

**CONSUMPTION AND SAVING PATTERN OF MICRO SMALL AND
MEDIUM ENTERPRISES OPERATORS: A CASE OF UBUNGO BUS
TERMINAL IN DAR ES SALAAM**

BY

ISAACK MICHAEL

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ABSTRACT

This study examines consumption and saving pattern of Micro, Small and Medium Enterprises (MSMEs). The study objectives are to assess the proportion of consumption and the proportion of saving of MSMEs operators; relationship between socio-economic characteristics, saving and consumption patterns of MSMEs and identifying MSMEs major constraints in order to evaluate the capacity of MSMEs to eradicate poverty by increasing the proportion of their income invested which is key if they are to grow and be sustainable. The study uses questionnaire survey methodology to collect primary data and uses a model of consumption in which income determines consumption. The study employed the Ordinary Least Squares (OLS) method to estimate the econometric model. The main empirical findings of the study show that the proportion of consumption is high compared to the proportion of saving. The study results show relatively positive relationship between income, consumption, saving and size of enterprise. MSMEs social characteristics do not relate to MSMEs consumption and saving patterns. The major MSMEs constraints are lack of capital, lack of security and lack of premises to conduct business.

The study recommends a need for taking measures to ensure that MSMEs become sustainable in Tanzania as they lack capacity to sustain their growth prospects. Some of these measures include creation and nurturing of MSMEs entrepreneurship training, improvement of financial systems, establishing well functioning marketing systems for MSMEs to utilize both local and international opportunities and put in place a suitable legal framework for MSMEs to flourish.