

The Dynamics of SMEs Growth and Electronic Marketing Potential in Developing Economies: Evidence from the Manufacturing Firms in Tanzania



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ABSTRACT: This study, investigated the impact of e-marketing practices on the performance of manufacturing Small and Medium Enterprises in Dar es Salaam, Tanzania. Through quantitative method, the survey research design was employed and a cross-sectional analytical approach was used. Data was randomly collected from 200 SMEs using both semi-structured questionnaire and company reports. Then, the analysis stage involved descriptive statistics, cross-tabulation, and regression analyses through SPSS: 21, Results confirm that growth performance is more evident in SMEs that have used ICTs in their marketing activities and/or had ICTs knowledge as compared to their counterparts that did not transact electronically. Further findings reveal that most SMEs perceive the use of ICTs in marketing as an important aspect. However, there is no statistically significant relationship in the rating of the importance of ICT applications and SMEs performance. Apparently, there is more or less similar views on the importance of e-marketing within manufacturing SMEs. Notably, the study identified some challenges of executing e-marketing including lack of ICT knowledge, increase in internet crimes, lack of trust and transaction security, difficulties in accessing the internet and ICT accessories. Further, the model that can be used to explain the impact of e-marketing on SMEs performance is proposed.

KEYWORDS: E-Marketing; SMEs, Growth Performance, Internal Operating Capabilities

1. INTRODUCTION

Small and Medium Enterprises (SMEs) are globally appreciated as the backbone and most important factor of economic development especially with respect to employment and income generation (Matambalya and Wolf, 2001; Isaga, Masurel, and Montfort, 2015). The increasing competition through globalization, the rapid spread of ICTs and ever decreasing prices for communication puts most of the SMEs under considerable pressure because the markets in different parts of the world become more integrated. By increasing globalization, competitiveness is considered as an important issue among policy makers at different levels especially SMEs (Mbamba, 2004; Shirazi, 2017). What is important in competitiveness of an organization is the organization's ability to act and react in a competitive environment.

In increasing the competitiveness, strategic issues such as collaboration and networking activities are important in both small and large firms (Mbura, 2008). Also, the government has a significant role to play in enhancing SMEs success and competitiveness (URT, 2012; Oyedijo, Idris, and Aliu, 2012) and this can be achieved through policy making, setting regulations, and maintaining enabling environment for SMEs (Nyamanza, 2019). Today, Tanzania has recognized the importance of SMEs sector for economic development (Isaga, 2012) and poverty alleviation (Mbura, 2008). SMEs in Tanzania have been increasing following various economic changes and policies since the trade liberalisation initiatives (URT, 2012) and in many African countries especially Tanzania, there have been some considerable efforts to support SMEs so as to create the necessary employment opportunities, income and productive capacity (Isaga et al., 2015; Ebitu, 2016). Some policies and programmes intended to boost the development of SMEs include but not limited to: The Small Industries Development Organization (SIDO) which was established in 1973 with the aim of planning, coordinating, and offering services to SMEs. Apparently SIDO is incorporated within the Ministry of Industry and Trade with its overall objective to contribute to poverty eradication and enterprise development in Tanzania, thus

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contributing to economic development through the provision of demand-driven services that will ultimately bring about employment and generate income to service users.

Also, at the national level, the Tanzania Investment Centre (TIC) was established in 1997 to be “the primary agency of Government to coordinate, encourage, promote and facilitate investment in Tanzania and to advise the government on investment related matters”. Other measures to create a more entrepreneurship- friendly business environment have been championed and this issue currently lies at the very heart of the Tanzania Development Vision 2025. In lieu of this, National Strategy for Growth and Poverty Reduction (NSGPR) and SMEs Development Policy-2003 were established as programmes which emphasize the significance of the private sector as the engine of economic growth in the country (URT, 2003; Isaga et al., 2015; Nyamanza, 2019). Likewise, there have been other measures taken to increase the accessibility to capital (Mori and Richard, 2012) and also a focus on innovation and technical improvement (Mutalemwa, 2009). Though there are prospects for change, the reality of the majority of Tanzanian businesses, which are mostly micro and small businesses, has not changed significantly since the start of the economic reform process (Mbura, 2008; URT, 2014) and most SMEs have remained at the micro or informal level (Anderson, 2012).

In response to this, several factors connected to the growth of SMEs have been studied in Tanzania to include strategy (Mbwambo, 2005); efficiency (Wangwe, Semboja, and Nyanga, 1998); firm characteristics (Satta, 2003); the role of credit and access to finance (Kuzilwa, 2005; Mori and Richard 2012; Mori and Olomi, 2015); the macroeconomic environment (Trulsson, 2000); institutional barriers (Nkya, 2003); sources of finance (Nalioletela and Elias, 2003); Innovation and entrepreneurial characters (Olomi, 2006; Mbura, 2008; Mahemba, 2003; Isaga, 2012; Mutalemwa, 2009); the role of ICT (Matambalya and Wolf, 2001; Kazungu, Panga, and Mchopa, 2015) and marketing practices (Nyamanza, 2019; Mdasha, Irungu, & Wachira, 2018). Accordingly, other previous studies in Tanzania revealed that firms’ growth has been significantly affected by external factors and firm characteristics (Mahemba, 2003; Mbura, 2008; Isaga, 2012; Isaga et al., 2015).

Notwithstanding, SMEs in Tanzania are not without problems as they continue to face problems ranging from insufficient capital and access to it, poor management, production problems and low-quality products, low level of technology, inability to make entrepreneurial transition, inability to analyse and capture market opportunities, marketing problems, and research inefficiencies to mention a few (Anderson, 2012; URT, 2014). These problems no doubt adversely affect the performance of SMEs (Ebitu, 2016; Oyedijo et al., 2012; Mdasha et al., 2018; Al Mamun, Mohiuddin, Fazal, and Ahmad, 2018).

In lieu of this, several initiatives and measures in Tanzania are focusing on solving environmental problems, such as providing government assistance, the role of banks, and providing ICTs infrastructure (e.g. National Information and Communication Technology Broadband Backbone) and others. Although some of the issues addressed have changed, the performance of SMEs sector in Tanzania has not yet been impressive thus calling for the need to investigate closely other factors that influence SMEs growth from different viewpoints. This is in line with the opinions of other group of scholars (e.g. Cassar, 2007; Anderson, 2012; Nkya, 2003; Kuzilwa, 2005) who propose that the effectiveness of programmes aimed at SMEs development depend on a thorough understanding of the operational capability of an individual firm. Notably, e-marketing within SMEs is an important activity (Shirazi, 2017; Sicilia and Ruiz, 2010) and can positively influence business profitability (Matikiti, Afolabi, and Smith, 2012). E-marketing plays an important role in innovation, advancement and sustainable development worldwide (Kazungu et al., 2015). The knowledge of customer needs and buying process in electronic and online space is the basis of successful e-marketing necessary to fully meet customer satisfaction, and identify their needs (Tarute, and Gatautis, 2014). On top of that, the use of ICT in SMEs business and understanding of crucial environmental elements is an impetus for successful company in the global arena. Manochehri, Al-Esmail, and Ashrafi (2012) insist that for SMEs to benefit from e-marketing and to deliver better services there should be certain infrastructure, skilled ICT personnel, and budget to invest in ICT.

Following these observations, it is imperative to mention that SMEs are not fully exploiting the potential of ICT like large companies that enjoy better market access (Kievu and Ofafa, 2013). SMEs are characterized as lacking the knowledge about the advantages of ICT; whereas ICT and its impact on the economic and social development had become an important subject of scientific researches in recent years (Ogbu, 2017). This way, there is scanty information about the extent to which e-marketing affects SMEs growth particularly in the Tanzanian manufacturing industry. Findings from researchers e.g. Esselaar, Stork, Ndiwalana, and Deen-Swarray, (2006) reveal that the main constraint to ICT usage in SMEs remains too high investment and/or usage costs. Information asymmetries are one of the major causes for high transaction costs, uncertainty and then market failure (Matambalya and Wolf,

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2001). A reduction of the information gap reduces the ability of the better informed to extract rents from the less informed be it buyers or sellers of products.

Despite the importance of e-marketing, most SMEs do not use it (Mutua, Oteyo, and Njeru, 2013). Whereas many studies have looked at the determinants of internet adoption by SMEs and factors affecting SME growth including marketing separately (e.g. Iddris and Ibrahim, 2015; Kazungu et al., 2015; Nielinger, 2003; Njau and Karangu, 2014; Kairuki, 2012) then, we could find no studies from the local setting about the effects of e-marketing practices on SMEs growth with reference to Tanzanian manufacturing sector. Besides, the limited amount of research concerning ICT usage and its effects on SMEs performance is an indication of the fact that the majority of SMEs started to use ICTs relatively recently (Tarute, and Gatautis, 2014; Kazungu et al., 2015) and hence, there is little empirical evidence how the application of ICTs can be a catalyst for both economic and business growth in developing countries particularly in Tanzanian SMEs. This study therefore is focusing at investigating the impact of e-marketing on manufacturing SMEs performance; and the challenges facing them in relation to their growth potential.

In lieu of this, Tanzanian manufacturing SMEs can be viewed as an important research focus for a number of reasons. First, the manufacturing sector plays a significant role in the national economy (URT, 2012). Secondly, with reference to the traditional model of growth and development, SMEs provide an important stepping stone from which tomorrows large companies will grow.

In this case, the study provides answers to the following question:

1. What challenges do Tanzanian manufacturing SMEs face in accessing the market electronically?
2. Is there a significant relationship between the knowledge and use of ICTs and the performance of manufacturing SMEs in Tanzania?

Consequently, the study intends to extend our understanding of small firms' e-marketing activities in Tanzania and also add new knowledge on SMEs performance while considering other factors that obviously influence competitiveness and growth. To achieve all these, this study will begin with a discussion of the literature related to e-marketing and SMEs with subsequent hypotheses, and then the methodology section is presented. The research findings, discussion, conclusion and recommendations are then presented together with limitations and avenues for further studies.

2. LITERATURE REVIEW

The interface between marketing and SMEs performance has received considerable attention in recent years (Fu, 2011; Aziz and Yassin, 2010). Marketing is uniquely equipped and responsible for analysing environmental changes and translating its observations into recommendations for the redesign of the corporate resource base and its product-market portfolio (Ayanda and Adefemi, 2012). In this case, marketing is perceived as a boundary function in business firms and must be both opportunity-driven and flexible in order to address turbulence that prevails in the external environment (see Walsh and Lipinski, 2009). Besides, the fast development of technologies, economic globalisation, and many other external circumstances stimulate changes in marketing.

One of the major trends in today's marketing is orientation on exploitation of Internet and social media for promoting of the company and its products. Recent research confirms that e-marketing provides faster exchange of information, but successful employment of information raises the effectiveness and profitability of an organisation (Kiveu and Ofafa, 2013). Today's market can grow incredibly fast, and such a speed is determined by a possibility of communicating with the help of technology, not tied to geographic districts and the formulation of consumers' continued desire for the newest, best, most stylish, smaller and faster devices (see Shirazi, 2017).

However, a healthy business environment is also a fundamental for firms to thrive and benefit from ICTs (Shirazi, 2017; Kotler, 2011). As is the case with all technologies, SMEs are slower than large ones to adopt new ICTs (Kiveu and Ofafa, 2013). They face generic barriers to adoption including trust and transaction security, and challenges in areas of management skills, technological capabilities, productivity and competitiveness (OECD, 2004). ICT and e-business applications provide many benefits across a wide range of intra- and inter-firm business processes and transactions. It is again suggested that ICT applications improve information and knowledge management inside the firm and can reduce transaction costs and increase the speed of reliability and transaction for both business-to-business (B2B) and business-to-consumer (B2C) transactions (Mbamba, 2004).

Even so, across all sizes of organisations there is clear evidence of ICT, be it through for example, the telephone, mobile/cellular phone, network switch/router, laptop or tablet computer. Invariably, these and many other devices are considered integral to a firm as they assist employees to, among other things: communicate with customers, partners and each other, prepare and transmit documents and files, and browse online and conduct a wide range of e-transactions. In principle, the world is moving fast

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towards new ways of doing business, using e-marketing and it reduces the need for manual and paper-based procedures, replacing them with electronic alternatives which accelerates the business processes.

Despite these advantages, rapid growth in businesses' purchases and sales over the internet has yet to materialise. OECD (2004) stresses that e-commerce is increasing but still accounts for a relatively small share of total commerce. On-line transactions are mainly business to business (B2B) and domestic, rather than business to customers (B2C) or cross-border. The situation is similar for SMEs, although they lag behind larger firms in internet transactions (OECD, 2004). Some studies including Mbamba (2004) shows that it is not easy for SMEs to implement and operate an on-line business, as this involves complementary costs for training and organisational changes as well as direct costs of investing in hardware and software solutions. While there is evidence of the positive effects of ICT adoption on firm performance (Shirazi, 2017; Njau and Karangu, 2014); others have shown no relation between computer use and firm performance¹. Notwithstanding, a study of Canadian manufacturing establishments (plants) with ten or more employees (excluding food processing establishments) drawn from statistics Canada's Business Register, shows that those with high productivity growth are more likely to be using greater numbers of advanced ICTs (Baldwin and Sabourin, 2002). Between 1988 and 1997, advanced technology users grew more in terms of both productivity and profitability than non-ICT users, especially when they used communication technologies, including company-wide and/or inter-company computer networks (OECD, 2004).

Another analysis by OECD (2004) shows the impact of ICTs and e-business strategies on firm performance is positive overall, but that ICT is not a panacea in itself. Further work by Kazungu et al. (2015) provides evidence that the use of ICT can contribute to improved firms' performance in terms of increased market share, expanded product range, customised products and better response to clients' demands. He stresses a point that the speed at which e-commerce is growing is tremendous and therefore cannot be ignored. Moreover, Mbamba (2004) concludes that ICT may help reduce inefficiency in the use of capital and labour and adds that this may include the transformation of the enterprises into virtual organisations which are organisational arrangement whereby companies create partnerships with other companies to deliver goods and services outside the traditional organisational framework and without having physical ties among companies.

Ordanini (2006) also concurs with this observation and continues to argue that, in relation to business practices, the potential benefits offered by technology, and in particular the internet, are vast, they provide the opportunity to streamline processes, increase productivity, develop new and innovative products/services, and reach a much larger customer base. The analysis confirms that complementary investments in skills, organisational change and innovation are the key to making ICT work, and that the use of ICT affects firm performance primarily when accompanied by other changes and investments and that without these, the economic impact of ICT may be limited (Shirazi, 2017; Iddris and Ibrahim, 2015). This study therefore, analyses the impact of e-marketing processes on growth of manufacturing firms in Tanzania.

2.1. Electronic Marketing defined

Marketing practice is increasingly being adopted in virtually all the sectors of the economy (Mdasha et al., 2018; Ayanda and Adefemi, 2012). The evolution of different marketing practices with different produces and increased rate of competition brings about the need to develop marketing approach, which will function as a platform for development and survival of SMEs in the globalised and competitive economy. In this premise, marketing affects the success of SMEs and at the same time the entrepreneurial techniques and approaches of SMEs affect the success of marketing efforts and this suggests that it is important for SMEs owners/managers to apply entrepreneurial marketing techniques for growth (Buli, 2017; Sahoo and Yadav, 2017). However, the marketing function in SMEs is hindered by constraints like poor cash flow, lack of marketing expertise, business size, and strategic customer related problems to mention a few (Aziz and Yassin, 2010). Despite such restrictions, SMEs successfully use marketing to generate sale, and utilise innovative marketing practices like the use of ICTs in marketing to overcome such challenges (Walsh and Lipinski, 2009; Shirazi, 2017).

Electronic marketing can be viewed by many as a new philosophy and a modern business practice involved with the marketing of goods, services, information and ideas via internet and other electronic means (Kazungu et al., 2015). Literally the definition of e-marketing varies according to each author's view point, background and area of specialization. For example; Smith and Chaffey (2005) defines it as a way of achieving marketing objectives through applying digital technologies whereas Strauss and Frost (2001) views it as the use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas,

¹ A study based on the 1998 US survey of Small Business Finances (SSBF), which covers firms with fewer than 500 employees, suggests that firm performance, as measured by profit or sales, is not associated with computer use (Bitler, 2001)

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goods and services to create exchanges that satisfy individual and organizational goals. On the same note, Hoffman and Novak (1997) define e-marketing as a wide range of supply chain business activities and relationship management via online (selling, ordering, payments, home shopping/banking, purchasing online, communication) with the aim of improving market efficiency in dealings with suppliers and clients.

Nowadays, the internet has provided a platform that occurs e-commerce, information exchange and supply via the World Wide Web and email are, and rapid communication is possible. However, e-marketing is something beyond the Internet. Electronic marketing includes technologies that make customer relationship management, business resource planning, and supply chain management, possible (Shirazi, 2017). It is a phenomenon that make relationships based on commercial transactions in interactive media and digital networks possible. Implementing effective e-marketing needs a marketing approach. Electronic marketing is the latest marketing technique which means the use of internet and other interactive technologies designed to create a dialogue between customers and company. Although literature confirms that SMEs are perceived as one of the engines of growth in Tanzania, these firms still face formidable constraints that hinder them from realising their potential (Anderson, 2012; Isaga et al., 2015). Limited market access as well as electronic marketing practices remains a critical constraint to their growth and competitiveness (Kazungu et al., 2015). SMEs face difficulties of accessing the markets among others, due to limited market information, poor marketing capability, poor entrepreneurial transitions, fragmentation of the markets, and poor market research leading to a discrepancy between the supply and demand (Shirazi, 2017; Olomi, 2009). Whereas ICTs presents enormous opportunities for improved marketing activities and SMEs performance; overall aggregate demand for the sector's products is low and markets are saturated due to over production and dumping of cheap imports. As a result, markets do not function well due to insufficient information, high transaction costs and stiff competition for similar products. In brief, high transaction costs are due to market inefficiencies and information asymmetry (Kiveu and Ofafa, 2013).

On this premise, ICT is identified as an enabler of other sectors, which is presenting enormous opportunities for SMEs to improve marketing processes and its access (URT, 2012; GOK, 2007). ICT can improve market access by facilitating communications with customers, competitive positioning, enable information acquisition and production of quality products, generation of market information, reduction in logistic costs, facilitating access to global markets, networking, facilitating market research, and market transactions (Kiveu and Ofafa, 2013).

According to OECD (2004), *"e-marketing is commonly equated with e-commerce, which is focused on on-line/electronic business transactions. E-marketing is, however, a broader set of practices that includes changes within organisations that drive productivity and efficiency, as well as how organisations manage relationships with customers and suppliers. In short, e-marketing could be described as, the use of technology in all the activities of a business to increase efficiency, facilitate collaboration and encourage innovation within the business and to improve relationship with customers and business partners"*. Evidently, electronic marketing involves the use of information technology in conducting business, and in most cases, data communication systems (Mbamba, 2004).

2.2 Definition of SMEs

SMEs are defined differently in different countries depending on the level of development, and most of definitions of SMEs focus on the purpose and goals of the research in hand. The SME's nomenclature is used to mean Micro, Small and Medium Enterprise - MSMEs (URT, 2003). The Organization for Economic Cooperation and Development (OECD) and the USA Chamber of Commerce designate a small business as any firm employing fewer than 100 people. The European Commission defines "small and medium enterprises are companies that employ less than 250 staffs and have annual turnover not exceeding Euro 50 million or an annual balance sheet total not exceeding Euro 43 million (European Commission, 2006). In Kenya, small enterprises have between 11-50 employees; whereas medium enterprises employ between 51-100 people (Kazungu et al., 2015).

In Tanzania, Micro enterprise are those engaging up to 4 people, in most cases employing capital amounting up to Tshs.5 million (of which the majority of them falls under the informal sector). On the other note, small enterprises are mostly formalized businesses engaging between 5-50 employees with the capital investment from Tshs.5 million to 200 million. Medium enterprise employs between 51-100 people or use capital investment from 200 T.shs million to 800 T.shs million (URT, 2003). Apparently, most studies that have been conducted in Tanzania use the number of employees as the basis of a definition (Anderson, 2011; Mbura, 2008; Isaga, 2012). Therefore, the new definition of SMEs is as illustrated in table 1 below:

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Table 1. Categories of SMEs in Tanzania

Category of enterprises	Number of employees	Capital invested (Tshs) in millions	Turnover (Tshs) in millions
Micro	1- 4	Up to 5.0	12.0
Small	5-50	5.1-200.0	150.0
Medium	51-100	201-800.0	300.0
Large	101& above	Above 800.0	Above 300.0

Source: URT (2003); 1US\$ is equivalent to 2,330 Tanzanian Shillings in June, 2021.

This paper takes the above position in defining SMEs and would include all such business activities that fulfill the conditions that the nature of business activities should be in the manufacturing industry; and the number of employees include the working business owner/managers; and when an enterprise falls under more than one category i.e. one employee but capital investment is greater than 5 million Tanzanian shillings; then the level of capital investment is the deciding factor in determining the size category.

2.3 SMEs Growth performance

Business performance or growth is the subject of extensive discussions which a wide range of disciplines and experts have worked on it. In this study, the dependent variable is firm's growth performance and can be measured by several attributes such as sales, employment, assets, profit, market share, and productivity. Among these measures, sales, employment and assets growth measures are the most frequently used (Isaga, 2012). For example; Shepherd and Wiklund (2009) reviewed studies of firm growth and found sales to be the most prevalent indicator, followed by employment. Sales growth was considered important because entrepreneurs themselves frequently use this indicator when making business decisions. Similarly, employment growth is deemed relevant because entrepreneurs are often willing to disclose this type of information, and it is easier for them to recall. Likewise, for capital intensive firms (such as those in manufacturing) variation in assets is also considered to be a good growth indicator (Jansen, 2009). Nevertheless, there appear to be no consensus on the appropriate measures of the growth of SMEs, and as a result, SMEs are free to choose one best indicator, create a multiple indicator index or use alternative measures separately. Due to this loophole, most researchers including but not limited to (Isaga, 2012; Mahemba, 2003) opt for indicators with which, it is easy to gather information rather than taking important variables into considerations.

From this explanation, there are several alternative interpretations of performance including long-term versus short-term, and financial versus relationship building (Mahemba, 2003). Depending on the purpose of the study, and the relationship between the constructs under examination, it is useful to use perceptual interpretations as a measure of performance. In this context, Isaga (2012) found that measuring the growth performance of SMEs as a rate of change of sales in a given period of time, as observed by owners/managers, was an appropriate approach. Taking all these findings into account, firms' growth performance in this study is defined in terms of change in the level of sales, and change in the level of profits. Also, it is worth noting that researchers encounter problems in obtaining financial data, especially when dealing with private firms (Isaga et al., 2015). This is because many of the owner-managers of SMEs do not keep proper accounting and financial information (Mbamba, 2004) and when they do, they are often not prepared to disclose them to third parties. To deal with this problem, general measures were used to obtain information regarding growth in sales and profits. The respondents were asked to rate their firms' performance on a scale from 1 to 3 in relation to whether their firm's sales and profits had decreased, remained the same, or increased over the three years period (2016–2017 and 2018–2019).

In summary, this scale is adapted from Shepherd and Wiklund (2009); Mahemba (2003); and Isaga (2012) who deployed change in the amount of sales, profitability, change in the value of assets, and change in the number of employees as the business performance metrics and was originally grounded in a Profit Impact of Market Strategy (PIMS) study. PIMS is a commercial consultancy service in the UK and it draws clientele from all over the world (Mahemba, 2003). This approach was used in several studies to measure growth performance and is able to differentiate between good performers and poor performers (Hadjimanolis, 1999). Given the fact that the above key factors or indicators of performance measurements are based on the opinions of the owners/managers of SMEs, there is possibility of a bias when it comes to having insight in the situation of competitors. This way, it presumably contradicts with the internal consistency reliability and validity. In response to this, testing of reliability using Cronbach's alpha coefficient and validity was considered important before the instrument is employed for fitting the required model for analysis. As can be observed in the ensuing section, the alpha value is 0.7 for growth indicators, of which is in line with

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the views of Mbamba (2003) and Mbura (2008) who consider alpha with the moderate level of association such as this one as acceptable.

Although the view to perceptual measurements of growth have been used by several researchers and have been shown to correlate highly with objective measurements (e.g. Mahemba, 2003; Isaga, 2012) additional questions were crafted on a questionnaire with the view to capture firm's performance measurement in scale/ratio data.

2.4 Theoretical framework

Generally, from the performance perspective, the competitiveness effect of ICTs derives from the impact that ICTs have upon the efficiency and productivity of the factor inputs. In this regard, the use of ICT in marketing by SMEs can improve efficiency and increase productivity especially by improving efficiency in resource allocation, reducing the transaction costs, and technical improvement leading to the outward shift of the production function and finally growth performance. Further, the use of e-mails, e-commerce, and social media network have significantly cut down on the overall operating cost (Tarute and Gatautis, 2014). However, it is important to note that firms adopting ICT have to adjust their structure, make internal changes such as personnel training and reorganize them. (Manochehri et al., 2012). Recent literature presents various models for explaining why different enterprises use different technologies, and what is the likely pattern of competitiveness. The relevant theories for this study are *the market orientation theory, transaction cost theory and the Unified Theory of Acceptance and Use of Technology (UTAUT)*.

Market orientation theory holds that the key to achieving organisational goals is being more effective than competitors in integrating marketing activities to determine the needs of target markets (Kotler, 2001; Buli, 2017). Developing a market orientation, refers to 'the organisation-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across the departments, and organisation-wide responsiveness to it (Ogbu, 2017). Therefore, a market orientation is more than just getting involved in e-marketing, rather it involves all facets of a business company, collecting, analysing and reacting to market intelligence. Firms with better understanding of their customers, competitors, and environment have a better market sensing and competitive edge (Kotler, 2011). Enterprises should strive to understand customer needs which should then be translated into products. To this end, e-marketing processes and consumer analysis are important tools to enable firms gather the right information to effectively market its products and meet customer needs (Resnick, Cheng, Simpson, and Lourenco, 2016). Undoubtedly, other group of scholars went as far as mentioning that there is a positive relationship between e-marketing practices and firm performance which means that, firms that assimilate new technologies and use innovative products rapid changes are expected (Tarute and Gatautis, 2014; Shirazi, 2017).

The transactional cost theory tries to explain the significance of market and non-market institutions in economic exchange. This theory recognises that markets are driven by transaction costs created by information asymmetry, opportunism and asset specificity. Transaction costs include the cost of information, negotiation, monitoring, coordination and enforcement of contracts (Adegbidi, 2012). Impliedly, reduced transaction costs are important aspect in e-marketing and in particular, ICT influences flexibility of the organizations i.e. companies that adopts and continue to use ICTs tend to perform better in market and easier differentiate products.

Another major stripe of technology usage theory refers to *the unified theory of acceptance and use of technology (UTAUT)*. This theory emphasis that performance expectancy, effort expectancy, social influence and facilitating conditions are the main factors determining user adoption. Among them, performance expectancy is similar to perceived usefulness and relative advantage. Effort expectancy is similar to perceived ease of use and complexity. Social influence is similar to subjective norm. Performance Expectancy reflects the perceived utility associated with using mobile Internet. Mobile Internet frees users from temporal and spatial limitations, and enables them to acquire information or services at anytime from anywhere. This can improve users' living and working performance and efficiency. Thus, performance expectancy will affect user satisfaction. Extant research has also noted the effect of perceived usefulness (similar to performance expectancy) on satisfaction (Bhattacharjee, 2001).

Effort Expectancy reflects the perceived difficulty of using mobile Internet. The constraints of mobile terminals such as small screens and inconvenient input have made it relatively difficult for users to search for information on mobile Internet (Mbamba, 2004). If users need to invest great effort on learning to use or skillfully using mobile Internet, they cannot feel satisfied. Thus, effort expectancy will affect user satisfaction. In addition, users may discontinue their usage if mobile Internet service providers cannot present an easy-to-use interface to them. Prior research has revealed the effect of perceived ease of use (similar to effort expectancy) on user satisfaction and continuance usage (Shin, Lee, Shin, and Lee, 2010). Social Influence reflects the effect of referees' opinion on individual user behavior (Zhou, 2011). According to social influence theory, users tend to comply with other

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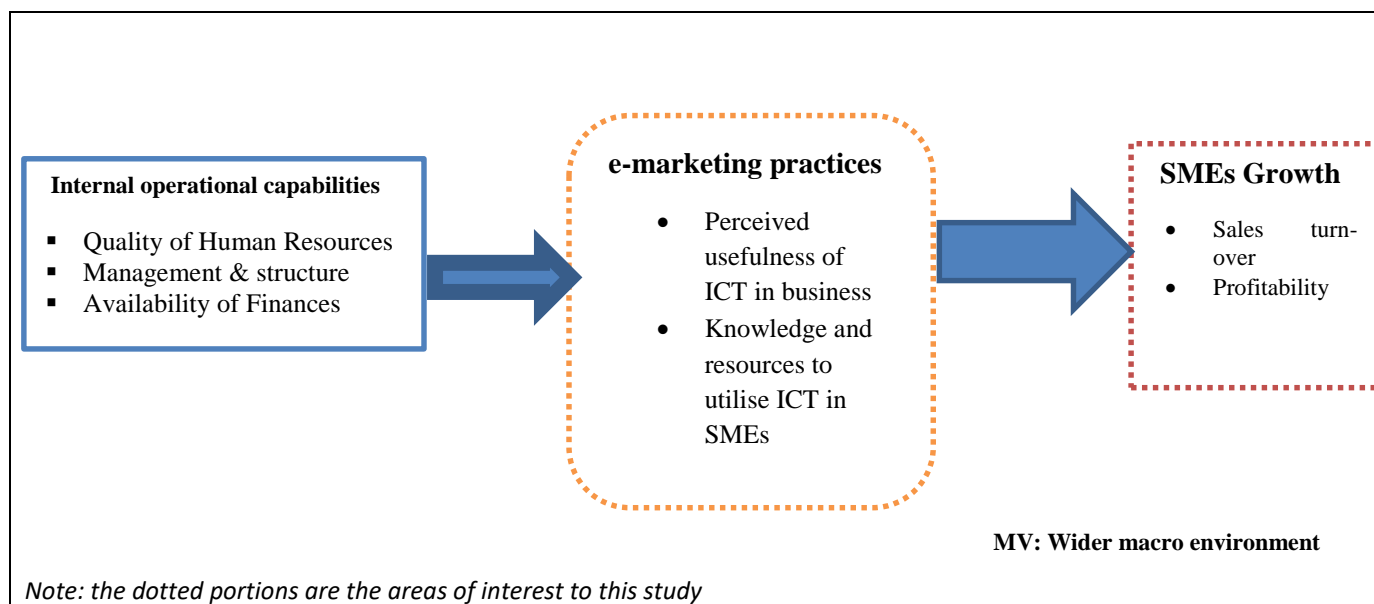
important referees' opinions (El-Gohary, 2010). Thus, when others who are important to a user recommend him or her to use mobile Internet, he or she may follow their suggestions. Facilitating Conditions mean that users have the resources and knowledge necessary to use mobile Internet. Users need to bear the costs of using mobile Internet, such as communication fees and service fees. In addition, they need to be equipped with necessary knowledge to operate mobile Internet, which represents an emerging technology. If users do not own these resources and knowledge, they may not continue their usage of mobile Internet (Zhou, 2011). The above reviewed theories give insight to the study and will therefore be tested on the e-marketing practices and other aspects that are essential to improve SMEs growth.

2.5 Research model

In this study a model that stresses on the importance of e-marketing on the performance of manufacturing SMEs in Tanzania is shown in figure 1 and has three major components namely: e-marketing practices, performance (outcomes), and the internal factors (operational capabilities) of a firm. In this case, numerous factors measured with multiple items and which are in a position to affect SMEs performance were adapted from extant literature to improve content validity (Mbura, 2008). Among the factors affecting SMEs performance are firm's resources in terms of management structure, finance and human resources (Buli, 2017) as well as e-marketing practices (which is perceived to be the last link in the chain of factors determining patronage and hence firm's performance). Also, the model assumes that some business environmental factors (macro business environment) are beyond the firm's control (Mdasha et al., 2018). This suggests that SMEs can, by adjusting the focus of its e-marketing strategies continue to increase its performance levels irrespective the state of its operating environment. However, these issues are outside the focus of the current study. The research study hoped to investigate the impact of ICT usage across manufacturing firms with different marketing activities as highlighted below. The assumption is that, if SMEs properly apply internet-based technology in marketing, they can be successful because they get the opportunity to differentiate and as a result to hold their own in the market competition and after all, to improve their marketing and market performance.

Therefore, e-marketing is influenced by internal factors that are on one hand tied to the owner/managers. A part of these operational capabilities has impact on the SMEs e-marketing activities. SMEs often have limited effects on their environment and possess scarce resources to exploit these in favor of themselves. This means that they have no option other than responding to external forces that determine the way they execute their e-marketing activities (see Mbura, 2008; Mdasha et al., 2018). According to Gati (2015) the effects of social environment has to be taken into consideration because every e-marketing activity is socially embedded. Performance measurement in SMEs is harder than in larger scale enterprises, because the relationship between e-marketing processes and corporate performance can only be proved by a few objective data. Besides, the tools applicable to measure performance are indices that are easy to manipulate (Isaga, 2012). Practitioners and academic researchers have the presumption that marketing activity affects performance, and this effect is positive (see Walsh and Lipinski, 2009).

Figure 1: A model for the importance of e-marketing practices and environmental factors on the manufacturing SMEs performance in Tanzania.



Source: Researchers' own compilation

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2.6 Hypotheses

In this study, two hypotheses are developed based on the critical review of the existing theories and literature while taking into consideration the hypothesized relationship in the conceptual framework depicted above. They include:

1. *The knowledge and use of ICTs in SMEs business operations positively influences the growth of the Tanzanian manufacturing SMEs.*
2. *The importance attached to the use of ICT in business operations positively affects the growth of Tanzanian manufacturing SMEs*

3. METHODOLOGY

This study employs the survey research design in which a cross-sectional analytical approach was used. The study was carried out in Dar es Salaam region where according to Small Industries Development Organizations data base (SIDO, 2016); there are about 1326 registered manufacturing SMEs operating in Dar es Salaam. Being the largest commercial city in Tanzania, Dar es Salaam has altogether the largest number of manufacturing SMEs (URT, 2009) and this is reinforced by the fact that the purchasing power of Dar es Salaam residents is high compared with those of other regions in Tanzania, and thus provides a reasonable ground for being chosen (see also Mdasha et al., 2018). Notably, SMEs employing between 5 -100 employees and an annual turnover of less or equal to 300 million of Tanzanian shillings (US\$ 150,000) were selected because they were thought to have their records available with the sampling frame than it would be with the micro firms. In this regard, simple random sampling procedure was used to select 200 manufacturing SMEs and primary data was obtained through a semi-structured questionnaire in which, respondents partly expressed their feelings about the subject in question. Further, secondary data was gathered through company reports, publications, and archived documents. This way, the unit of analysis was at the organisational level where by, the SMEs owner-managers were chosen from the respective firms depending on who is in charge of the firms' activities. The researcher(s) chose to interview SMEs owner/managers because they were perceived to have the required knowledge and experience of the SMEs' day-to-day management.

The items used in the measurement of e-marketing activities were adapted from Tarute and Gatutis (2014); Shin et al. (2010); and Mbamba (2004). To measure performance of SMEs, items were drawn from Isaga (2012). Further, the translation of questionnaire from English into Kiswahili (the language commonly spoken in Tanzania) was done and approved by the National Kiswahili Council (BAKITA) so as to ensure the relevance of the questions. In order to ensure accurate translation, the Kiswahili questionnaire (translated version) was given to another language expert from the University of Dar es Salaam who translated it back into English. This helped in comparing the two versions, and a few minor corrections were made. It also has been credited for ensuring objective response and reduced non-response rate. Subsequently, a pilot test of the questionnaire was undertaken as recommended by Bryman and Bell (2011) on a convenient sample of 8 SMEs owner-managers in order to ensure clarity and validity of the survey instrument. In this regard, a convenient sampling technique based on geographic proximity and ease of personal contact was used because statistical methods are not necessary in the pilot study (Mbura, 2008). Following this test, some minor changes were made to produce a final version of the questionnaire. Reliability of the questionnaire was assessed using the Cronbach alpha statistic. The Cronbach's test of reliability was used because it has the most utility for multi-item scales at the interval level measurement (Cooper and Schindler, 2003) and it counteracts many of the weaknesses of both the split half reliability test and the test retest reliability. Usually, the level of attention and consideration given to issues pertaining to reliability and validity determines the quality of any research work (Oyedijo et al., 2012). Notably, the proposed level of reliability to be used is normally 0.70 (Mbamba, 2003). Other writers however, accept slightly lower level of reliability (Mbura, 2008).

The process of data collection started in December 2020 through February 2021. The first part of the survey instrument was devoted to the general information and individual characteristics. The second part was concerned with the firms' internal and operational capabilities. The third part asked information on e-marketing processes. Subsequently, the fourth part asked information relating with business performance. The response rate was actually 100% despite some delays from few respondents. In checking data normality, the study adopted the rule of thumb that kurtosis greater than 10.0 and univariate skew values greater than 3.0 may be suggestive of problem of data normality (Hair et al., 2006). Literature also suggests that when variables are extremely skewed, factor analysis should not be used (Oyedijo et al., 2012). The results from this study were far below these abnormality values. Besides, the findings were cleared from multicollinearity problem since a maximum acceptable Variance Inflation Factor (VIF) according to Hair et al. (2006) is up to a level of 10.0.

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The data collected were edited, classified, coded and summarized in a tabular format. The results are then analysed through descriptive statistics, Spearman rank-order correlation, and finally testing the hypotheses formulated through Chi-square and cross-tabulation tests, as well as regression analysis tables with the help of statistical analysis software known as SPSS:21 at 95% confidence level.

3.1 Growth Measurement period

In the literature, debate continues on the length of the measurement period and its effects on the outcomes of the analysis (Isaga et al., 2015). Most of the studies assume that firm's growth is linear and therefore, different time intervals have very small significance. Nevertheless, Isaga (2012) suggests that the measurement period affects the growth variables because growth is dependent on short and long-term changes. Wiklund and Shepherd (2009) had similar opinions, suggesting that if the growth of individual firms is not linear but varies over time, then the results obtained will differ depending on the time span chosen. Further, only few studies use two or more-time spans to calculate growth (Isaga et al., 2015). In this study, growth is measured by using indicators like profitability and sales turn-over other than assets and employment items over a three-year *period only* (single time interval). This arises from the fact that results obtained from the pilot survey indicate that participants preferred their growth in terms of profits and sales be measured over a three-year period rather than a five-year period as most of them were in business for less than five years.

Further, experience drawn from other studies reveal that very few factors could explain employment growth, meaning that because of the nature of the manufacturing business, these firms are more likely to bring in more machinery (working tools) than employing more people, and hence they grow without increasing the number of employees (Isaga, et al., 2015; Anderson, 2012). On the same note, Nyamanza (2019) argues that people within manufacturing SMEs are hired because of connections and friendship (relatives). This way, instead of giving some one for example; food for nothing, they are given the opportunity to work for the company and then get paid to meet their needs and desires. It is on this account that employment is not considered to be a good indicator of SMEs' growth in most of Least Developed Countries (LDCs) particularly Tanzania. Our study also supports the notion propounded by Jansen (2009) that employment, sales and assets cannot be considered as interchangeable conceptualizations of the same phenomenon.

4. EMPIRICAL RESULTS

The 200 SMEs surveyed were grouped into twelve general categories of industries within the manufacturing sector and the results (Table 2) indicate that the largest group of the SMEs were involved in wood making (38.5%), food processing (14.5%), and concrete or blocks making (13%). Other businesses were fabricated metal products (12%); plastics (5%); chemical products (4.5%); beverages (3.5%); textile (3%) as well as Leather (2.5%). The smallest groups were SMEs specialising in paper products (1.5%); other building and finishing materials (1.5%); as well as electrical materials (0.5%). This suggests the type and nature of businesses which are common to small manufacturing firms in Tanzania and it compares well with the work of other scholars (Mahemba, 2003; Mbura, 2008, Isaga, 2012, Olomi, 2006; Isaga et al., 2015). More than a half of manufacturing SMEs interviewed (57%) had less than five years of business experience, while 23% were between 6 and 10 years of business experience. In total, about 80% of the SMEs interviewed were in business for ten years or less, and the rest (20%) were established for more than ten years. This signifies that many manufacturing firms are still at the infancy stage of their development and could be a result of recent government efforts and initiatives in fostering the Sustainable Industrial Development Policy of 1996, and SMEs development policy of 2003. It can also be linked to the crowning of trade liberalisation of 1986 and introduction of free-market economy in the 1990s in Tanzania.

The biographical data of the respondents indicated that the majority of them had completed primary level and secondary ordinary level education with 26% and 20% respectively making a total of 46% in these categories. Few of the respondents (12%) had attained secondary advanced level education or vocational training. Further, SMEs owners/managers who had either professional or University education accounts for 37%. This is not surprising in Tanzania because other studies have found similar results suggesting that typically most SMEs are owned by people with low levels of education (Mahemba, 2003; Mbura, 2008; Isaga, 2012; Isaga et al., 2015; Anderson, 2012). This is possibly because most of the people with better education have a wider choice of occupation. Olomi (2006) insists that less well-educated people in developing countries find it difficult to secure paid jobs and are therefore forced to opt for self-employment as an alternative for development and their survival.

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Table 3: Demographic profile of sampled Manufacturing SMEs

Business experience (No. of years SMEs in business)	Frequency (No. of SMEs)	Percent
Less than 5 years ago	114	57.0
6 - 10 years ago	46	23.0
11 - 15 years ago	18	9.0
16 - 20 years ago	8	4.0
Over twenty years	14	7.0
Total	200	100.0
Type of industry:	Frequency (No. of SMEs)	Percent
Textile	5	2.5
Paper products	3	1.5
Beverages	7	3.5
Wood	77	38.5
Food	29	14.5
Chemical products	9	4.5
Plastics	10	5.0
Fabricated metal products	19	9.5
Concretes or Blocks	26	13.0
Fabricated Aluminium products	5	2.5
Hospital and Laboratory products	1	.5
Other building and finishing materials	3	1.5
Electrical materials	1	.5
Leather and leather materials	5	2.5
Total	200	100.0
Legal form of business	Frequency (No. of SMEs)	Percent
Sole proprietorship	117	58.5
Partnership	48	24.0
Incorporated company	24	12.0
Registered branch of an overseas company	9	4.5
Joint venture	2	1.0
Total	200	100.0
Gender of respondents	Frequency (No. of SMEs)	Percent
Male	162	81.0
Female	38	19.0
Total	200	100.0
Level of formal education of respondents	Frequency (No. of SMEs)	Percent
No formal education	10	5.0
Primary School	52	26.0
Secondary (O-level)	40	20.0
Secondary (A - level)	11	5.5
Vocational Trainings	13	6.5
Professional (e.g. CPA, Diploma, ACCA, etc.)	30	15.0
University degree	34	17.0
Master's degree/PhD	10	5.0
Total	200	100.0

Source: Survey Findings, 2020

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Additionally, SMEs surveyed were grouped according to their legal form of business. In Tanzania, a business can be registered in any one of the following five legal forms namely: sole proprietor, partnership, incorporated company, joint venture, and a registered branch of overseas company (Mahemba, 2003). The sample results indicate that a large proportion of the SMEs studied were sole proprietors, followed by partnership business, and when combined they represent over 82% of the sampled manufacturing SMEs. The smallest groups identified were overseas companies having branches in Tanzania and joint venture, who had only 4.5% and 1% of the total sample respectively. This indicates that there are very few overseas SMEs and joint venture businesses doing business in the manufacturing sector in Tanzania possibly due to unfavourable business and legal conditions for foreign companies in the last decade. Despite the fact that women constitute the majority of the population in Tanzania (URT, 2012) men continue to dominate in the ownership of manufacturing business. Apparently, 81% of the sampled SMEs owner-managers were male and the rest (19%) were female. A small number of female managers/owners of SMEs in Tanzania may be because of the fact that the business environment is not accommodating to female entrepreneurs. Rutashobya (2001) goes as far as arguing that some of the fundamental factors that constrain women's strategic choices in respect of the type of business undertaken include their multiple productive and reproductive roles in the society.

4.1 Reliability testing and Correlation Analysis

The objective of the study is to establish the predictive ability of e-marketing variable(s) to the performance of manufacturing SMEs with the view to be able to conclude whether or not e-marketing practices are effective in increasing SMEs performance and to explore the extent to which SMEs growth are affected by those e-marketing decisions. These objectives are achieved through carrying out the reliability, correlations, chi-square tests; and regression analysis and finally testing the hypotheses. Table 3 shows the reliability analysis (Cronbach alpha) of the research measures of e-marketing practices and their performance. Both values exceeded the recommended minimum in the extant literature (Hair et al., 2006).

Table 3. Reliability Coefficient of e-marketing measures in a current study

Type of construct(s)	Number of items	Cronbach's Alpha Coefficient
Growth performance indicators	8	0.7
Firm's internal environment	26	0.87
e-marketing practices	10	0.75

Source: Research findings, 2020

As far as Correlations Analyses are concerned, the correlation coefficient [**Spearman Correlation (r_s)**] was used to assess this relationship as the majority of data were gathered from a non-metric scale (ranked data) which is the best for our study (Cooper and Schindler, 2003); and those few interval/ratio scales were converted into ranks before calculating spearman's correlation. It only measures the strength of the linear relationship between two variables. Arguably, the Correlation coefficient measured in terms of both Pearson Correlation and Spearman Correlation are very similar and are interpreted in the same way except that the two approaches use different measurements or formula to calculate the strength of association. According to (Bryman and Bell, 2011) it is extremely unusual to obtain perfect correlations within business research. This view is supported by Royse (2003) who asserts that correlations as high as 0.70 are rare particularly in social science research where they are typically 0.40 or less. However, what matters more is the level of significance. The guidelines are that to be statistically significant, the probability should be at most 0.05. But, in some cases, a lower level of less than 0.10 is considered acceptable (Mburu, 2008). Ten items were used to capture information regarding e-marketing practices and were grouped into two categories namely: Perceived usefulness of ICT in business, and knowledge and utilisation of ICTs in SMEs business (Figure 1).

These variables were in the first place converted into median through Median function transformation process. This method returns the median (50th percentile) of its arguments that have valid non-missing values. The aim here was to examine whether e-marketing activities of a firm correlates with the SMEs growth construct(s) captured on a metric scale. Therefore, inspection of the Correlation matrix was used to test the data from the 200 respondents and reveals that the two indicators have a moderate and positive relationship; and are significantly correlated at both 0.01 and 0.05 levels of significance. The overall trend provides adequate basis for further robust analysis. Table 4 shows the correlation for the three items.

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Table 4. Correlations output for e-marketing variables and SMEs growth construct(s)

e-marketing	Spearman's rho	SMEs growth construct(s)	
		Changes in Sales turn-over (%)	Changes in business profits (%)
Knowledge and utilisation of ICTs in SMEs business	Correlation Coefficient	.226**	.177*
	Sig. (2-tailed)	.001	.012
	N	200	200
Perceived usefulness of e-marketing (ICT) in business	Correlation Coefficient	.169*	.257**
	Sig. (2-tailed)	.016	.000
	N	200	200

Source: Research findings, 2020

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

4.2 Hypothesis Testing and interpretation

Since the world is moving fast towards new ways of doing business, using e-marketing reduces the need for manual and paper-based procedures, replacing them with electronic alternatives which accelerates the business processes. One of the major trends in today's marketing is orientation on exploitation of internet and social media for promoting the company and its products. Recent research confirms that e-marketing provides faster exchange of information, but successful employment of information raises the effectiveness and profitability of a firm (Kiveu and Ofafa, 2013).

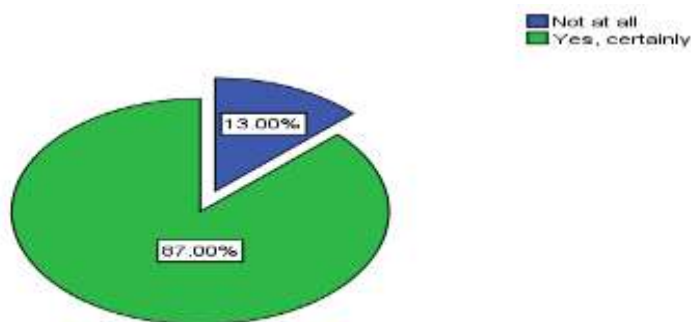
4.2.1 Knowledge and utilization of ICTs for SMEs performance

Generally, there is a clear picture of ICT knowledge across all sizes of organisations, be it through for example, the telephone, mobile/cellular phone, network switch/router, lap top or tablet computer. Invariably, these and many other devices are considered integral to a firm as they assist employees to, among other things: communicate with customers, partners among each other, prepare and transmit documents and files, browse online and conduct a wide range of electronic transactions. This way, e-marketing involves the use of technology in all the activities of a business to increase efficiency, facilitate collaboration and encourage innovation within the business and to improve relationship with customers and business partners (OECD, 2004). To examine the practices of ICT that dominate in the manufacturing SMEs and/or whether they are being executed, these practices are discussed in relation to growth performance of SMEs and hence the following hypothesis:

H1: The knowledge and use of ICTs (e-marketing practices) in SMEs operations positively influences the growth of the Tanzanian manufacturing SMEs.

First of all, our study has deduced through frequency analysis that the majority of manufacturing SMEs in Tanzania (i.e. 87%) tend to use computer(s) or ICT in their day-to-day business operations. The rest (13%) have been unable to harness and use ICT as they seem not to bother about exploiting the potential benefits offered by ICTs as shown in figure 2. Some manufacturing SMEs which did not access the market electronically are seen as being tied to challenges as they face generic barriers to adoption. It is on this premise that, the study identified a number of challenges and barriers toward execution of electronic marketing as indicated in Table 5 below:

Figure 2: Application of ICT in SMEs business



Source: Research findings, 2020

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Table 5. Challenges of using ICT in accessing the market

Challenges of using ICT in accessing the market	Responses	
	N	Percent
Resistance to adapt new ICT Technology	19	3.9%
Increase of crime or internet hackers	44	8.9%
Customers not credible or trustful	73	14.8%
Lack of ICT Knowledge	91	18.5%
Network or internet problem	91	18.5%
High cost of internet and IT accessories	73	14.8%
Lack of effective communication	56	11.4%
No business secrecy or privacy	25	5.1%
Possibility of overfull demand	13	2.6%
Impairing of IT/ICT ethics	7	1.4%
Total	492	100.0%

Source: Research findings, 2020

Notwithstanding, the relationship between the use of ICT and the growth of manufacturing SMEs was established. The SMEs growth (measured in sales turn-over) was originally captured on a seven-point scale and then, the scaling items were reduced and combined to formulate a new three-point scale during the analysis. Therefore, new values coded after collapsing the original ones are whether organisation's sales are decreasing, not changing (remained the same); as well as increasing in terms of firm's sales respectively. In this case, the new arrangement and re-coding of variables was to try and collapse the initial values to a few ones so as to accommodate the assumptions behind chi-square and cross-tabulation analysis. This was found to be useful in minimising the sampling errors thus indicating a reasonable number of observations in each category. There are number of reasons for using relative measurements including enabling the respondents to answer the questions without revealing confidential sales and profit information. Also, a number of authors have suggested that in the absence of objective criteria, self-reported measures can still be both appropriate and reliable (Brooksbank, Garland, and Taylor, 2008) despite the potential to contain bias. So, the results indicate that high performance is more evident in those manufacturing firms that use ICTs in marketing activities (i.e. 22%) as compared with (1.5%) for SMEs that did not make use of ICTs in their marketing transactions (see Table 6 below).

Table 6. Knowledge and application of ICT in business and Sales turn-over

Sales turn-over		Extent of application of ICT in SMEs business		
		Not at all	Yes, certainly	Total
Decrease	Count	10	14	24
	Expected Count	3.1	20.9	24.0
	% of total count	5%	7%	12%
Remain the same	Count	13	116	129
	Expected Count	16.8	112.2	129.0
	% of total count	6.5%	58%	64.5%
Increase	Count	3	44	47
	Expected Count	6.1	40.9	47.0
	% of total count	1.5%	22%	23.5%
Total	Count	26	174	200
	Expected Count	26.0	174.0	200.0
	% of total count	13.0%	87.0%	100.0%

Source: Research findings, 2020

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In testing the above hypothesis (H:1); simple regression analysis was performed in SPSS:21 in which, the use of ICT in SMEs is examined and was measured using a dummy variables and subjects were evaluated on a phrase “do you use computer in....”; and the response format ranged from 1 – [not at all] to 2 – [yes, certainly]. On the other note, the extent of growth was measured in percentage changes in sales turn-over as well as profits (captured on a ratio scale) and the results show a significance value less than 0.05 implying that the hypothesis 1 is accepted. This is to say that the level of growth in the Tanzanian manufacturing SMEs is influenced positively and significantly by the use of Information and Communication Technologies in business activities (Table 7 and 8).

Using the 95% of confidence interval, the proposed model is statistically significant with a significance value of F. The observed relationship indicates that both the knowledge and application of ICT in running the SMEs business is on average associated with an increase in sales turn-overs by 17.13 points. However, an adjusted R² = 0.051 shows that only 5.1% of the variance in the sales turn-over percentage can be explained by this model.

Table 7. Regression output for SMEs growth (sales turn-over)

Model	Sum of Squares	d.f.	Mean Square	F	Sig.	R ²	Adjusted R ²	Std. Error of the estimate
1 Regression	6637.865	1	6637.865	10.545	.001 ^b	0.051	0.046	25.08989
Residual	124641.490	198	629.502					
Total	131279.355	199						

a. Dependent Variable: Sales turn-over percentage changes

b. Predictors: (Constant), Application of ICT in business

Table 8. Coefficients dependent variable sales turn-over percentage changes

Model	Unstandardized Coefficients		Standardised Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-1.038	4.921		-.211	.833		
Application of ICT in SMEs business	17.130	5.275	.225	3.247	.001	1.000	1.000

a. Dependent Variable: Sales turn-over percentage changes

Source: Research findings, 2020

4.2.2 Importance attached to the use of e-marketing (ICT) and SMEs growth

Evidently, today’s market can grow incredibly fast, and such a speed is determined by a possibility of communicating with the help of technology, not tied to geographic districts and the formulation of consumers’ continued desire for the newest, best, most stylish, smaller and faster devices (Mbamba 2004). There are various ways to communicate through ICT available to SMEs. To examine the importance attached to the use of ICT or e-marketing and how it relates to the performance of the manufacturing SMEs, we formulated the following hypothesis:

H₂: The importance attached to the use of ICT in business operations positively affects the growth of Tanzanian manufacturing SMEs

In order to realise the importance of these ways in which ICTs are used in Tanzanian manufacturing Enterprises, the importance of the means of ICTs used for each sampled SMEs was gauged and measured using a five-point scales and subjects were evaluated on a phrase “how important is....”; and the response format ranged from (1) not important to (5) extremely important. When the responses are received, they were reduced and coded into three main values i.e. some items were combined to generate one level of measurement during the analysis, such that the values were changed into the following: 1 - not important; 2 – important; and 3 – very important. Likewise, the information about growth in SMEs (measured in both profitability and sales turn-over) was captured as explained in section 4.2.1 above.

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In this regard, the overall findings reveal that the majority of the manufacturing SMEs in Tanzania perceive the use of ICTs in business operations as both an important (38%) and very important (52%) aspects as depicted in Table 9 below. Also, it can be deduced from these results that few of the SMEs managers/owners (10%) still depend heavily on traditional means of communication among themselves and customers on one end, and stakeholders on the other end for getting information relating to business activities. This suggests that applications of ICTs in SMEs business are somehow limited and hence, they are lacking access to information and opportunities important for business decisions.

Nevertheless, growth appear more likely to be in those manufacturing SMEs which attach great importance to the use of ICTs than in those which did not attach more weight and/or give emphasis to computer application. Notably, the majority of the firms which did attach more importance on ICT had their performance in terms of sales remained unchanged (59.5%). This suggests that though manufacturing SMEs have faith in ICTs, yet the environment for ICT execution is seen as unfavourable to most SMEs that are characterised by a low rate of entrepreneurial orientation. Further to this, Mahemba (2003) observed that although various sources of information on technology are available to SMEs, the majority of these sources are not useful to Tanzanian manufacturing SMEs in general.

Table 9. Importance of accessing the market through ICT and sales turn-over

Growth in terms of Sales turn-over		Importance of accessing the market through ICT			Total
		Not important	Important	Very important	
	Count	8	9	7	24
Decreased	Expected Count	2.4	9.1	12.5	24.0
	% of the total count	4%	4.5%	3.5%	12%
	Count	10	44	75	129
Remained the same	Expected Count	12.9	49.0	67.1	129.0
	% of the total count	5%	22%	37.5%	64.5%
	Count	2	23	22	47
Increased	Expected Count	4.7	17.9	24.4	47.0
	% of the total count	1%	11.5%	11%	23.5%
	Count	20	76	104	200
Total	Expected Count	20.0	76.0	104.0	200.0
	% of the total count	10.0%	38.0%	52.0%	100.0%

Source: Field findings, 2017

To understand more about the relationship between the importance attached to ICTs in accessing the market and performance of manufacturing SMEs, a Chi-square test was executed and the results indicate that there is no statistically significant relationship in the rating of the importance of ICT applications and performance in terms of sales turn-over of SMEs ($\chi^2 = 20.850$; 4 d.f. or p-value = 0.000). These findings show that hypothesis 2 is not substantiated and therefore, owners/managers of the manufacturing SMEs in Tanzania appear to have more or less the same view towards the importance of accessing the market electronically.

DISCUSSIONS

The first research question of this study focused on identifying the challenges which Tanzanian manufacturing SMEs face in accessing the market electronically. From the findings we observed that Tanzanian manufacturing SMEs execute various e-marketing activities and these were considered to be of great contribution on their growth. However, some challenges and barriers toward execution of e-marketing were identified. Lack of ICT knowledge, an increase in internet crimes, lack of trust and transaction security, difficulties in accessing the internet and other ICT accessories have been enumerated as the major obstacles. Other challenges cited were the lack of business secrecy in terms of strategies and business techniques which can easily be copied by competitors, poor infrastructure (e.g. electricity and constant power cut-offs), as well as technological capabilities. Likewise, an increased competition was identified because competitors are likely to know more about the organization's processes. Further to this, areas of management skills and productivity were cited as an impediment to adoption of ICT in executing business transactions. The idea behind is that an increase in speed of transaction and delivery of information contributes to the increase in

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demand for SMEs products (impact of awareness), which in-turn brings about limited supply due to limited capacity to produce in big volumes by SMEs.

This is reinforced by the fact that many Tanzanian manufacturing SMEs (57%) are still in the infancy stage of their development largely due to the recent government efforts and emphasis in fostering and spearheading both the SMEs Development policy of 2003; and Industrial Development policy of 1996 (Table 3). In total, 87.5% of the sampled manufacturing SMEs fall under small scale category out of which, the majority of SMEs owners/managers had completed primary and secondary ordinary level of education with 26% and 20% respectively. These findings confirm that there could be multiple barriers to adoption and usage of ICTs in SMEs business ranging from newness (in terms of business experience), few financial muscles to invest in ICTs and limits their productive capacity (a typical characteristics of Tanzanian SMEs), and knowledge barriers (only 12% had attained secondary advanced level education or vocational training; while 37% are those with university education). So, it is convincing to postulate that the Tanzanian manufacturing SMEs are dominated and run by people with low level of education who finds it difficult to use ICTs in their marketing activities because of low knowledge /technological qualification to compete in the global arena which is dominated by digital economy (see also Mori and Richard, 2012)

These results suggests also that ICTs are not harnessed to their fullest potential and also agrees with the findings of OECD (2004) who stresses that e-commerce is increasing but still accounts for a relatively small share of total commerce. Again, the issue of some Manufacturing SMEs which are not at all accessing the market by using ICTs is seen here in the context of challenges that are tied to them as they face generic barriers to adoption. Likewise, these findings are consistent with findings from Kenya, where SMEs were found to be slower than large ones to adopt new ICTs (Kiveu and Ofafa, 2013) and they face generic barriers to adoption including trust and transaction security, as well as challenges in areas of management skills, technological capabilities, productivity and competitiveness (see GOK, 2007). Apparently, the context does not seem to play a role when it comes to challenges experienced in accessing the market electronically be it developed world versus developing world. Thus, our study provides evidence for the notion that some of the challenges which affects manufacturing SMEs in accessing the markets electronically are universal across countries and sectors (see Traute and Gatautis, 2014; Shirazi, 2017). Specifically, some of these challenges have also been reported as being experienced in South Africa (K'obonyo, 2004).

To analyse and interpret the second research question which was focused on the relationship between the knowledge and usage of ICTs (e-marketing practices) and SMEs performance; two hypotheses were formulated and tested through both regression analysis and chi-square analysis techniques. First of all, the variables correlation analysis reveals one thing in common, that is, all the independent variables have shown a positive relationship with the SMEs growth constructs though with small correlation. In all independent variables there have been no significant correlations amongst themselves. This observation signifies that there was no multicollinearity problem in our study. Next, simple regression analysis results show a significance value less than 0.05 implying that the level of growth in the Tanzanian manufacturing SMEs is influenced positively and significantly by the knowledge and use of ICTs. This means that hypothesis one (H_1) is supported. Consequently, high performance appears more likely to be in those manufacturing SMEs which attach great importance to the use of ICTs than to those which did not attach more weight and/or give emphasis to computer application in business. This observation is supported by Mahemba (2003) who demonstrates that the use of ICT is one of the signals of innovativeness and hence growth in SMEs. Other studies also support these results (Shirazi, 2017; El-Gohary, 2010; Alam and Noor, 2009; Tarute and Gatautis, 2014; Jansen, 2009). Nevertheless, results from a Chi-square test indicate that there is no statistically significant relationship for the differences in the rating of the importance of ICT applications and growth of SMEs ($\chi^2 = 20.850$; 4 d.f. or p-value = 0.000). These findings indicate that manufacturing SMEs in Tanzania appear to have more or less similar views on the importance of accessing the market electronically. Therefore, hypothesis 2 is not substantiated and this is consistent with Sicilia and Ruiz (2010) who went as far as asserting that as the amount of available information increases on the website, consumers will have more opportunities to process the information. However, a large amount of information can provoke a reverse effect on consumer processing, as subjects may attempt to store and process more information in short-term memory than can actually be stored. Therefore, the level of information may hamper processing, while the consumer, impressed by the website and ICTs in general, is evaluating its products positively.

As mentioned earlier, in this study, SMEs growth in terms of sales and profitability were measured over single time period (growth over three-year period). Experience drawn from Isaga et al. (2015) conclude that the two growth measures as captured over two different time periods, showed hardly any significant differences.

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6. CONCLUSION AND RECOMMENDATIONS

Based on survey data, there are all indicators that differing practices of e-marketing have had differing impacts on SMEs growth. In reality, SMEs are practicing e-marketing but succumbed with their own unique characteristics reflecting their small ability to offer products that exactly suit their customers, and inability to electronically communicate with their customers effectively largely due to: lack of ICT knowledge or technological capabilities, an increase in internet crimes (hacking), lack of trust and transaction security, difficulties in accessing the internet and other ICT accessories because of associated costs, and poor infrastructure (e.g. electricity problems and constant power cut-offs). This compels with the existing literature, which suggests that the characteristics of SMEs marketing are different from those practiced in large organisations (see also, Nyamanza, 2019; Anderson, 2012; Kotler, 2011).

Various empirical work and theories including the market orientation theory, the transactional cost theory, and the *unified theory of acceptance and use of technology (UTAUT)* were used to develop the hypotheses used in this study. Focusing on examining the relationship between knowledge and use of ICTs and the growth of SMEs in Tanzania, it was found that high performance is more inclined towards SMEs that have knowledge and also use ICTs in their activities. On the same note, our empirical findings continue to suggest that growth performance is more likely to be in manufacturing SMEs which attach great importance to e-marketing than in those SMEs which did not give emphasis to e-marketing. Nevertheless, there is no statistically significant relationship for the differences in the rating of the importance of ICT applications and growth of SMEs ($\chi^2 = 20.850$; 4 d.f.). These findings indicate that manufacturing SMEs in Tanzania appear to have more or less similar views toward the importance of accessing the market electronically and hence, the underlying theories are underpinned.

These conclusions leave open a number of recommendations and directions for future research since a significant relationship exists between growth of SMEs and e-marketing activities. Notwithstanding, literature broadly supports the view that owner/managers of SMEs are facing more pressure and market challenges than ever; meaning that they need to constantly gather information on competitors' activities and ascertain changes in the marketing place through their market network and available technologies. This is supported by other scholars (Mahemba, 2003; Mbamba, 2004; Traute and Gatautis, 2014; Shirazi, 2017; Kazungu et al., 2015) who observe that the use of ICTs in SMEs is an important ingredient which influences business performance though is not as well established for smaller manufacturing firms compared with their larger counterparts. Besides, this study provides the reader with the insights on the analysis of current literature and empirical findings regarding e-marketing practices and growth in relation to environmental value.

From the theoretical point of view, a model for the interplay of e-marketing and environmental factors on the manufacturing SMEs performance has been developed. The model emphasises various factors that affects e-marketing efforts and thus contribute to performance of SMEs. Empirical evidence from the survey has uncovered the reality on e-marketing activities as performed by Tanzanian SMEs and how business environments relate to e-marketing practices in SMEs, and ultimately contribute to the SMEs performance. The possibility of a moderating effects is consistent with the work of others (Fu, 2011; Mdasha et al., 2018) who postulate that the environment moderates the effectiveness of organisational characteristics

6.1 Practical relevance

Certainly, findings from this study have proved that e-marketing is crucial for the improvement of SMEs business, and that in considering a firm's growth, certain capabilities are critically important determinants of performance. Research findings have revealed various characteristics of owner/managers of SMEs in relation to e-marketing capability as one of important performance determinants. These important characteristics have practical implication for future e-marketing practices of Tanzanian manufacturing sector. The propensity for SMEs to grow depends on the ability of the owner/managers to carry out e-marketing activities of which ICT knowledge, skills and innovation are required. SMEs need to continuously provide training facilities for both managers and employees or by employing someone who already has the required e-marketing skills. This is at the heart of underpinning the market orientation theory, evolutionary systems change theory, and *unified theory of acceptance and use of technology*.

Since Tanzanian manufacturing SMEs appear not to have utilised ICT² to its fullest potential (see Kazungu et al., 2015) then, they need to increase ICTs knowledge and application by creating some business websites to maximise the potentiality available in the

² Majority of the manufacturing SMEs confirmed to have neither websites nor company blogs; and only few would transact electronically for fear of fraud, taxation or even hacking.

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market. SMEs need also to consider providing online services (buying/selling) in order to help consumers conveniently make purchase decisions and overcome challenges associated with marketing mix decisions. SMEs owner/managers must be equipped with the modern ICT tools like smart mobile phone(s) and office computers with internet connection for effective communication and exchange of business information with customers or even tracking new developments in the markets as they occur via the internet.

Notably, a careful consideration of each SME sector is required before any support efforts are made. The importance of the implementation of SMEs Development Policy (2003), Tanzania Sustainable Industries Development Policy (1996), as well as National Trade Policy of 2003 cannot be ignored given the contribution of SMEs to economic and industrial development (Olomi, 2006; URT, 2014). For the efficacy of the underlying national policies, the formation of Business steering instruments is suggested. which will, among its other responsibilities, coordinate SMEs activities and make follow-ups to appraise their efforts for future decisions.

Our research findings expose the issue of technological changes as one of the challenges that face Tanzanian SMEs, and this means that manufacturing firms rely heavily on foreign technology and other technological inputs which are sometimes expensive and make them uncompetitive. What is more, the manufacturing environment is characterized by erratic power supply which requires more stable electrical energy. It's against this backdrop that innovation in SMEs e-marketing processes is required. Consequently, government efforts need to be increased by ensuring that the new Julius Nyerere Hydroelectric power Station (JNHS) which is under construction (with an expected installed capacity of 2115 megawatt) is completed on time. To this end, the availability of stable power supply across the country including the rural areas where production of some raw materials originates will ensure both efficient and effective execution of transactions between SMEs and their stakeholders.

6.2 Limitations of the study

There are several limitations that should be considered when interpreting the results of this study. First, only e-marketing issues are examined in respect of manufacturing SMEs performance in Tanzania. Other marketing elements such as networking, marketing research, marketing mix decisions, retailing and wholesaling (to mention a few) were not dealt with. Also, less is known on the applicability of these findings to other business sectors. This calls for the need to have a much more focused study covering other sectors like agriculture, tourism, and transportation in order to uncover insights. Second, the focus was only at one region and country (i.e. Dar es Salaam, Tanzania). Scholars are encouraged to carry out future research which focus on manufacturing or other sectors in other regions and possibly in other developing countries to boost the local economy.

Accordingly, the study utilised a perceptual growth measures of performance based on the opinions of the owners/managers of SMEs and in this case, a possibility of bias in giving an accurate picture regarding SMEs performance is expected. That means the respondents' response may have been influenced by other situational factors and therefore the current study suffers from such limitations, which contradicts with the reliability of the findings. In response to this, testing of reliability using Cronbach's alpha coefficient with value greater than 0.7 for growth indicators is considered appropriate before the instrument is employed for fitting the required model for analysis. Although the view to perceptual measurements of growth have been shown to correlate highly with objective measurements (e.g. Isaga, 2012) the use of more objective measures of performance in a study such as this one is recommended. In concluding this part, a call is made to critically examine the robustness of this proposed theoretical framework in different settings so as to allow for its generalisation and pervasive use.

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