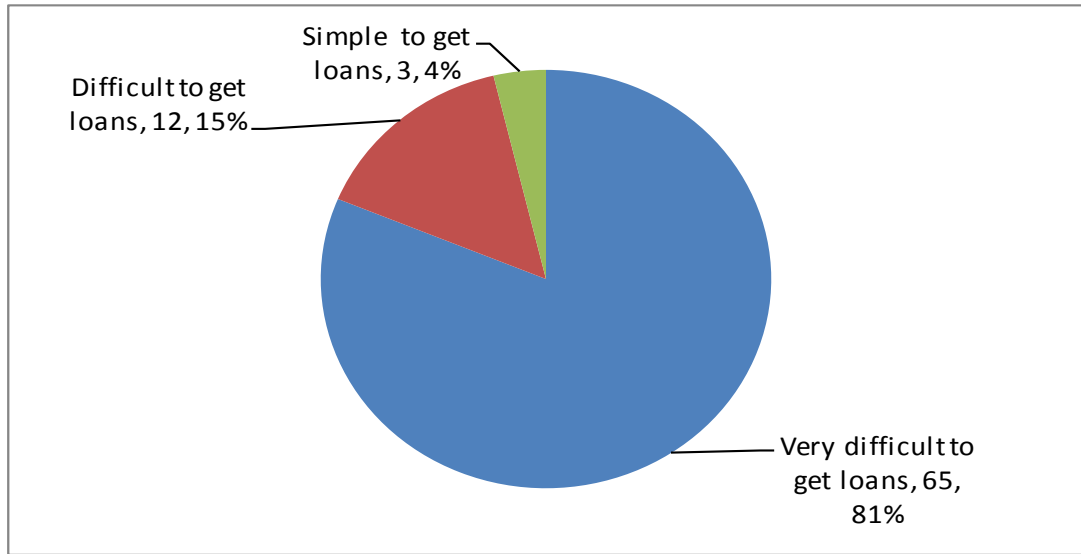


Figure 4.8: Availability of Loan from Financial Institution

Source: Field data

It was quoted in FGD from one respondent that: *“You know most of us are young in this business industry, moreover, we are coming from the poor family. When we are requested to place collateral as the security for the loan applied actually it doesn’t make sense. What we recommend to financial institutions is to down size the loan restrictions”*

4.3.3.3 Infrastructure

Infrastructure and infrastructural services have great impact on trade. Poor countries are characterized by a low level of trade related infrastructure like telecommunication and transportation. Transport infrastructures such as roads, railways, airports and seaports are the physical infrastructures which are crucial for moving goods and services from one place to the other. Both physical infrastructures and Infrastructural services such as telecommunication, electric power, financial

services provide effective networks which greatly influencing the performance of trade as seen in this study; 30 participants argue that poor infrastructure makes other trades impossible to be undertaken, 21 said business transactions go slowly, 18 claimed sustainability of trade is difficult and 11 said that it weakens trade efficiency.

Table 4.9: Impacts of Poor Infrastructure

Impacts	Respondents	Percent
Some trade difficult to be Undertaken	30	37.5
Business transactions go slowly	21	26.25
Sustainability of trade is difficult	18	22.5
Weakens trade efficiency	11	13.75
Total	80	100

Source: Field Data

4.3.3.4 Motivation

Motivation showed a strong relationship to performance of retail trade. Retailers and many of us are motivated by needs. The Maslow hierarchy of needs theory mentions five categories of needs which motivate people including to work very hard and skillfully in order to achieve better performance in their business so as to increase income and be capable to meet these needs. The study done by Bark (1992) showed a positive relation between the motivation of the retailer and the growth of the business.

The findings of this study shows that 56 respondents undertook this venture so as to meet their different needs, 10 doing it as the family business, 9 doing it as they have no other job to do and 5 doing it as a hobby.

Table 4.10: Impacts of Hierarchy of Needs on Retail Trade Performance

Motives of retailing	Respondents	Percent
To meet different needs	56	70
Family business	10	12.5
Have no other job	9	11.25
Hobby	5	6.25
Total	80	100

Source: Field Data

4.3.3.5 Social Influence

The performance of retailers partly is influenced by his personnel characteristics (behavior) such as creativeness, innovative nature, commitment, faithfulness, hardworking, as he sees his older brothers and other relatives in his society. If a child sees his older brothers (model) become successful in their trade by being hardworking or innovative, the child may observe this so he should do it too. The study reveals that the entrepreneurial spirits of 63 participants are highly influenced, 10 are normally influenced, 5 are slightly influenced and 2 are absolutely not influenced.

Table 4.11: Influence of Social Behavior on Retailer's Business Spirit

Influence level	Respondents	Percent
Highly influenced	63	78.75
Normally influenced	10	12.5
Slightly influenced	5	6.25
Absolutely not influenced	2	2.5
Total	80	100

Source: Field Data

4.3.3.6 Stakeholder

For the sustainability and good performance of retail business the retailer should deal with stakeholders (suppliers, customers, employees, political action groups, local communities, financial institutions, media etc.) competently as their contribution can lead to either failure or success of retailing. The findings of the research show that 10 respondents are very sensitive to their stakeholders, 10 are sensitive, 51 are normal and 7 are not sensitive at all.

Table 4.12: Traders` Sensitivity Level to the Stakeholders

Sensitivity level	Respondent	Percent
Very sensitive	12	15
Sensitive	10	12.5
Normal	51	63.75
Not sensitive	7	8.75
Total	80	100

Source: Field Data

4.3.3.7 Skilled Labor Force

A skilled worker is any worker who has some special skill, knowledge, or (usually acquired) ability in their work. A skilled worker may have attended a college, university or technical school. Or, a skilled worker may have learned their skills on the job. It is very important to have skilled labor. No skills equal few job, few job opportunities equal lower earnings. The workers who use computer earn more than otherwise similar workers who do not. Employees who do not have clear understanding of how their jobs fit in to the overall work picture of their organization are more likely to exhibit carelessness and the inability to make clear distinction on which aspect of the job are most important.

Employees vary greatly with regard to how accurately they understand the critical function of their job. Generally spoken employing skilled labor force contributes much on the success of retail trade. (Katou and Budhwar 2006) Out of 80 participants of the study 42 said that the availability of the labor force is very difficult, 19 argued that it is difficult, 15 said that it is slightly difficult and 4 claimed that it is not difficult.

Table 4.13: Skilled Labor Force Availability

	Frequency	Percent
Labor force is very difficult	42	52.5
Argued that it is difficult	19	23.75
Slightly difficult	15	18.75
Not difficult	4	5
Total	80	100

Source: Field Data

4.3.3.8 Technology Changes

It is argued that the business that adopt modern technology tools in their business are more likely to cause the business to grow faster than the one which don't (Michael 2006).

Technology gives a new and better approach on how to go about with business. It provides a faster, more convenient, and more efficient way of performing business transactions, therefore saving money, time and energy. (Saving more for less) Some of actions of technology in business include accounting system, money transfer system, communication system, management information systems, marketing

through internet and other simpler or more complicated tools. Even the calculator is a product of technology

Results from individual interview shows that more than three quarters of the participants are victims of technology changes, they are highly suffering as for them it is very difficult and expensive to access, operates and maintain.

4.3.3.9 Prerequisites for Successful Retailing

Findings from FGD shows that good marketing practices, good personal characteristics and conducive business environments are the key factors for the better performance of retail trade. Personal characteristic is among the key factor to the performance of retail trade. It includes managerial and education background of the retailer, having basic management skills and practical industrial experience. Lack of these skills specifically at the beginning and poor control on internal activities eventually lead to business failure (Wilfred, 2005).

Effective marketing practices such as sound decision on right product to be offered for the target customers, finding suitable way the product to reach the potential buyers, telling the target customers (and other in the channel) about the product that has been made available for them and set a right price after estimating expected customer reaction to the total offering and the cost of getting it to them.

Conducive business environment concerns with the law and regulations which provide room for business to prosper such as fair trade license, reasonable and tax

charge. Both physical and service infrastructures like road, power, railway, communication, financial services and the like should be made better and sustainable so as to increase the trade efficiency, speed up business transactions and making other new business and services be launched. Explaining on the effect of un-reliable power, one client in the personal interview responded that:

“Really the un-reliability of power weakens greatly the business performance specifically if you are trading freezer based items. Frequently goods such as vegetable, fish and milk go rotten. Other drink like soda water is rarely sold while are not cold whereas others are totally impossible to be sold eg. Juice.”

4.3.3.10 Challenges of the Retail Trade

Observation of this study through individual interviews documented that lack of business skills, poor initial capital and depending entirely on the business outcome for household consumption are the most impeding factors of the retail trade. It is revealed that there is no consulting services centre in Zanzibar for those who want to start a business. This has made a number of people not to know where they could invest their money.

As a result people rely more on their experience and what others are doing in their field rather than business skills. Lack of additional source of income results on depending entirely on shop income for private consumption, this has been observed to contribute the failure of trade. Failure among traders without an extra source of income has been observed to be higher compared to those with other means of income generating.

Retail traders fail due to lack of proper financing channel as they don't manage to make business extension, they can't compete competently in the market, fail to keep the business up to date (technology, products, labor force etc.) and unable to buy inventories in bulky. These factors altogether contribute in the raise of production cost of goods and result the trader to get low profit.

4.3.4 Profitability of the Business

Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Profitability is measured with income and expenses. Income is money generated from the activities of the business while expenses are the cost of resources used up or consumed by the activities of the business. Whether you are recording profitability for the past period or projecting profitability for the coming period, measuring profitability is the most important measure of the success of the business. A business including retail trade that is not profitable can't survive. Conversely, business that is high profitable has the ability to reward its owners with a large return on their investment. The study observed that 45 shops get worse slowly, 11 shops get worse much slowly and 24 never do.

Table 4.14: Level by which the Shops Get Worse

Level	Respondent	Percent
Get worse slowly	45	56.3
Get worse much slowly	11	13.8
Never get worse	24	30.0
Total	80	100.0

Source: Field Data

On the other side 4 respondents documented to spend much on hospital charge, 15 spend much on children school fee, 24 spend much on others where as 80 spend much on daily household activities.

Table 4.15: Expenditures Funded by Shop`s Income

Private expenditure	Respondent	Percent
Daily household expenditure	80	65.0
Hospital charge	4	3.3
Children school fees	15	12.2
Other	24	19.5
Total	12	100.0

Source: Field data

On the personal interview one commented as: *“You know food stuff retailing actually is profitable venture but problem is on debtors. Most of us we are trading in home environment where our relatives are living. Sometimes you feel shy to say NO when your brother or uncle ask you for food for his family and sadly may be it is around six o`clock pm. however he has many un- paid debts back. In this situation you seem to have no way rather than to obey”*

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The previous chapter was on data presentation and analysis. This chapter deals with summary, conclusion and recommendation of the study. The action also highlight on limitation of this study, implication of the study and direction for further research.

5.2 Summary of the Main Findings

It has been revealed that, in general the performance of food stuff retail trade is influenced by marketing practices, management skills, and miscellaneous factors. These factors either promote or impede retail trade performance depending on how skillfully could be applied. Marketing practices entails kind and quality of products the business is offering, the channel of distribution of the products, products promotion, prizes of the products and after sales services served by the business.

Management skills includes financial management, inventory management and store management skills. Miscellaneous factors collect skilled labor force, infrastructures, capital availability, technology changes, laws and regulations governing the trade, profitability, motivation, stakeholders, social learning influence, human capitals, retailer`s experiences in the industry, customer economic situation and family business. All the documented factors, yield better performance to the business only if are conducted positively however they results poor performance and business failure if conducted negatively

5.3 Conclusion

Relating the general research objective of this study to the findings collected, the following have been collected: Development of food stuff retail trade is affected by three categories of factors, these are marketing products, management skills and miscellaneous factors. Marketing factors includes choice of products to be offered by the retailer, ways and places used to make the products available by the customers, communication techniques employed to inform the customers the details and availability of the product offered. Moreover it includes price of the products and after sales services served by the seller to his customers.

Management skills entails knowledge of controlling productively the fund of the business, make ordering and purchasing of inventory economically and storing so purchased inventories safety and efficiently. Miscellaneous factors include the factors which are neither marketing practices nor management skills. This category consists of capital availability, laws and regulation governing the business, infrastructure, family business, motivation, human capital, social influence, stakeholder and technology.

Each of the factor documented either promote or impede the performance of the business depending on how skillfully could be applied and implemented. The study generalized that most of these factors are playing in a negative way hence impede the development of the business to most Zanzibaris. Success of food stuff retail trade is achieved when a trader apply competently the marketing techniques, these practices persuade effectively the customers to do purchasing, hence increase sales and profit.

Sound management of business fund, effective inventory management skills and application of storing management skills contribute heavily to the better performance of the business.

Failure of food stuff retail trade happens when retailers do business blindly, they don't make use of business skill, management skills or marketing techniques. Furthermore they are faced with difficulties in infrastructure, capital availability, unfair laws and regulations governing the business, lack of motivation, poor relation with stakeholders.

Actually, food stuff retail trade is a profitable venture provided it is free from the factors hindering its performance including spending the business income for other private expenditure such as children school fee, hospital charges, household expenditures and others. Spending the business income for none business expenditures stop the business from making great cash saving which could be used to extend and diversify the business.

5.4 Recommendations

Based on the findings of this study, the following are the actions to be taken to improve the performance of the food stuff retail trades. The financial institutions to less tighten the loan conditions and being less restrictive in loan provision to allow even poor traders able to access loans. They have to keep in mind the worth level of the respective business so as to erect fair conditions when loan is offered moreover interest rates have to be reduced. The government has to do its best to improve the infrastructures standard within the country.

Transport system, communication system, power and services infrastructures must be developed, satisfied and sustainable so as to make business activities more efficient. More over government should abolish double tax charge system and reduce the cost of trade license.

The Zanzibar Chamber of Commerce to establish business counseling centre to assist people who want to invest their money to have a centre where they could be advised on what and how they could invest profitably. Undertake training on business management and entrepreneurship to trade owners specifically those engaging in retail trade. This would help to acquire necessary skills needed for the effective management of their businesses and avoid doing business blindly.

People have to undertake thorough investment appraisal before deciding to venture in any area, this could protect the retailers from investing in the industry with great competition, which is less profitable and short term one. The government and NGO to support the retail trade as it is the great source of employment and its contribution to GDP is significant. In addition it rise the individual economy hence better standard of living

Government to revise laws and regulations governing the retail trade so as to create conducive business environment, double tax have to be abolished, trade license charge should be reduced. The study also recommends on more support to the retailers from the stakeholders of Zanzibar Poverty Reduction Plan because retail trade is one of the strong tools to make this plan successful and sustainable. Lastly

the study caution and convince customers to pay their debts timely and promptly for the business fund to circulate smoothly and make more profit.

5.5 Implication of the Study Findings

The study calls for the financial institutions to keep in mind the worth level of various businesses so as to erect fair conditions when loans are offered. The findings caution people to undertake thorough investment appraisal before deciding to venture in any area. The government and professional institutions are there to assist the potential traders. Retail trade is the great employer in the country and its contribution to GDP is significant.

The findings raise an alert to the government to assess the profitability level of various businesses so as to tax them accordingly. More over the researcher calls for the government to review laws and regulations that are governing food stuff retail trade including tax laws. Different fees charged by the government should strictly base on the business outcomes.

5.6 Limitation of the Study

The following limitations were revealed at the process of collecting data due to the problems which are beyond the scope of the researcher, the limitations were: Most of the data of this study were gathered through interview (self reported data). There must be some bias in the response of participants which lead problems in reliability and quality of data, however, the researcher used various techniques to counter check information provided by the respondents.

Some of the respondents were not willingly to provide some information required by the researcher as they regard that such information is a business secret. The researcher failed also to cover all forms of retail trades such as cosmetics, hardware, medicines, service trades and others due to financial concern.

5.7 Delimitation of the Study

The data for this study titled as Factors affecting the performance of food stuff retail trade in Zanzibar which was conducted at Urban District in Zanzibar, were strictly controlled by the researcher during their collection. Both open and closed ended questions were available in the out to ensure that the information delivered was valid and current. Instruments used questionnaire to assess thoroughly the respondents so as to get reliable data.

Individual interview was also carried to collect primary data were pre tested before used to make sure that they were reliable.

The respondents were promised in advance that their responses will be confidential and used only for the intended purpose. They were not requested to identify their identity. All of these were done intentionally for the respondents to feel free and make contribution without hesitation and reservation.

5.8 Direction for Further Study

This study titled as “The factors affecting the performance of food stuff retail trade in Zanzibar , was only limited to food stuff. There are many others forms of retail trades

such as those dealing with cosmetics, hardware, clothes, intangible goods and so forth. There is a need to conduct further researches in these fields so as to determine more what influence performances in this sector.

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APPENDICES

APPENDIX 1: A Questionnaire for Retail Shops Owners

Introduction

I am conducting research about the factors affecting the performance of food stuff retail stores in Zanzibar I kindly request you to give your opinions without any reservations. Please fill in your responses in the questionnaire, your response will assist the research to identify and investigate the problem, challenges and constraints facing the retail track in Zanzibar, also to know the measures to be taken to solve those problems. Do not write your name on any place in this questionnaire. All response will be confidential between you and the researcher and will be only used for the purpose of this study.

1.0 General Information

A1	Date of interview	
A2	Place of interview	
A3	Name of shehia	

2.0 Individual Information

Sex	Age	Marital status	Education	Business experience	Other source of income

Sex: 1= Male; 2= Female

Marital status: 1= Married; 2= Divorced; 3= Never married

Education level: 1= Advanced education; 2= Secondary education; 3= Primary education

3.0 Factors Affecting the Performance of Retail Trade

3.1 Management Skills

3.1.1 How do you manage the financial sector of your business?

1) I am skillful enough 2) Through experience 3) Part time employee does it 4) I don't know

3.1.2 Have you ever attended any training on purchasing management? If no how do you manage to order and buy inventory economically?

1) Through my long experiences 2) Through my knowledge 3) I do as other traders do 4) Someone else does on my behalf

3.1.3 Which thing guides you to manage your store effectively?

1) Copy from the others 2) My experience 3) Store management skills 4) Outsourcing

3.2 Marketing Practices

3.2.1 To what extent does your customer are aware of the product details or new products available in your store?

1) Fully aware 2) Aware 3) Partially aware 4) No sure

3.2.2 Are after sale services available in your business?

1) Highly available 2) Fairly available 3) Available 4) Not available

3.2.3 Are different size prices packages available for most of the products sold in your shop?

- 1) Greatly available for many products 2) Available for many products
- 3) Available for few products 4) Unavailable

3.2.4 Are the products offered by your shop in the preference of your customers?

- 1) All of them 2) Most of them 3) Some of them 4) I don't know

3.3 Miscellaneous Factors

3.3.1 Do you think laws and regulations governing retail trade are fair?

- 1) It poses high payment problem 2) They are too restrictive 3) High tax
- 4) Double charge at a time

3.3.2 What are the general problems that your business is facing?

- 1) Poor business skills 2) Poor infrastructure 3) Poor purchasing power of the customer
- 4) Solely depending on the business

3.3.3 What would you generally recommend to be done for better results of retail trade?

- 1) Minimize the number of taxes 2) Undertake training on business management
- 3) Revise law governing retail trade 4) Improve infrastructure

3.3.4 What motives lead you to undertake retail trade venture?

- 1) Generating fund so as to meet different needs 2) Hobby
- 3) No other job to do 4) Family business

3.3.5 At what level you are sensitive to your stakeholders?

- 1) Very strong 2) Strong 3) Normal 4) Weak

3.3.6 Does your level of entrepreneurial spirit is influenced by what you have observed from your fellows entrepreneur?

- 1) Heavily influenced 2) Normally influenced 3) Slightly influenced 4) Not influenced

3.3.7 How difficult the availability of skilled labor force is for your business?

- 1) Very difficult 2) Difficult 3) Slightly difficult 4) Not difficult

3.3.8 Why do you think technology change lead to the business failure?

- 1) Difficult and expensive to access 2) Expensive to maintain
- 3) Expensive to operate 4) No sure

3.3.9 How difficult is to access the loan from financial institution to run your business?

- 1) Very difficult 2) Difficult 3) Simple 4) Very simple

3.3.10 How poor infrastructure hinder the success of retail trade?

- 1) Business transactions go slowly 2) Weakens trade efficiency
- 3) Sustainability of trade is difficult 4) Others business become impossible to be undertaken

3.3.11 Identify the general factors leading to the success of retail trade.

.....
.....
.....

3.3.12 Mention the factors contributing the failure of retail trade.

.....
.....
.....

3.4 Business Profitability

3.4.1 To what extent does your shop get worse?

1) Slowly 2) Very slowly 3) Never it does

3.4.2 What categories of your private expenditures are funded much by the shop income? 1) Children school fee 2) Hospital charge 3) Household expenditures 4) Others

APPENDIX 2: Checklist for Focus Group Discussion: Food Stuff Retail Trade**Owner****Introduction**

This questionnaire is intended to gather information that would assist in determining the factors affecting the performance of food stuff retail trade in Zanzibar. This exercise is a prerequisite for the completion of a Master Degree course in Business Administration provided by the Open University of Tanzania. We would like to request you to provide us with information that would make this study successful. Please feel free to provide the required input. Whatever will be collected from you will be confidential and will be used only for the purpose intended. We would like to thank you in advance for your willingness to participate in this study.

- How do you think this business venture is profitable?
- What do you think are the challenges of this trade?
- Do you think what are the factors contributing the success of this business?
- What role does the marketing practice play in the performance of food stuff retail trade?
- What do you recommend to the following stakeholders so as make the performance of this trade much better?

1. Government
2. Suppliers
3. Consumers
4. Owners

APPENDIX 3: Checklist for interview: Food Stuff Retail Owner

Introduction

This interview is intended to gather information that would assist in determining the factors affecting the performance of food stuff retail trade in Zanzibar. This exercise is a prerequisite for the completion of a Master Degree course in Business Administration provided by the Open University of Tanzania. We would like to request you to provide us with information that would make this study successful. Please feel free to provide the required input. Whatever will be collected from you will be confidential and will be used only for the purpose intended.

We would like to thank you in advance for your willingness to participate in this study.

- What are the general factors affecting the performance of food stuff retail trade?
- Is food stuff retail trade a profitable business undertaking?

Kiambatisho 1

Dodoso la Mmiliki wa Biashara

Utangulizi

Ninafanya utafiti juu ya mambo yanayosababisha maduka ya chakula ya rejareja ama kuendelea au kuanguka. Ningeomba sa kupata maoni yako kuhusiana na hili kwani uelewa wako utaniwezesha kugundua mafanikio, matatizo na changamoto zinazoikabili biashara hii pia kufikiria nini kifanyike ili kuweza kuiboresha. Majibu yako yote ni siri yako na mtafiti TU na yatumika kwa lengo hili pekee, usiandike jina lako kwenye dodoso.

1.0 Taarifa za Jumla

A1	Tarehe ya udadisi
A2	Pahala pa udadisi
A3	Jina la shehia

2.0 Taarifa Binafsi

Jinsia	Umri	Hali ya Ndoa	Elimu	Uzoefu wa biashara	Ajira nyingine

3.0 Mambo Yapelekeayo Maendeleo ya Biashara

3.1 Ujuzi wa kiundeshaji

3.1.1 Vipi unadhibiti pesa za biashara yako?

- 1) Ni mtaalamu wa fani ya fedha
- 2) Uzoefu wangu nilionao
- 3) Ninakodi mtaalamu anifanyie
- 4) Sijui

3.1.2 Una mafunzo ya ununuzi wa bidhaa? Ikiwa huna, waweza je kununua bidhaa kitaalamu?

- 1) Uzoefu wa muda mrefu
- 2) Kutumia elimu yangu
- 3) Ninafanya kama wengi wafanyavyo
- 4) Ninakodi mtaalamu anifanyie.

3.1.3 Nini kinakuwezesha kuitunza ghala yako kwa usahihi?

- 1) Kuiga kutoka kwa wengine
- 2) Uzoefu wa muda mrefu
- 3) Ni mjuzi wa hili
- 4) Watu wengine hufanya kwa niaba yangu

3.2 Mbinu za soko

3.2.1 Wateja wako ni waelewa bidhaa uuzazo?

- 1) Wanajua sana
- 2) Wanajua
- 3) Wajua kidogo tu
- 4) Sina uhakika

3.2.2 Unamfuatilia mteja wako kuhusu bidhaa uliomuuzia?

- 1) Namfuatilia sana
- 2) Namfuatilia
- 3) Namfuatilia kidogo tu
- 4) Simfuatilia

3.2.3 Jee kila bidhaa yapatikana kwa daraja tofauti za bei?

- 1) Zapatikana sana 2) Zapatikana kiasi 3) Zapatikana kwa baadhi tu 4) Hazipatikani

3.2.4 Bidhaa uuzazo ndio chaguo thabiti la wateja wako?

- 1) Zote ndio chaguo lao 2) Nyingi zao ndio chaguo lao 3) Baadhi zao tu ndio 4) Sijui

3.3 Sababu nyenginezo

3.3.1 Unadhani sheria na taratibu zilizopo juu ya biashara zinaridhisha?

- 1) Zinatoza malipo makubwa 2) Zina masharti magumu 3) Zatoza kodi mara mbili 4) Kodi kubwa

3.3.2 Kiujumla biashara yako inakabiliwa na matatizo gani?

- 1) Ujuzi mdogo wa biashara 2) Miundo mbinu dhaifu 3) Uchumi mdogo wa wateja
- 4) Kuzitumia pesa za biashara kwa mambo mengine ya duka

3.3.3 Toa ushauri wa kuboresha biashara hii

- 1) Idadi za kodi zipunguzwe 2) Mafunzo ya biashara yatolewe
- 3) Sheria za biashara ziangaliwe tena 4)

3.3.4 Kwa nini umeamua kufanya biashara hii?

- 1) Nipate fedha za kujikimu 2) Mapenzi yangu tu 3) Sina kazi nyengine 4) Biashara ya familia

3.3.5 Kwa kiasi gani unawajali wadau wako?

- 1) Nawajali sana 2) Nawajali 3) Ninawajali kiasi 4) Siwajali

3.3.6 Maendeleo ya biashara ya wenzio yashawishi vipi jitihada yako?

- 1) Yanishawishi sana 2) Yanishawishi kwa kiasi 3) Yanishawishi kidogo tu 4)

Hapana

3.3.7 Kuna ugumu wowote ule wa kupatikana wafanyakazi wenye ujuzi kwenye biashara yako?

- 1) Vigumu sana 2) Vigumu 3) Vigumu kidogo 4) Sio vigumu

3.3.8 Vipi mabadiliko ya teknolojia hudhoofisha biashara?

- 1) Vigumu na gharama kupata 2) Gharama kuhudumia 3) Gharama kuendesha 4) Sijui

3.3.9 Mkopo kutoka taasisi za fedha wapatikana kikawaida?

- 1) Shida sana 2) Shida kiasi 3) Rahisi 4) Rahisi sana

3.3.10 Vipi miundo mbinu yazuia maendeleo ya biashara?

- 1) Yachelewesha kuuza na kununua 2) Biashara yafanyika kwa taabu 3) Biashara haiwi endelevu 4) Baadhi ya biashara haziwezi kufanyika

3.3.11 Kwa ujumla ni mambo yetu yapeleka mbele biashara?

.....
.....

3.3.12 Kwa ujumla ni mambo yetu yadhoofisha biashara?

.....
.....

3.4 Faida katika biashara

3.4.1 Mwaka mmoja nyuma duka lako lilikuwa na thamani gani?

.....

3.4.2 Hivi sasa nini thamani ya duka lako?

.....

3.4.3 Kwa matumizi yepi ya nje ya duka pesa ya duka yatumika?

.....

Kiambatisho 2

Mambo yatakayojadiliwa kwenye majadiliano ya kikundi: Wamiliki maduka

Dodoso hili limekusudiwa kukusanya taarifa ambazo zitanisaidia mimi mtafiti kuweza kujua ni mambo yepi yapelekeayo biashara ya reje reje ima kufanikiwa au kutofanikiwa. Utafiti huu ni miongoni mwa mafunzo yangu ya kukamilisha shahada ya pili ya uendeshaji wa biashara itolewayo na Chuo kikuu huria cha Tanzania. Tafadhali jisikie uko huru na salama kwani taarifa zote uzitowazo ni siri kati yako na mimi tu na zitatumika kwa zoezi hili tu. Natanguliza shukrani zangu kwako kwa kushriki kwako

- Kwa nini umeamua kukeza kwenye biashara hii?
- Biashara yako ina muda gani sasa?
- Jee biashara hii ni yenye faida?
- Nini changamoto za biashara hii?
- Ni mambo yepi hufanikisha biashara hii?
- Matumizi ya mbinu za masoko yaleta vipi maendeleo ya biashara hii?
- Nini unashauri wadau wafuatao wafanye kuleta maendeleo ya biashara?
 - 1) Serikali 2) Wasambazaji bidhaa 3) Wanunuzi 4) Wamiliki wa biashara

Kiambatisho 3

Masuali Ya Mahojiano Kwa Wamiliki Wa Biashara

Mambo yatakayojadiliwa kwenye majadiliano ya mmoj mmoja: Wamiliki maduka.

Dodoso hili limekusudiwa kukusanya taarifa ambazo zitanisaidia mimi mtafiti kuweza kujua ni mambo yepi yapelekeayo biashara ya reje reje ima kufanikiwa au

kutofanikiwa. Utafiti huu ni miongoni mwa mafunzo yangu ya kukamilisha shahada ya pili ya uendeshaji wa biashara itolewayo na Chuo kikuu huria cha Tanzania. Tafadhali jisikie uko huru na salama kwani taarifa zote uzitowazo ni siri kati yako na mimi tu na zitatumika kwa zoezi hili tu. Natanguliza shukrani zangu kwako kwa kushriki kwako

1. Kwa ujumla nini kinaathiri maendeleo ya maduka ya rejereja?
2. Jee biashara hii ni yenye faida?