

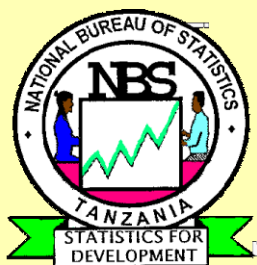


The United Republic of Tanzania

# **Integrated Business Survey, 2010**

## **Tanzania Mainland**

### **Distributive Trade Analytical Report**



National Bureau of Statistics

Ministry of Finance

Dar es Salaam  
**May, 2012**

## TABLE OF CONTENTS

LIST OF TABLES .....	iv
LIST OF FIGURES .....	vi
LIST OF ABBREVIATIONS .....	vii
FOREWORD .....	ix
CHAPTER ONE.....	12
INTRODUCTION .....	12
1.1 Background .....	12
1.2 Distributive Trade Sector Performance .....	12
1.3 Objectives of the Integrated Business Survey, 2010 .....	13
1.4 Concepts and Definitions.....	14
1.4.1 Wholesale and Retail Trade .....	14
1.4.2 Accommodation and Food Service Activities .....	15
1.5 Methods and Approaches .....	16
1.6 Organizational and Institutional Framework .....	17
1.7 Limitations of the Survey .....	17
CHAPTER TWO.....	20
PERFORMANCE OF DISTRIBUTIVE TRADE, ACCOMMODATION AND FOOD SERVICE ACTIVITIES.....	20
2.0 Introduction .....	20
2.1 Number of Establishments by Activity and Region .....	20
2.2 Type of Ownership by Activity.....	25
CHAPTER THREE .....	28
EMPLOYMENT AND LABOUR MARKET .....	28
3.0 Introduction .....	28
3.1 Number of Persons Engaged in Establishments.....	28
3.1.1 Persons Engaged by Activity, Category and Sex.....	28
3.1.2 Persons Engaged by Activity and Category, 2010.....	32
3.1.3 Persons Engaged by Activity and Size of the Establishment, 2010.....	32
3.1.4 Employment by Activity and Sex .....	33

3.1.5	Employees by Activity and Size of the Establishment.....	36
3.2	Compensation of Employees .....	38
3.2.1	Compensation of Employees by Activity .....	38
3.2.2	Compensation of Employees by Activity and Size .....	41
3.2.3	Wages and Salaries by Activity and Size of Establishments.....	46
3.2.4	Average Compensation of Employees per Month .....	51
3.3	Major Employment and Labour Market Issues .....	54
CHAPTER FOUR .....		55
THE STRUCTURE OF COSTS, STOCKS, GROSS REVENUE AND NET PROFIT/LOSS .....		55
4.1	Introduction .....	55
4.2	Purchases of Goods by Activity .....	55
4.3	Running Expenses and Other Costs .....	58
4.4	Stocks/Inventory by Activity .....	64
4.5	Gross Revenue from Sales by Activity.....	68
4.6	Net Profit/Loss by Activity .....	74
CHAPTER FIVE .....		77
THE CONTRIBUTION OF DISTRIBUTIVE TRADE, ACCOMODATION, FOOD AND BEVERAGE SERVICE ACTIVITIES TO GROSS DOMESTIC PRODUCT .....		77
5.1	Investment Expenditure by Activity .....	77
5.2	Gross Fixed Capital Formation.....	85
5.3	Intermediate Consumption (Other Costs).....	86
5.4	Value Added by Activity .....	96
5.5	Percentage Distribution of Value Added by Activity and Size of the Establishment .....	99
5.6	Value Added as a Percentage of Gross Output by Activity and Size of Establishments .	103
CHAPTER SIX .....		106
PROBLEMS, CONSTRAINTS AND CHALLENGES .....		106
6.0	Introduction .....	106
6.1	Major Problems, Constraints and Challenges.....	106
6.1.1	Constraints Related to Financial Resources .....	107
6.1.2	Market Problems .....	109
6.1.3	Human Resource Problems.....	111

6.1.4	Constraints Related to Institutional Framework .....	113
6.2	Other Problems, Constraints and Challenges .....	114
6.2.1	Poor Economic Infrastructure .....	114
6.2.2	Macroeconomic Constraints .....	116
6.3	Main Findings .....	118
CHAPTER SEVEN .....		120
SOCIO-ECONOMIC PLANS AND PROGRAMMES .....		120
7.0	Introduction .....	120
7.1	Major Socio-Economic Plans and Programmes .....	120
7.2	Better Access to Bank Loans .....	121
7.3	Favorable Government Laws and Regulation .....	125
7.4	Search for Markets .....	126
7.5	Infrastructure.....	128
7.6	Implementation Strategy for Social Economic Plans and Programmes (SEPP).....	132
CHAPTER EIGHT .....		134
CONCLUSION .....		134
8.0	Introduction.....	134
8.1	Main Findings .....	134
8.1.1	The DT and the AFS Structures and Performances .....	134
8.1.2	There Exists Many Complex Problems, Constraints and Challenges in the DT and the AFS Sectors.....	137
8.2	Policy Recommendations .....	138
8.2.1	Major Socio-Economic Plans and Programmes .....	138
8.2.2	Implementation Arrangements of SEPP.....	139
REFERENCES .....		140
ANNEX TABLES .....		142

**LIST OF TABLES**

Table 2.1:	Number of Establishments by Activity, 2010 .....	21
Table 2.2:	Number of Establishments by Region, 2010 .....	21
Table 2.3:	Number of Establishments by Type of Ownership and Activity .....	26
Table 2.4:	Number of Establishments by Type of Ownership and Region.....	26
Table 3.1:	Number of Persons Engaged by Activity, Category and Sex, 2010.....	30
Table 3.2:	Number of Persons Engaged by Activity and Category 2010 .....	32
Table 3.3:	Number and Percentage of Persons Engaged by Activity and Size of the Establishment, 2010.....	33
Table 3.4:	Number of Persons Engaged by Activity and Sex, 2010.....	34
Table 3.5:	Number and Percentage of Employees by Activity and Size of the Establishment, 2010.....	37
Table 3.6:	Compensation of Employees by Activity, 2010 .....	39
Table 3.7:	Compensation of Employees by Activity and Size of the Establishment, 2010.....	42
Table 3.8:	Distribution of Compensation of Employees by Activity and Size of Establishment, 2010.....	43
Table 3.9:	Wages and Salaries by Activity and Size of the Establishment, 2010 .....	47
Table 3.10:	Distribution of Employees' Wages and Salaries by Activity and Size of the Establishment, 2010 .....	48
Table 3.11 :	Average Compensation of Paid Employees per Month by Activity and Size Group of the Establishment .....	52
Table 4.1:	Purchases of Goods by Activity .....	56
Table 4.2:	Running Expenses and Other Costs by Activity, 2010 .....	60
Table 4.3:	Stocks/Inventory by Activity .....	66
Table 4.4:	Gross Revenue from Sales by Activity, 2010 .....	69
Table 4.5:	Net Profit/Loss by Activity, 2010 .....	74
Table 5.1:	Investment Expenditure by Activity, 2010 .....	79
Table 5.2:	Structure of Investment Expenditure of Distributive Trade by Activity, 2010 .....	81
Table 5.3:	Structure of Investment Expenditure of Accommodation, Food and Beverage Services Activities, 2010 .....	82

Table 5.4:	Intermediate Consumption (Other Costs) for Distributive Trade by Activity, 2010 .....	87
Table 5.5:	Intermediate Consumption (Other Costs) for Accommodation, Food and Beverages, 2010.....	88
Table 5.6:	Intermediate Consumption (Other Costs) to Gross Margin, 2010 .....	93
Table 5.7:	Performance Ratio (Gross Margin to Turnover) for Distributive Trade, 2010.....	94
Table 5.8:	Performance Ratio (Gross Margin to Turnover) for Accommodation, Food and Beverages, 2010.....	95
Table 5.9:	Composition of Value Added by Activity, 2010 .....	97
Table 5.10:	Percentage Distribution of Value Added by Activity and Size of the Establishment, 2010.....	100
Table 5.11:	Value Added as a Percentage of Gross Output by Activity and Size of Establishment, 2010.....	104
Table 6.1:	Percentage Distribution of Perceived Main Problems Affecting Establishments Operations, 2010 .....	119
Table 6.2:	Percentage Distribution of Actual Main Problems Affecting Establishments Operations, 2010 .....	119
Table 7.1:	Most Useful Form of Assistance Needed by the Establishment from the Government.....	133

**LIST OF FIGURES**

Figure 3.1: Distribution of Wages and Salaries by Category .....	39
Figure 3.2: Average Compensation of Employees by Activity .....	51
Figure 4.1: Distributive Trade Gross Revenue from Sales by Activity in Percentage.....	70
Figure 4.2: Gross Revenue of Distributive Trade from Sales by Activity in Percentage .....	71
Figure 4.3: Accommodation and Food Service Activities; Gross Revenue from Sales by Activity in Percentage .....	72
Figure 4.5: Distribution of Net Profit as a Percentage of Gross Revenue in Accommodation, Food and Beverage Services .....	75
Figure: 5.1: Pattern of Expenditure on Investment by Type of Expenditure in the Distributive Trade, 2010.....	83
Figure 5.2: Percentage Distribution of Investment Expenditure by Activity, 2010 .....	84
Figure 5.3: Composition (Percentage) of Intermediate Consumption (Other Costs) in the Distributive Trade Sector, 2010 .....	90
Figure 5.4: Percentage Consumption (Other Costs) or Accommodation, Food and Beverage Services, 2010.....	91
Figure 5.5: Percentage Shares of Intermediate Consumption (Other Costs) for Distributive Trade by Activity, 2010 .....	92
Figure 5.6: Percentage Distribution of Value Added by Type of Activity and Size of Establishment for the Distributive Trade Sector.....	101
Figure 5.7: Percentage Distribution of Value Added by Size of Establishments for the Distributive Trade Sector.....	101

**LIST OF ABBREVIATIONS**

AFS	Accommodation and Food Services
BEST	Business Environment Strengthening for Tanzania
CoGS	Cost of Goods Sold
CRE	Central Register of Establishments
CREDIT	Centre for Research in Economic Development and International Trade
CSTWG	Census and Surveys Technical Working Group
DESA	Department of Economic and Social Affairs
DfID	Department for International Development
DT	Distributive Trade
EAC	East African Community
ECB	European Central Bank
EPZ	Economic Processing Zone
FDIs	Foreign Direct Investments
FYDP	Five Year Development Plan
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
IBS	Integrated Business Survey
ISIC	International Standard Industrial Classification
IT	Information Technology
LRC	Legal Reform Commission
MD	Market Development
MITM	Ministry of Industries, Trade and Marketing
MKUKUTA	Mkakati wa Kukuza Uchumi na Kuondoa Umaskini
MS	Microsoft
NBS	National Bureau of Statistics
NSSF	National Social Security Fund
OCGS	Office of Chief Government Statistician



OECD	Organization for Economic Cooperation for Development
PPF	Parastatal Pension Fund
SACCOS	Saving, Credit and Cooperative Societies
SADC	Southern African Development Community
SEPP	Socio-Economic Plans and Programmes
SIDP	Sustainable Industrial Development Policy
SMEs	Small and Medium Enterprises
SNA	Strengthening of National Accounts
TNBC	Tanzania National Business Council
TOT	Training of Trainers
TShs.	Tanzania Shillings
UN	United Nations
UNIDO	United Nations Industrial Development Organization
URT	United Republic of Tanzania
USA	United States of America
VAT	Value Added Tax

## FOREWORD

The last known comprehensive survey of distributive trade was carried out in 1974 by the Central Bureau of Statistics. Since then, the sector's contribution to the total GDP has been estimated on the basis of foreign trade figures and data from the Tanzania Tourism Sector Surveys were used to estimate the value added for Hotels and Restaurants.

The first and the only survey covering construction, distributive trade and transport activities was conducted in 1994 under the project referred to as Strengthening of National Accounts (SNA). However, due to inadequate financial resources and time, the SNA survey was confined to urban wards in ten regions of Tanzania Mainland.

The 2010 Integrated Business Survey (IBS) has therefore been a necessary effort and an important step in supplementing the existing data for both sectors and measuring their performances and contributions to the economic growth.

The main objective of the Integrated Business Survey (IBS) was to measure the performance of Construction and Distributive Trade sectors. Secondly, it was to provide information on the number and geographical locations of construction and distributive trade establishments.

Getting estimates of contribution of construction and distributive trade activities to the Gross Domestic Product was another objective of the IBS. The survey also aimed at providing data on the type and flow of goods and services in order to allow policy formulation or policy change to strengthen the sectors.

The survey activities were performed under the guidance of the NBS's Director of Economic Statistics assisted by two departmental managers, two project desk officers and six statisticians. The project was conducted through the collaboration of two departments namely; Industry and Construction Statistics and Trade, Transport and Tourism Statistics. These constituted the core technical committee of the project which was centrally responsible for all survey activities. The regional statistical managers were responsible for data collection management. This institutional arrangement was aimed at facilitating joint participation and ownership by key stakeholders.

Now that the survey has been completed, I hope that through its results, all its objectives will be met. I sincerely thank all business owners who were contacted and provided data during the survey. I wish to extend special thanks to regional and local government authorities for providing the necessary logistical support in their respective areas. Finally, I wish to thank the DfID for funding the survey and extend my cordial thanks to members of the core Technical Team for their tireless efforts which resulted in carrying out the activities timely and successfully.

Dr Albina A. Chuwa

Director General

National Bureau of Statistics

Dar es Salaam



## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

The National Bureau of Statistics (NBS) is mandated to collect, process, analyze and publish official statistics in the country. This mandate is executed through the conduct of censuses and surveys, as well as the use of administrative records. This is an Analytical Report of the Integrated Business Survey (IBS) 2010 which covers Distributive Trade, Accommodation and Food Service activities in Tanzania Mainland.

The last known comprehensive distributive trade survey was conducted by the then Central Bureau of Statistics in 1994. There is therefore no current detailed survey data and information available in regard to characteristics and contribution of this sector to the economy. Other sources of information like administrative records are not adequate since they are not very reliable and timely. The National Accounts therefore, uses administrative data on imports and exports to estimate the contribution of the distributive trade sector (i.e., wholesale and retail trade) to the Gross Domestic Product (GDP). It is also supplemented with data from the Tanzania Tourism Sector Surveys to estimate Value Added by the operation of hotels and restaurants.

This chapter gives the objectives, concepts and definitions used as well as sector performances. The concepts used are in line with international standards so as to facilitate comparison with other countries, (UN, 1997 and DESA, 2008).

#### 1.2 Distributive Trade Sector Performance

On the average, the contribution of wholesale and retail trade to total GDP was about 14 percent for the period 2005 to 2009, (URT, Economic Surveys). There is a possibility that the above indicator is under or over - estimated. The IBS results therefore do indicate clearly the actual contribution and performance of the sector.

Wholesalers and retailers are in the common businesses of re-selling goods that have been purchased from formal and informal suppliers. They supply the goods produced in the districts,

regions, or imported from other countries, to the market places where they can be purchased by consumers. *Wholesalers* can be thought of as “middle men” who supply goods to industrial or business customers, such as retailers, restaurants, manufacturers, or construction companies. The main characteristic of *retailers* is that they sell goods primarily to consumers or households.

The wholesale and retail trade industry has experienced many changes in recent years in Tanzania. These have been driven by political, economic, social, technological and market developments. The distributive trade policies have changed from price controlled and closed to free competitive market economy with an increasing role of private sector. Retailing has always been characterized by a mix of small, privately owned, informal and formal operated establishments, and new chain stores that have multiple outlets.

For wholesalers and retailers, the value of production is not the same as total sales. Selling prices include the cost of goods sold plus a profit *margin*, which is a measure of the value of the services provided by a wholesale or retail establishment. Margins cover expenses such as operating storage or retailing facilities, fuel and trucking services, supplies, rents and wages as well as a return to the owner. In some cases, the margin represents a relatively small percentage of the final selling price. Given the customer-oriented nature of the private sector retailing activities, it is not surprising that retail trade is a much bigger employer and labour-intensive activity than the wholesale trade sub-sector. Wholesale distribution centres are often located in densely populated areas, although smaller wholesale establishments can be found in most urban and rural areas. Retailing activity occurs in every part of the villages, wards and districts. The regional distribution of workers in this industry closely mirrors the regional distribution of the workforce.

### **1.3 Objectives of the Integrated Business Survey, 2010**

The main objective of the Integrated Business Survey was to measure performance of key indicators of the Distributive Trade, Accommodation and Food Services and Construction sectors of the economy. The information collected will be used in the compilation of National Accounts aggregates such as Gross Domestic Product (GDP). More specifically, the survey was conducted to:

- Obtain information on the number and geographical distribution of construction, distributive trade and service establishments;
- Estimate the number of persons engaged in these sectors;
- Obtain data on the type and flow of goods and services in order to allow policy formulation or policy change so as to strengthen the sectors;
- Get estimates on the contribution of the construction and distributive trade and service activities to Gross Domestic Product;
- Get information on the effectiveness of the existing economic policies on these sectors; and
- Obtain data that could be helpful in formulating socio-economic plans and programmes.

## **1.4 Concepts and Definitions**

This section introduces a few selected terms and descriptions used in the process of undertaking the IBS. The distributive trade activities are as defined in the International Standard Industrial Classification (ISIC) Rev 4, (DESA, 2008).

### **1.4.1 Wholesale and Retail Trade**

The distributive trade industry is defined to include wholesale and retail sale (i.e. sale without transformation) of any type of goods and the rendering of services incidental to the sale of these goods, (DESA, 2008). Wholesaling and retailing are the final steps in the distribution of goods. Goods bought and sold are also referred to as merchandise. Also, included in this section are the repair of motor vehicles and motorcycles.

Sale without transformation is considered to include the usual operations (or manipulations) associated with trade, for example; sorting, grading and assembling of goods, mixing (blending) of goods (for example sand), bottling (with or without preceding bottle cleaning), packing, breaking bulk and repacking for distribution in smaller lots, storage (whether or not frozen or chilled), cleaning and drying of agricultural products, cutting out of wood fiberboards or metal sheets as secondary activities.

Division 45 includes all activities related to the sale and repair of motor vehicles and motorcycles, while divisions 46 and 47 include all other sale activities. The distinction between division 46 (wholesale) and division 47 (retail sale) is based on the predominant type of customer.

Wholesale is the resale (sale without transformation) of new and used goods to retailers, to industrial, commercial, institutional or professional users, or to other wholesalers, or involves acting as an agent or broker in buying goods for, or selling goods to, such persons or companies.

The principal types of businesses included are merchant wholesalers, i.e. wholesalers who take title to the goods they sell, such as wholesale merchants, industrial distributors, exporters, importers, and cooperative buying associations, sales branches and sales offices (but not retail stores) that are maintained by manufacturing or mining units apart from their plants or mines for the purpose of marketing their products and that do not merely take orders to be filled by direct shipments from the plants or mines. Also, included are; merchandise brokers, commission merchants and agents and assemblers, buyers and cooperative associations engaged in the marketing of farm products. Wholesalers frequently physically assemble, sort and grade goods in large lots, break bulk, repack and redistribute in smaller lots, for example pharmaceuticals; store, refrigerate, deliver and install goods, engage in sales promotion for their customers and label design, (DESA, 2008).

Retailing is the resale (sale without transformation) of new and used goods mainly to the general public for personal or household consumption or utilization, by shops, department stores, stalls, mail-order houses, door-to-door sales persons, hawkers and peddlers, consumer cooperatives, auction houses etc. Most retailers take title to the goods they sell, but some act as agents for a principal and sell either on consignment or on a commission basis.

#### **1.4.2 Accommodation and Food Service Activities**

This section includes the provision of short-stay accommodation for visitors and other travellers and the provision of complete meals and drinks fit for immediate consumption. The amount and type of supplementary services provided within this section can vary widely. This section

excludes the provision of long-term accommodation as primary residences, which is classified in Real Estate Activities. Also, excluded is the preparation of food or drinks that are either not fit for immediate consumption or that are sold through independent distribution channels, i.e. through wholesale or retail trade activities. The production of food and drinks is classified in Manufacturing.

#### *Accommodation Activities*

This division includes the provision of short-stay accommodation for visitors and other travellers. Also, included is the provision of longer-term accommodation for students, workers and similar individuals. Some units may provide only accommodation while others provide a combination of accommodation, meals and/or recreational facilities. This division excludes activities related to the provision of long-term primary residences in facilities such as apartments typically leased on a monthly or annual basis classified in Real Estate.

#### *Food and Beverage Service Activities*

This division includes food and beverage serving activities providing complete meals or drinks fit for immediate consumption, whether in traditional restaurants, self-service or take-away restaurants, whether as permanent or temporary stands with or without seating. Decisive is the fact that meals fit for immediate consumption are offered, not the kind of facility providing them.

Excluded is the production of meals not fit for immediate consumption or not planned to be consumed immediately or of prepared food which is not considered to be a meal. Also, excluded is the sale of not self-manufactured food that is not considered to be a meal or of meals that are not fit for immediate consumption.

## **1.5 Methods and Approaches**

The main survey methods and approaches included organization; planning, design and concept paper arrangement and preparation; piloting; refinement of survey instruments; updating sampling frame; sample design; recruitment and training of trainers (TOT) training of supervisors and enumerators; field survey; data processing and management; data editing and coding, data entry, validation, tabulation and analysis; main investigation variables and statistical indicators; statistical packages (CSPRO, MS Access, MS excel and MS Word); data files and



backup systems; report writing; national stakeholders workshop (refer concept paper) and dissemination/ publication.

## **1.6 Organizational and Institutional Framework**

The survey methodologies, approaches and activities in connection with the IBS were directly under the management of the Director General of the National Bureau of Statistics. The Director General was supported by the Director of Economic Statistics and two departmental managers, two project desk officers and six statisticians. The regional statistical managers were responsible for data collection management.

To ensure effective planning and execution of the survey, a strong core technical team made up of permanent staff from NBS was formed. The team was centrally responsible for the survey activities such as planning and administration, design of instruments, field work operations, data processing, report writing and dissemination of the results.

In addition to the NBS core technical team, a wider Technical Committee was formed comprising senior members from key stakeholders such as the Ministry of Infrastructure, Local Government, Ministry of Industry, Trade and Marketing, Ministry of Finance, Registrar of Companies, National Construction Council, the Registration Board of Contractors, etc. This Institutional Arrangement aimed at facilitating joint participation and ownership by the key stakeholders and ensured that planning and execution of the survey met the needs of stakeholders. The Technical Team was also responsible for monitoring and evaluating progress of the survey.

## **1.7 Limitations of the Survey**

It is important to discuss the problems and limitations encountered at all levels from designing to implementation of the survey. The identification and detailed explanations of these limitations will benefit future surveys.

The challenge faced during the enumeration period was in regard to identification of the sampled/selected establishments. Also, it was found that some of these establishments lacked

permanent physical addresses, while some of them changed location and nature of activities as a result, it was difficult to cover all the selected establishments. The initial work plan was also delayed due to some constraints encountered in the process of fund disbursement.

The survey results comprise a comprehensive data set, which the users can use. However, the users are cautioned that the survey had other specific limitations which are listed below:

- i. By the very nature of the sector, in developing countries including Tanzania, there is a large amount of micro, unorganized/informal sector trading activities taking place. Such activities like the following are not usually captured in censuses and surveys:
  - a. Most of micro kiosks or groceries with no regular paid employees;
  - b. Machingas, side walk vendors, ambulant peddlers, hawkers;
  - c. Trading of cell phone cards purchased by dealers particularly those households/employees that serve as dealers;
  - d. Non-store retail selling like selling by vending machines; online buy and sell; house to house selling of goods; and
  - e. Trading activities done by members of the households which form part of their secondary source of income (e.g. an employee doing buy and sell).
- ii. The survey was conducted according to the international recommendations for UN Systems. The tendency among small and medium scale distributive trade establishments to conceal information relating to outputs and over reporting on inputs due to the belief that information supplied would be transmitted to the income tax authorities were apparent. Regular conduct of such surveys would help in dissipating this fear and at the same time, improve the quality and reliability of the information supplied.
- iii. A number of establishments were engaged in several equally important but dissimilar activities. Because of non-availability of separate records, these establishments have been classified

according to the activity with the highest output. Figures relating to a particular ISIC group might, therefore, include data for other secondary activities as well.

- iv. Many establishments could not provide detailed information for certain items such as:
  - a. Consumption of electricity, water and fuels separately;
  - b. Purchase of raw materials and sales from own production by main product;
  - c. Values of stocks as well as values of fixed assets by type; and
  - d. Others did not provide information on the level of stocks and assets. These and other missing data had to be estimated.

The IBS report includes tables on sales and purchases by product category of few surveyed firms. These tables should, however, be used with caution since many establishments did not report such details.

The above limitations, however, have no serious effect on the overall quality and reliability of the IBS results. Statistics presented in this report reflect the current status and structure of the surveyed establishments in the distributive trade sector. The government, UN, DfID, researchers, business community and other users can make good use of these results, which constitute the only available set of information based on international recommendations for industrial statistics. When making use of the survey results in certain statistical/economic analysis, users have to keep in mind the above limitations.

## CHAPTER TWO

### PERFORMANCE OF DISTRIBUTIVE TRADE, ACCOMMODATION AND FOOD SERVICE ACTIVITIES

#### 2.0 Introduction

This chapter examines the performance of distributive trade, accommodation and food service activities in the Tanzanian economy. Specifically, the chapter presents data and information on the number and geographical distribution of distributive trade, accommodation and food service establishments and the type and flow of goods and services in order to allow policy formulation or policy change so as to strengthen the sectors. The clear understanding of the performance of these activities in the economy is important due to their contribution to the total GDP. For National and International comparisons, key performance indicators in the distributive trade, accommodation and food and beverages service activities have been examined. An attempt will be done to analyze performance indicators such as growth rates, ratios and shares.

#### 2.1 Number of Establishments by Activity and Region

Table 2.1 shows the number of surveyed establishments in the wholesale trade, retail trade and service trade activities. In accordance with the System of National Accounts (SNA)1993 definition, an establishment is defined as a recognizable economic unit under a single ownership or control, i.e., under a single legal entity, which engages in one or predominantly one kind of economic activity at a fixed single physical location. The establishments covered are those which engaged 10 persons and above.

Table 2.2 shows location of the establishments by region. According to the International Recommendations for Distributive Trade Statistics 2008, location of an establishment is a physical address where the business is performing its activities and not the postal or mailing address, (IRDTS 2008). Vast literatures highlight the role of physical address to the wellbeing of a business entity. Industrial location theories describe input and output market accessibility and transportation costs as major determinants for optimal location of an establishment, (Weber 1909).

**Table 2.1: Number of Establishments by Activity, 2010**

ISIC Rev.4	Activity	Number of Establishments	Percentage
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	178	31.17
46	Wholesale trade, except of motor vehicles and motorcycles	114	19.96
47	Retail trade, except of motor vehicles and motorcycles	279	48.86
	<b>Total</b>	<b>571</b>	<b>100.00</b>
55	Accommodation	456	53.84
56	Food and beverage service activities	391	46.16
	<b>Total</b>	<b>847</b>	<b>100.00</b>

**Table 2.2: Number of Establishments by Region, 2010**

Region	Distributive Trade		Accommodation, Food and Beverage Services		Total	
	Number of Establishments	Percentage	Number of Establishments	Percentage	Number of Establishments	Percentage
Dodoma	16	2.8	55	6.49	71	5.0
Arusha	17	2.98	40	4.72	57	4.0
Kilimanjaro	23	4.03	33	3.9	56	3.9
Tanga	11	1.93	29	3.42	40	2.8
Morogoro	29	5.08	56	6.61	85	5.99
Pwani	8	1.4	29	3.42	37	2.61
Dar es Salaam	261	45.71	263	31.05	524	36.95
Lindi	5	0.88	4	0.47	9	0.63
Mtwara	24	4.2	12	1.42	36	2.54
Ruvuma	8	1.4	5	0.59	13	0.92
Iringa	11	1.93	17	2.01	28	1.97
Mbeya	21	3.68	43	5.08	64	4.51
Singida	29	5.08	41	4.84	70	4.94
Tabora	9	1.58	10	1.18	19	1.34
Rukwa	5	0.88	5	0.59	10	0.71
Kigoma	16	2.8	32	3.78	48	3.39
Shinyanga	22	3.85	54	6.38	76	5.36
Kagera	6	1.05	17	2.01	23	1.62
Mwanza	39	6.83	78	9.21	117	8.25
Mara	6	1.05	18	2.13	24	1.69
Manyara	5	0.88	6	0.71	11	0.78
<b>Total</b>	<b>571</b>	<b>100</b>	<b>847</b>	<b>100</b>	<b>1418</b>	<b>100.0</b>

The scope of the 2010 IBS does not touch on the quality of infrastructure neither does it talk about physical distance existing between the business establishment and the market location. However, the

quality disparity of the existing infrastructure and physical distance between the establishment and product's market has contributed to uneven distribution of distributive trade service activities, accommodation and food and beverages service activities in Tanzania. This is in line with Weber's theory.

The significant growth registered in the survey, by and large, is explained by various Trade Policy Reforms adopted by the government in the recent past. Tanzania's Trade Policy of 2001 has liberalised internal as well as foreign regimes. Licensing procedures were streamlined to accelerate time and reduce costs. The simple average tariff fell from around 30 percent in 1988 to about 14 percent in 2001. In 2003, Tanzania adopted the new National Trade Policy for a competitive economy and export-led growth which specifies objectives and trade instruments employed to lead a better business environment for trading.

The change of the economic policies in the country from the closed to market economy has increased the movement of the people and this trend has indirectly triggered demand in both accommodation and food/beverages. The positive change in accommodation activities is also attributed to increasing movement of the people in doing trade. The change has created more employment opportunities, increased income earnings to establishments involved in these activities and hence, economic growth that the IBS seeks to quantify.

The findings of the 2010 IBS for the 571 establishments engaged in various distributive trade activities are in-line with findings of the distributive trade study conducted in Philippines, (Virola and Ann, 2005). However, in the Philippines study, distributive trade was the third largest major economic sector after agriculture, manufacturing and fishery where in 2004, it represented about 17 percent of the GDP. This performance was attributed to the retail trade which contributed 75 percent of the total trade sector.

The survey results will assist in re-evaluation of the contribution of this sector to the total GDP. The geographical distribution of the establishments is unevenly distributed, where Dar es Salaam region had about 524 (36.95 percent) establishments followed by Mwanza 117 (8.25 percent) and the least is Lindi having only 9 (0.63 percent) establishments (Table 2.2). Assuming that there are no other factors

that influence the distribution of goods, except transportation costs, then, this pattern is explained mainly by factors that affect transportation costs; such as:

- The type of transportation system and the extent of its use;
- The nature of the region and kinds of roads, and
- The nature of goods themselves, i.e., the qualities which, besides weight, determine the facility of transportation.

It is clear that the location of industry will be pulled to those locations which have the lowest transportation costs. However, the key factors that determine transportation costs are the weight to be transported and the distance to be covered.

The distribution of establishments within the economic territory has great impact towards the economic growth. In this regard, these establishments need to be protected with strong policies in terms of market structure, quality control, availability of raw material, qualified manpower and good infrastructure. Knowing the distribution of these establishments will help the government to lay down the implementable policies in favour of the establishments. This study will also help to regulate (timely) the Government's Policy Reforms for better effectiveness.

According to the 2010 IBS results, increase in the number of establishments is anticipated to have a positive change in economic growth. This will also set out key indicators useful to establishing the contribution of distributive trade sub-sector to the economy. Having known the likely contribution and general potential of these sectors to the total GDP growth, the findings will call for new focus and attention to be given to these sectors in terms of increase of budgetary allocations and timely policy reforms.

According to the 2007 Business Survey, the service trade had the majority of the labour force (64.7 percent) compared to other sectors. The second sector to have more manpower was the retail trade (26.9 percent) and the least was the wholesale trade with 8.4 percent. In this regard, the number of establishments which engaged 10 or more persons were 5,380 out of which 349 were engaged in the

wholesale and retail, repair of motor vehicles, motor cycles and 516 were involved in hotel and restaurants (Business Survey, 2007 Report, Vol.2).

Comparing the two survey results, it is noted that there was a change in the number of establishments involved in all the sub sectors. In the service trade, there was an increase in number of establishments in this activity from 516 in 2007 to 847 in 2010. Although the retail trade was combined with wholesale trade in 2007 still, there is a slight decrease in the number of establishments from 349 in 2007 to 292 in 2010.

The prevailing political stability coupled with good investment environment in the country may be among the factors which contributed towards the increasing number of establishments in this sector. The flow of Foreign Direct Investments (FDIs) has also created a positive impact to these establishments in terms of raw materials, human resources as well as technology transfer. The availability and accessibility of finance through Financial Institutions in the country is another factor promoting the growth. These Financial Institutions have been providing loans which increased the capital availability for the establishments.

The impact of the increased number of establishments in these activities is evidenced by the increase in production and higher value of exports. In this regard, the value of exports from these sectors were TShs. 4,027,798 million in 2009 compared to TShs. 3,637,037 million in 2008 (Foreign Trade Statistics, 2009).

The government policy to decrease unemployment will obviously result into income generation at household level, whereby the generated income will enable household members to get their basic needs for their livelihood. One of the goals of development policy is poverty reduction which could be achieved through income generation at household level. In this regard, the increased number of

establishments had a great impact on the achievement of the development policy in Tanzania and it is in line with MKUKUTA II and the Five Year Development Plan I (FYDP I).

Reforms in financial policy in the recent past in Tanzania might be another contributing factor towards the increasing number of establishments in this sector. Increase in number and diversity of services



offered by the financial institutions has increased the ability of these establishments to seek for loans and increase their financial capability. As it is revealed from the survey results, there is a shift of involvement of establishments from the wholesale trade to service trade. In this case, it is important for the government and the private sector to join hands so as to strengthen this sector in terms of quality of the service to be provided to consumers.

## 2.2 Type of Ownership by Activity

Tables 2.3 and 2.4 examine ownership of the establishments in the economy so as to establish the number and type of ownership of the establishments and give an opportunity for the policy change to strengthen the sector. The activities are in ISIC Rev. 4, level 2 with description and type of ownership as private, government and jointly owned establishments between the government and the private sector.

Out of 1,418 establishments, 1,309 were under private ownership, 25 were owned by the government and only 11 establishments were jointly owned by both the government and the private sector. The majority of the privately owned establishments were undertaking accommodation activity, followed by those engaged in food and beverage service activities (367), retail trade, except of motor vehicles and motorcycles (244), wholesale and retail trade and repair of motor vehicles and motorcycles (165) and wholesale trade, except of motor vehicles and motorcycles (96). Establishments wholly owned by the government were less than 10 with accommodation having the least number of establishments. The survey results also reveals that five (5) establishments dealing with food and beverage service activities were jointly owned by the government and the private sector.

**Table 2.3: Number of Establishments by Type of Ownership and Activity**

ISIC Rev.4	Activity	Wholly Private owned	Wholly Government owned	Joint Private/Government owned	Other	Total
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	165	4	1	8	178
46	Wholesale trade, except of motor vehicles and motorcycles	96	5	2	11	114
47	Retail trade, except of motor vehicles and motorcycles	244	8	3	24	279
	<b>Total Distributive Trade</b>	<b>505</b>	<b>17</b>	<b>6</b>	<b>43</b>	<b>571</b>
	<b>Percentage</b>	<b>88.44</b>	<b>2.98</b>	<b>1.05</b>	<b>7.53</b>	<b>100.00</b>
55	Accommodation	437	2	-	17	456
56	Food and beverage service activities	367	6	5	13	391
	<b>Total</b>	<b>804</b>	<b>8</b>	<b>5</b>	<b>30</b>	<b>847</b>
	<b>Percentage</b>	<b>94.92</b>	<b>0.94</b>	<b>0.59</b>	<b>3.54</b>	<b>100.00</b>

**Table 2.4: Number of Establishments by Type of Ownership and Region**

Region	Distributive Trade					Accommodation, Food and Beverage Services				
	Wholly Private owned	Wholly Government owned	Joint Private/Government owned	Other	Total	Wholly Private owned	Wholly Government owned	Joint Private/Government owned	Other	Total
Dodoma	14	2	0	0	16	52	0	0	3	55
Arusha	15	1	0	1	17	38	0	0	2	40
Kilimanjaro	18	0	1	4	23	30	1	0	2	33
Tanga	9	0	1	1	11	28	0	0	1	29
Morogoro	25	2	0	2	29	51	1	0	4	56
Pwani	6	0	0	2	8	26	0	1	2	29
D' Salaam	243	5	2	11	261	252	3	4	4	263
Lindi	3	2	0	0	5	4	0	0	0	4
Mtwara	20	0	0	4	24	10	1	0	1	12
Ruvuma	8	0	0	0	8	5	0	0	0	5
Iringa	11	0	0	0	11	17	0	0	0	17
Mbeya	19	0	1	1	21	41	1	0	1	43
Singida	25	1	0	3	29	41	0	0	0	41
Tabora	7	2	0	0	9	10	0	0	0	10
Rukwa	5	0	0	0	5	3	0	0	2	5
Kigoma	15	0	0	1	16	31	0	0	1	32
Shinyanga	17	0	0	5	22	52	1	0	1	54
Kagera	5	0	0	1	6	15	0	0	2	17
Mwanza	32	1	1	5	39	75	0	0	3	78
Mara	4	0	0	2	6	17	0	0	1	18
Manyara	4	1	0		5	6	0	0	0	6
<b>Total</b>	<b>505</b>	<b>17</b>	<b>6</b>	<b>43</b>	<b>571</b>	<b>804</b>	<b>8</b>	<b>5</b>	<b>30</b>	<b>847</b>
<b>Percentage</b>	<b>88.4</b>	<b>3</b>	<b>1.1</b>	<b>7.5</b>	<b>100</b>	<b>94.9</b>	<b>0.9</b>	<b>0.6</b>	<b>3.5</b>	<b>100.0</b>

Compared to previous years, indeed, there has been a large increase of private ownership of the establishments. This change may be attributed to the political and economic changes which took place

globally. It is worthwhile to note that, during the state controlled economy, all major producing establishments were owned by the government after nationalization.

The change of economic policies since independence has a great impact towards this change in the sector. Privatization of the government owned companies is a major reason behind this change in ownership to the majority of private ownership.

It is important to point out that under the government ownership; most of the companies were performing badly. This could be attributed to lack of enough funds, failure to cope up with technological changes and other resources. It is the privately owned companies which contributed more on production and domestic export.

The scope of the distributive trade as defined in this survey is the wholesale trade, retail trade and service trade. Under this scope, the distributive trade activities are operated through private, government and jointly owned between the private and the government. It should be noted that, the contribution of other establishments under the informal sector is significant. The majority of these establishments (92.3 percent) covered in this survey were privately owned and 1.8 percent were owned by the government and only 0.8 percent were jointly owned by the government and the private sector. This allows policy reviews on Public Private Partnership, Decentralization by Devolution (D by D) arrangements and Investment Policy reforms as outlined in FYDP I.

The change of trade and economic policies has an impact towards the change of ownership of these establishments under the distributive trade sector. These policies which focus mainly on the development of distributive trade should be taken on board by both the private sector and the government so as to make sure that they are properly streamlined in the development agenda. In order for these establishments to perform well, a conducive environment is needed for their products to reach the intended market segment. Therefore, in the context of Tanzania, all actors should cooperate to make sure that the trading environment provides an opportunity for these establishments to go with the rapid changing market. Participation of different actors towards reforms and implementation of trade policies will obviously change the past approach of working independently within the same government machinery. The ministry responsible for trade and trade policy by itself cannot be solely charged with the task of trade integration, and so there needs to be an effective inter ministerial arrangement, (Wangwe and Wanga, 2007).

## CHAPTER THREE

### EMPLOYMENT AND LABOUR MARKET

#### 3.0 Introduction

Since the launch of first and second generations' reforms during 1985/6 – 2004/5 there has been a considerable growth in employment within the distributive trade, accommodation and food service sectors. The distributive trade thus accounted for a significant number of new jobs generated in the Tanzanian economy over this period. In several regions in the country, the sector's contribution to the overall employment growth has been even greater. Chapter Three examines employment and labour market performances in the distributive trade, accommodation and food services activities in Tanzania. The chapter will in specific examine persons engaged and compensation of employees in the distributive trade accommodation and food serving activities.

The chapter also examines the distribution of persons engaged in establishments, number of employed persons by type of trade and status of employment and the compensation of employees. Labour markets provide the structure through which workers and employers interact in relation to jobs, working conditions and pay. Labour market statistics measure different aspects of work and jobs and provide an insight into the economy. It covers people's participation in the labour force, working patterns and the types of work they do. Also, it shows earnings and benefits they receive.

#### 3.1 Number of Persons Engaged in Establishments

##### 3.1.1 Persons Engaged by Activity, Category and Sex

Persons engaged refer to persons taking part in the activity of the enterprise with or without payment. They could be family members or apprentices. This category includes permanent, casual and those workers working on contract as well as working proprietors, paid employees and unpaid helpers.

Table 3.1 shows number of persons engaged in establishments by status of employment. Other information presented in the table include number of working proprietors, paid employees and unpaid helpers by sex and subsequently the aggregate of all persons engaged in the sector by sex. Row wise, the table depicts persons engaged in trading, accommodation, food and beverage service activities also by sex. Generally, the table shows that in all the sub- sectors and under all the three categories of persons engaged (with the exception of food and beverage services activities under paid employees), more males were engaged than females. Only in activity 56 under paid employees that females were more than males by 297 persons. However, there were more persons engaged in the accommodation, food and beverage services than in the trading sub- sector. Another significant feature that was observed in the survey was a variation between males and females engaged in the distributive trade sub-sector compared to the accommodation, food and beverage sub- sector where the situation was almost the same.

**Table 3.1: Number of Persons Engaged by Activity, Category and Sex, 2010**

ISIC Rev.4	Activity	Working Proprietors			Paid Employees			Unpaid Helpers			Total Persons Engaged		
		Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	303	33	336	2,240	418	2,658	1,102	44	1,146	3,645	495	4,140
46	Wholesale trade, except of motor vehicles and motorcycles	401	137	538	3,998	1,076	5,074	161	46	207	4,560	1,259	5,819
47	Retail trade, except of motor vehicles and motorcycles	770	239	1,009	3,996	1,705	5,701	207	106	313	4,973	2,050	7,023
	<b>Total Distributive Trade</b>	<b>1474</b>	<b>409</b>	<b>1,883</b>	<b>10,234</b>	<b>3,199</b>	<b>13,433</b>	<b>1,470</b>	<b>196</b>	<b>1,666</b>	<b>13,178</b>	<b>3,804</b>	<b>16,982</b>
55	Accommodation	737	438	1,175	5,376	5,230	10,606	235	214	449	6,348	5,882	12,230
56	Food and beverage service activities	468	262	730	2,738	3,035	5,773	220	180	400	3,426	3,477	6,903
	<b>Total Accommodation, Food and Beverage Services</b>	<b>1,205</b>	<b>700</b>	<b>1,905</b>	<b>8,114</b>	<b>8,265</b>	<b>16,379</b>	<b>455</b>	<b>394</b>	<b>849</b>	<b>9,774</b>	<b>9,359</b>	<b>19,133</b>
	<b>TOTAL</b>	<b>2,679</b>	<b>1,109</b>	<b>3,788</b>	<b>18,348</b>	<b>11,464</b>	<b>29,812</b>	<b>1,925</b>	<b>590</b>	<b>2,515</b>	<b>22,952</b>	<b>13,163</b>	<b>36,115</b>

Table 3.1 above shows the distribution of persons engaged by sex. From the total of paid employees in the trading sector 77.6 percent were males. By activity, the results show that, in the wholesale and retail trade and repair of motor vehicles and motorcycles activity, 88.0 percent were males while in the wholesale trade, except of motor vehicles and motor cycles, 78.4 percent were males and in the retail trade, except of motor vehicles and motorcycles, where 70.8 percent were males. In the accommodation, food and beverage service activities, the distribution of persons engaged by sex shows that, out of a total of 19,133 persons males were 51.1 percent and females were 48.9 percent. The table shows that about 79.1 percent of the workers engaged in the distributive trade were paid employees. On the other hand accommodation, food and beverage service activity 85.6 percent were paid employees. This is due to the fact that many activities are performed by paid employees whereby the proprietors own and manage these business activities. In the case of unpaid helpers most of them were family members who perform the activities to minimize cost of employing paid employees.

The distribution of persons engaged within the distributive trade, retail trade except of motor vehicles had the highest percentage of 41.4 in that sub-sector. While in the accommodation, food and beverage service sub-sector, 63.9 percent were engaged in accommodation alone. By nature, the retail trade activity involves many people because it employs very low capital to operate.

The involvement of females in the sector was about 36.4 percent whereby, in the accommodation, food and beverage sub-sector, about 48.1 percent were females engaged in accommodation, and 50.4 percent were females engaged in food and beverage sub-sector. Furthermore, the number of females involved in accommodation, food and beverage service activities was relatively higher compared to males. Another observation especially in the maintenance and repair of motor vehicles, there were more males than females because of the nature of the work requires muscular persons, a characteristic which discourages many females to be involved.

It is argued that the distributive trade sector as a whole, and micro scale retailing in particular, is characterized by a higher than average share of the self-employed and part-time workers. Also, it is argued that a big employer of young workers (the under 25) accounts for just over 40 percent of total employment. This partly explains why the sector has a lower than average proportion of high-skilled workers than other sectors of the economy.

### 3.1.2 Persons Engaged by Activity and Category, 2010.

Table 3.2 below provides a summary of the distribution of persons engaged by activity and category. The table shows, that out of the total persons engaged in the distributive trade, paid employees were about 79 percent, working proprietors were about 11 percent and unpaid helpers were about 10 percent. Also about 53 percent of the total persons engaged were in accommodation, food and beverage service activities.

**Table 3.2: Number of Persons Engaged by Activity and Category 2010**

ISIC Rev.4	Activity	Working Proprietors	Paid Employees	Unpaid Helpers	Total Persons Engaged
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	336	2,658	1,146	4,140
46	Wholesale trade, except of motor vehicles and motorcycles	538	5,074	207	5,819
47	Retail trade, except of motor vehicles and motorcycles	1,009	5,701	313	7,023
	<b>Total Distributive Trade</b>	<b>1,883</b>	<b>13,433</b>	<b>1,666</b>	<b>16,982</b>
55	Accommodation	1,175	10,606	449	12,230
56	Food and beverage service activities	730	5,773	400	6,903
	<b>Total Accommodation, Food and Beverage Services</b>	<b>1,905</b>	<b>16,379</b>	<b>849</b>	<b>19,133</b>
	<b>Total</b>	<b>3,788</b>	<b>29,812</b>	<b>2,515</b>	<b>36,115</b>

### 3.1.3 Persons Engaged by Activity and Size of the Establishment, 2010

In accommodation and food and beverage service activities, 12,230 persons (about 64 percent) were engaged in accommodation activities and 6,903 persons (about 36 percent) were engaged in food and beverage service activities. Examining the results by size, it was observed that about 67 percent of the persons were engaged in establishments with 10 to 49 persons of which about 38 percent were in accommodation activities and about 29 percent were in food and beverage serving activities. Establishments with 100 persons or more engaged about 18.4 percent of the total persons (14.2 were in accommodation and about 4 percent in food and beverage service activities).

Retail trade engaged more persons compared to other sub-sectors. This is partly attributed by having more establishments than other sub sectors because the sub-sector requires small initial capital but managed by many entrepreneurs.



Accommodation sub-sector had more workers compared to other sub-sectors because there were more establishments in this sub-sector compared to food and beverage serving activities (see table 3.1).

**Table 3.3: Number and Percentage of Persons Engaged by Activity and Size of the Establishment, 2010**

ISIC Rev.4		Size Group			
		10 - 49	50 - 99	100+	Total
Number					
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	2,837	448	855	4,140
46	Wholesale trade, except of motor vehicles and motorcycles	1,716	849	3,254	5,819
47	Retail trade, except of motor vehicles and motorcycles	4,289	728	2,006	7,023
	Total Distributive Trade	8,842	2,025	6,115	16,982
55	Accommodation	7,304	2,206	2,720	12,230
56	Food and beverage service activities	5,500	607	796	6,903
	Total Accommodation, Food and Beverage Services	12,804	2,813	3,516	19,133
Percentage					
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	16.7	2.6	5.0	24.3
46	Wholesale trade, except of motor vehicles and motorcycles	10.1	5.0	19.2	34.3
47	Retail trade, except of motor vehicles and motorcycles	25.3	4.3	11.8	41.4
	Total Distributive Trade	52.1	11.9	36.0	100.0
55	Accommodation	38.2	11.5	14.2	63.9
56	Food and beverage service activities	28.7	3.2	4.2	36.1
	Total Accommodation, Food and Beverage Services	66.9	14.7	18.4	100.0

In distributive trade, retail trade, except of motor vehicles and motorcycles was the leading sector in creating employment (41.4 percent), the same pattern with that of Ethiopia where the sector employs about 47 percent. It is followed by wholesale trade, except of motor vehicles and motorcycles (34.3 percent). Compared to Ethiopia Distributive Trade, the second was wholesale and retail trade and repair of motor vehicles and motorcycles which engaged 27 percent of the total workforce. Employment opportunities created by the distributive trade and accommodation and food serving activities play a potential role that has earned the sector a recognition by policy makers, researchers, traders, and others in the country (The Federal Democratic Republic of Ethiopia, 2001).

### 3.1.4 Employment by Activity and Sex

Whereas both men and women play substantial roles in Tanzania's economy, the distribution of men and women across the sectors is uneven in that there are more women active in agriculture than men, especially in food crop production (primarily maize) and in the processing of

agricultural products whereas men dominate in manufacturing, construction, transport, and finance (Gender and Economic Growth in Tanzania, Creating Opportunities for Women, 2007).

**Table 3.4: Number of Persons Engaged by Activity and Sex, 2010**

ISIC Rev.4	Activity	Males	Females	Total
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	3,645	495	4,140
46	Wholesale trade, except of motor vehicles and motorcycles	4,560	1,259	5,819
47	Retail trade, except of motor vehicles and motorcycles	4,973	2,050	7,023
	<b>Total Distributive Trade</b>	<b>13,178</b>	<b>3,804</b>	<b>16,982</b>
55	Accommodation	6,348	5,882	12,230
56	Food and beverage service activities	3,426	3,477	6,903
	<b>Total Accommodation, Food and Beverage Services</b>	<b>9,774</b>	<b>9,359</b>	<b>19,133</b>
	<b>Total</b>	<b>22,952</b>	<b>13,163</b>	<b>36,115</b>

This section examines the number of persons engaged in distributive sector by activity and sex. It includes working proprietors, paid employees and unpaid helpers. Table 3.4 shows the number of persons engaged by activity and sex. According to the survey results, there were 16,982 persons engaged in the distributive trade where 7,023 persons were engaged in the retail trade, except of motor vehicles and motorcycles, 5,819 in wholesale trade, except of motor vehicles and motorcycles. Out of total persons engaged in distributive trade, 13,178 were males and 3,804 females. On the other hand, 19,133 persons were in accommodation and food beverage and service activities where there were 9,774 males and 9,359 females.

Analysis by each sub sector in the distributive trade shows that, wholesale and retail trade and repair of motor vehicles and motorcycles engaged more males than females. About 88 percent were male workers in distributive trade and about 12 percent were females. This result portrays the reality concerning the nature of activity in case of our country where few females were engaged. This similarity is evident also for trade in wholesale trade sub sector. Results show that the females engaged in this activity are less compared to male workers in that 22 percent were females and about 78 percent were males in this sub sector. Retail trade also portrays the same trend in that 71 percent were males and about 29 percent were female workers.

In accommodation sub-sector, the proportion of males to females is almost the same. About 52 percent were males and about 48 percent were female workers. There were slightly more female workers in food and beverage service activities. There were 50.4 percent females were engaged in this activities compared to males who were 49.6 percent.

Survey results show that there were more male workers than the female workers in distributive trade 77.6 percent against 22.4 percent respectively. This trend in distributive trade was also observed in 2007 where proportion of males to females was 64.9 percent against 35.1 percent for males and females respectively, (Business Survey, 2007).

However, the difference is not very dramatic in accommodation and food services sectors. Sex imbalance is attributed to a number of factors. Some of the factors include argument that women in Tanzania have lower levels of education, limited access and control over resources of production. The dual legal system with customary and statutory law also contributes to these inequalities and to a high incidence of gender based violence. It is known that females are equally capable of achieving successes in service sector management. They are likely to assess their abilities more accurately, and they are more likely to succeed and see distributive trade a viable career choice for them.

Survey focusing only on establishments employing ten or more persons naturally excludes a very big proportion of persons engaged in the activities of these sectors which have less than ten, thence underestimate the employment level. Taking an example of retail sales as well as wholesales in most cases employ less than ten workers. The distributive trade sector has a large number of informal participants especially in retail sales. In practice many of retail sales are made up of one-person retailers (self-employment), part-time work, seasonal work and retailers who use family workers.

The vision of national employment policy is leading for effective utilization of available labour force and tapping available resources for both male and female. To rectify gender disparities, the government needs to undertake a systematic effort to achieve gender balance in education and employment opportunities, and thereby tapping the economic potential of its women, it could make important strides in expanding economic growth in distributive trade as well as other sectors.

### 3.1.5 Employees by Activity and Size of the Establishment

This part examines the number of employees by activity and size of the establishments. These are persons who work for someone or for some organization to earn income. They sell their labor for wages or salaries. This part excludes the working proprietors and unpaid helpers. The size of establishments have been classified into three groups namely those engaging 10 to 49 employees, 50 to 99 persons and those with 100 or more persons. The analysis will consider number of employees by activity and size of the establishment. Number of employees is categorized at two digit level of ISIC with their respective sizes in the distributive trade, accommodation, food and beverage service activities.

Table 3.5 presents the employment in terms of the number of employees by activity and size of the establishment. The total number of employees in distributive trade sector was 13,433 of which, retail trade, except of motor vehicles and motorcycles engaged 5,701 employees, followed by wholesale trade, except of motor vehicles and motorcycles with 5,074 employees.

Looking at the distribution of employees by size, out of total employees in the distributive trade 6,621 employees were employed by establishments with 10 to 49 persons. It is followed by establishments with 100 or more persons which engaged 5,081 employees. Lastly, establishments in the size class (50 – 99) engaged 1,731 employees.

**Table 3.5: Number and Percentage of Employees by Activity and Size of the Establishment, 2010**

ISIC Rev.4	Activity	Size Group			Total
		10 - 49	50 - 99	100+	
Number					
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	1,856	340	462	2,658
46	Wholesale trade, except of motor vehicles and motorcycles	1,364	759	2,951	5,074
47	Retail trade, except of motor vehicles and motorcycles	3,401	632	1,668	5,701
	<b>Total Distributive Trade</b>	<b>6,621</b>	<b>1,731</b>	<b>5,081</b>	<b>13,433</b>
55	Accommodation	6,313	2,079	2,214	10,606
56	Food and beverage service activities	4,552	524	697	5,773
	<b>Total Accommodation, Food and Beverage Services</b>	<b>10,865</b>	<b>2,603</b>	<b>2,911</b>	<b>16,379</b>
Percentage					
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	13.8	2.5	3.4	19.8
46	Wholesale trade, except of motor vehicles and motorcycles	10.2	5.7	22.0	37.8
47	Retail trade, except of motor vehicles and motorcycles	25.3	4.7	12.4	42.4
	<b>Total Distributive Trade</b>	<b>49.3</b>	<b>12.9</b>	<b>37.8</b>	<b>100.0</b>
55	Accommodation	38.5	12.7	13.5	64.8
56	Food and beverage service activities	27.8	3.2	4.3	35.2
	<b>Total Accommodation, Food and Beverage Services</b>	<b>66.3</b>	<b>15.9</b>	<b>17.8</b>	<b>100.0</b>

In accommodation and food and beverage service activities, the total number of employees was 16,379 of which 10,606 employees were in accommodation activities and 5,773 employees engaged in food and beverage service activities. Results by size in this sector show that, 10,865 were employed by establishments with 10 to 49 persons while the 2,911 employees were engaged in establishments with 100 or more.

Employees involved in retail trade, except of motor vehicles and motorcycles activities was 42.4 percent which was the highest proportion compared to wholesale trade, except of motor vehicles and motorcycles with 37.8 percent employees and wholesale and retail trade and repair of motor vehicles and motorcycles was only 19.8 percent.

Looking at the distribution of employees by size, out of total employees in the distributive trade 49.3 percent of employees were employed by establishments with 10 to 49 persons of which 25.3 percent were in retail trade, except of motor vehicles and motorcycles. Establishments with 100 or more persons had 37.8 percent of employees of which 22.0 percent were in wholesale trade, except of motor vehicles and motorcycles.

In accommodation and food service activities, accommodation sub-sector engaged higher proportion of employees (64.8 percent) than food and beverage serving activities with 35.2 percent. Analysis by size shows that 66 percent of employees were engaged by establishments with 10 to 49 persons of which, 38.5 percent were in accommodation sector. Establishments that engaged 100 and more persons had 17.8 percent of employees while the remaining 13.5 percent were employed in accommodation.

Retail trade sector seems to have more employees than wholesale and repair of motor vehicles and motorcycles generally because wholesale trade companies do not sell directly to consumers, but rather to small businesses and retailers. Retailers generally sell directly to consumers and they are many in real situation.

The government needs policy analysis for the purpose of employment impact assessment. Also needs a proactive policy response to adjustment from various social partners' involvement in the management of the labour market. The government should cultivate conducive environment such as easy accessibility to soft loans, training on entrepreneurship and improved infrastructures that can promote establishment of new business enterprises that will create job opportunities.

## 3.2 Compensation of Employees

Studies suggest that, in terms of remuneration, the distributive trade sector tends to be characterized by low pay – particularly in retailing, accommodation and food service in relation to low-skilled work in other sectors. Meanwhile, minimum wages – at either national or sectoral level – act as constraint to increased formal employment.

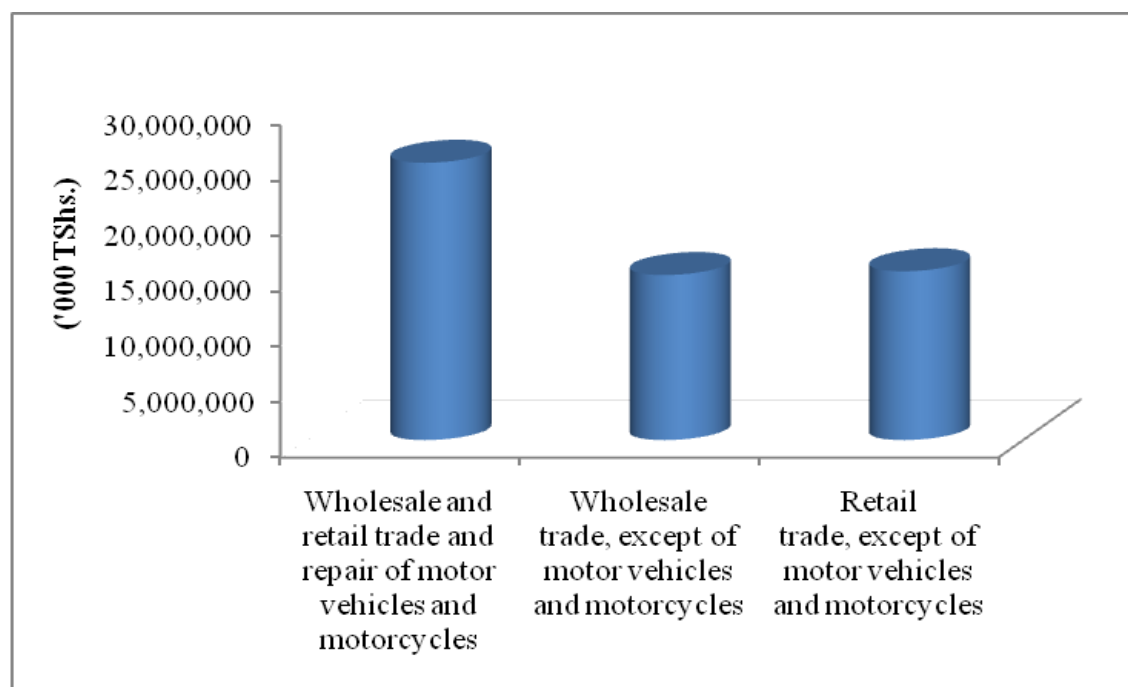
### 3.2.1 Compensation of Employees by Activity

Compensation of employees refers to all payments made to employees in return for their labor. The payments include gross wages and salaries, payments in kind, employer's contribution to social security schemes and other payments incurred by employers to employees (Table 3.6). The table shows ISIC code Revision 4 whose descriptions together with specific payments made to employees and their total compensation of employees.

**Table 3.6: Compensation of Employees by Activity, 2010**

(000 TShs)

ISIC Rev.4	Activity	Wages & Salaries	Payment in Kind	Employers' Contribution	Other Payments	Total compensation of employees
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	25,026,830	1,843,762	900,897	354,101	28,125,590
46	Wholesale trade, except of motor vehicles and motorcycles	14,895,145	2,288,769	1,867,228	832,364	19,883,506
47	Retail trade, except of motor vehicles and motorcycles	15,237,044	1,485,009	1,652,523	1,709,916	20,084,492
	<b>Total Distributive Trade</b>	<b>55,159,019</b>	<b>5,617,540</b>	<b>4,420,648</b>	<b>2,896,381</b>	<b>68,093,588</b>
55	Accommodation	19,132,964	2,957,339	1,617,839	766,193	24,474,335
56	Food and beverage service activities	6,891,727	1,556,966	472,098	267,459	9,188,250
	<b>Total Accommodation and Food and Beverage Services</b>	<b>26,024,691</b>	<b>4,514,305</b>	<b>2,089,937</b>	<b>1,033,652</b>	<b>33,662,585</b>

**Figure 3.1: Distribution of Wages and Salaries by Category**

The results show that total compensation paid to employees for distributive trade is TShs. 68,093,588 thousand, of which wages and salaries amounted to TShs. 55,159,019 thousand, payment in kind were

TShs. 5,617,540 thousand, employer's contribution to social security schemes were TShs. 4,420,648 thousand and other payments were TShs. 2,896,381 thousand.

Examining the distribution of wages and salaries for distributive trade by activity, the results show that, from the total of TShs. 55,159,019 thousand, wholesale and retail trade and repair of motor vehicles and motorcycles contributed TShs. 25,026,830 thousand, wholesale trade, except of motor vehicles and motorcycles were TShs. 14,895,145 thousand and retail trade, except of motor vehicles and motorcycles were TShs. 15,237,044 thousand.

Looking at accommodation, food and beverage service activities, a total of TShs. 33,662,585 thousand were paid as employees compensation out of which, wages and salaries had the greatest share of TShs. 26,024,691 thousand followed by payment in kind with a share of TShs. 4,514,305 thousand. The study found that compensation of employees in wholesale, retail trade and repair of motor vehicles activities accounted for 41.3 percent of total compensation of employees in the distributive trade. This was followed by, retail trade, except of motor vehicles and motorcycles accounted for 29.5 percent and wholesale trade, except of motor vehicles and motorcycles accounted for 29.2 percent.

The contribution of wages and salaries to total compensation was very high compared to other components such as social security schemes, benefits in kind and other costs. The percentages of wages and salaries are as follows; wholesale and retail trade and repair of motor vehicles and motorcycles (89 percent), wholesale trade, except of motor vehicles and motorcycles (75 percent) and retail trade, except of motor vehicles and motorcycles (76 percent). The study suggests that the wholesale and retail trade and repair of motor vehicles activity generates high gross output since payments of wages and salaries depend on the value of output. In addition, retail trade, except of motor vehicles and motorcycles have low share of total compensation of employees from the fact that the activity involves high ratio of unpaid helpers.

The contribution to social security schemes was very low in wholesale, retail trade and repair of motor vehicles and motorcycles compared to other activities. The NSSF contribution for various sub sectors were as follows. The wholesale and retail trade and repair of motor vehicles and motorcycles was 3.6 percent, wholesale trade, except of motor vehicles and motorcycles was 12.5 percent and retail trade, except of motor vehicles and motorcycles was 10.8 percent.



The employers' contribution to social security schemes is about 5 percent. It is noted that wholesale and retail trade and repair of motor vehicles and motorcycles activity contributed on average of 3.6 percent which is below the regulation.

It is noted that the ratio of wages and salaries in relation to other employees' compensation of employees in different sectors was very high. Therefore, the results reveal that wages and salaries dominate total compensation of employees in distributive trade. For all activities the ratio of gross annual wages and salaries to total compensation is over 75 percent where by employer's ratio contribution to social security schemes ranges from 3 to 9 percent from total wages or salaries earned.

The contribution of wages and salaries paid in distributive trade in relation to employees' compensation was 81 percent and 77 percent in accommodation, food and beverage services. Comparing the results with Industrial sector, the ratio of wages and salaries from the total labour costs were as follows; Mining and quarrying sector (82 percent), Manufacturing Sector (70 percent), Electric power generation, transmission and distribution sector (67 percent) and Water collection, treatment and supply were 54 percent (Annual survey of Industrial Production and Performance, 2008 by Tanzania, National Bureau of Statistics). Comparing these results with Distributive Trade (2008) done in Nepal, the proportion being spent for salary/wages against compensation of employees was 90 percent (Distributive Trade Survey of Nepal, 2008)

The retail stores are different from each other due to differential knowledge of marketing skills by retailers such that each retail owner creates impressive positions in their stores in order to provide value to end users, convenience and bargain in some goods or services offered. The noted changes of the retail sector are evolving gradually and take place where finances are available. Revolution of the sector is not easy to come by because retailers are faced with problems associated with low profits, bureaucracy, high taxes and poor physical environment.

### **3.2.2 Compensation of Employees by Activity and Size**

This section examines the distribution of compensation of employees by activity and size of establishments in the distributive trade, accommodation, food and beverage service activities.

The size of establishments is determined by number of persons engaged in the firm. The establishments have been classified in three groups namely those engaging 10 to 49 employees, 50 to 99 persons and those with 100 or more persons.

The analysis will consider the compensation of employees categorized at major activity groups (two digit level) of ISIC as well as at sub groups (three digit levels) within the major groups by their respective sizes in the Distributive Trade. Tables 3.7 and 3.8 will be the basis of the analysis.

**Table 3.7: Compensation of Employees by Activity and Size of the Establishment, 2010.**

ISIC Rev.4	Activity	000' TShs.	Size Group			Total
			10 - 49	50 - 99	100+	
			Percentage			
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	28,125,590	6.5	1.0	33.8	41.3
46	Wholesale trade, except of motor vehicles and motorcycles	19,883,506	8.3	4.9	16.0	29.2
47	Retail trade, except of motor vehicles and motorcycles	20,084,492	16.0	2.2	11.3	29.5
	<b>Total Distributive Trade</b>	<b>68,093,588</b>	<b>30.7</b>	<b>8.1</b>	<b>61.2</b>	<b>100.0</b>
55	Accommodation	24,474,335	30.7	18.8	23.3	72.7
56	Food and beverage service activities	9,188,250	15.9	4.1	7.3	27.3
	<b>Total Accommodation, Food and Beverage Services</b>	<b>33,662,585</b>	<b>46.6</b>	<b>22.8</b>	<b>30.6</b>	<b>100.0</b>

**Table 3.8: Distribution of Compensation of Employees by Activity and Size of Establishment, 2010**

ISIC Rev.4	Activity	(000' TShs. )	%	Size Group			Total
				10 - 49	50 - 99	100+	
				Percentage			
<b>45</b>	<b>Wholesale and retail trade and repair of motor vehicles and motorcycles</b>	<b>28,125,590</b>	<b>41.3</b>	<b>15.7</b>	<b>2.4</b>	<b>81.9</b>	<b>100.0</b>
451	Sale of motor vehicles	1,814,049	2.7	0.9	0.0	5.5	6.4
452	Maintenance and repair of motor vehicles	25,511,804	37.5	12.8	1.5	76.4	90.7
453	Sale of motor vehicle parts and accessories	753,842	1.1	1.8	0.9	0.0	2.7
454	Sale, maintenance and repair of motorcycles and related parts and accessories	45,895	0.1	0.2	0.0	0.0	0.2
<b>46</b>	<b>Wholesale trade, except of motor vehicles and motorcycles</b>	<b>19,883,506</b>	<b>29.2</b>	<b>28.5</b>	<b>16.6</b>	<b>54.9</b>	<b>100.0</b>
461	Wholesale on a fee or contract basis	3,206,107	4.7	4.6	0.4	11.1	16.1
462	Wholesale of agricultural raw materials and live animals	1,179,760	1.7	3.7	0.0	2.2	5.9
463	Wholesale of food, beverages and tobacco	2,953,738	4.3	1.7	0.6	12.6	14.9
464	Wholesale of household goods	1,237,302	1.8	1.1	2.4	2.8	6.2
465	Wholesale of machinery, equipment and supplies	3,526,972	5.2	10.6	3.9	3.2	17.7
466	Other specialized wholesale	6,027,461	8.9	3.6	8.3	18.5	30.3
469	Non-specialized wholesale trade	1,752,166	2.6	3.3	1.0	4.5	8.8
<b>47</b>	<b>Retail trade, except of motor vehicles and motorcycles</b>	<b>20,084,492</b>	<b>29.5</b>	<b>54.1</b>	<b>7.5</b>	<b>38.4</b>	<b>100.0</b>
471	Retail sale in non-specialized stores	1,694,007	2.5	5.4	3.1	0.0	8.4
472	Retail sale of food, beverages and tobacco in specialized stores	2,187,345	3.2	7.9	0.7	2.3	10.9
473	Retail sale of automotive fuel in specialized stores	3,220,009	4.7	14.1	1.9	0.0	16.0
474	Retail sale of information and communications equipment in specialized stores	611,763	0.9	0.0	0.0	3.0	3.0
475	Retail sale of other household equipment in specialized stores	4,086,280	6.0	10.5	1.9	8.0	20.3
476	Retail sale of cultural and recreation goods in specialized stores	381,700	0.6	1.9	0.0	0.0	1.9
477	Retail sale of other goods in specialized stores	1,916,646	2.8	9.5	0.0	0.0	9.5
478	Retail sale via stalls and markets	5,795,544	8.5	3.9	0.0	25.0	28.9
479	Retail trade not in stores, stalls or markets	191,198	0.3	1.0	0.0	0.0	1.0
	<b>Total Distributive Trade</b>	<b>68,093,588</b>	<b>100.0</b>	<b>30.7</b>	<b>8.1</b>	<b>61.2</b>	<b>100.0</b>
<b>55</b>	<b>Accommodation</b>	<b>24,474,335</b>	<b>72.7</b>	<b>30.7</b>	18.8	23.3	72.7
551	Short term accommodation activities	23,948,597	71.1	30.0	17.8	23.3	71.1
552	Camping grounds, recreational vehicle parks and trailer parks	323,224	1.0	0.0	0.9	0.0	1.0
559	Other accommodation	202,514	0.6	0.6	0.0	0.0	0.6
<b>56</b>	<b>Food and beverage service activities</b>	<b>9,188,250</b>	<b>27.3</b>	<b>15.9</b>	<b>4.1</b>	<b>7.3</b>	<b>27.3</b>
561	Restaurants and mobile food service activities	1,723,827	5.1	3.7	1.4	0.0	5.1
562	Event catering and other food service activities	1,305,420	3.9	3.6	0.3	0.0	3.9
563	Beverage serving activities	6,159,003	18.3	8.5	2.4	7.3	18.3
	<b>Total Accommodation, Food and Beverage Services</b>	<b>33,662,585</b>	<b>100.0</b>	<b>46.6</b>	<b>22.8</b>	<b>30.6</b>	<b>100.0</b>

Table 3.7 above shows that within the distributive trade sector, 61.2 percent of the total compensation of employees, was paid by establishments engaging 100 or more persons. Establishments engaging between 10 to 49 persons paid 30.7 percent while establishments engaging 50 to 99 persons had a share of about 8 percent.

For accommodation, food and services, 46.6 percent of compensation of employees was paid by establishments engaging 10 to 49 persons, and 30.6 percent of the compensation of employees was paid by establishments with 100 or more and 22.8 percent was paid by establishments with 50 to 99 persons. Within a group of 100 or more persons engaged, 33.8 percent compensation of employees was paid by wholesale and retail trade and repair of motor vehicles and motorcycles and 16.0 percent was paid by wholesale trade, except of motor vehicles and motorcycles. Retail trade, except of motor vehicles and motorcycles had a share of 11.3 percent.

In establishments with 10 to 49 persons, 16.0 percent of the compensation of employees were paid by retail trade, except of motor vehicles and motorcycles and about 8 percent was paid by wholesale trade, except of motor vehicles and motorcycles. Lastly, establishments with 50 to 99 persons paid about 8.1 percent of which wholesale trade, except of motor vehicles and motorcycles contributed about five percent.

Examining jointly accommodation and food and beverage services, survey results show that 46.6 percent compensation of employees is paid by establishments with 10 to 49 persons, 30.6 percent contributed by establishments with 100 or more persons and establishments with 50 to 99 persons with the smallest share of 22.8 percent of the compensation. Accommodation sector is the dominant sector, contributing 72.7 percent compensation of employees and food and beverage service activities with 27.3 percent.

**a) Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles.**

Examining the results by size of establishments shows that the wholesale and retail trade and repair of motor vehicles and motorcycles sub sector; the subsector of sale, maintenance and repair of motor vehicles was dominant of the four sub-sectors. Overall, it commands 90.7 percent of all compensation of employees by size of establishment: where those firms in maintenance and repair of motor vehicles engaging 100 persons or more have the largest salient compensation of employees with 76.4 percent of the whole ISIC code 45 which has a total of 81.9 percent. This is followed by the 10 to 49 employee group with 12.8 percent where the whole ISIC code 45 had 15.7 percent. The last group in this category is the 50 to 99 employee a percent of 1.5 out of 2.4 percent in the major group with ISIC code 45.

**b) Retail Trade, except of Motor Vehicles and Motorcycles**

Analyzing the results within the sector by size shows that establishments with 10 to 49 paid 54.1 percent of the employees' compensation, out of which retail sale of automotive fuel in specialized stores paid 14.1 percent and retail sale of other household equipment in specialized stores which contributed 10.5 percent.

Establishments engaging 100 or more persons contributed 38.4 percent compensation of employees' out of which 25 percent was paid by retail sale via stalls and markets while retail sale of other household equipment in specialized stores contributed 8 percent. Lastly, establishments that engage 50 to 99 persons had also a share of about 8 percent

**c) Wholesale Trade, except of Motor Vehicles and Motorcycles**

Looking at compensation of employees by activity and size within this sector, 54.9 percent of employees' compensation was paid by establishments engaging 100 or more persons. The main sub sectors contributing to this are other specialized wholesale with a share of 18.5 percent, wholesale of food, beverages and tobacco which paid 12.6 percent of the sectors compensation of employees and wholesale on a fee or contract basis which paid 11.1 percent.

Compensation of employees in establishments with 10 to 49 persons paid 28.5 percent, of which wholesale of machinery, equipment and supplies sub sector paid 10.6 percent, wholesale on a fee or contract basis contributed about five percent. Other sub sectors had a share between one and less than four percent. Lastly, the category of establishments with persons between 50 to 99 whose share to the compensation of employees paid within this sector was 16.6 percent of which, other specialized wholesale contributed half of the payments (about eight percent) paid by this category and wholesale of machinery, equipment and supplies paid about four percent.

Survey results show that, wholesale and retail trade and repair of motor vehicles and motorcycles is the leading sector (41.3 percent) in the distributive trade as far as compensation of employees is concerned. The most contributing sector being maintenance and repair of motor vehicles, this can be explained by the fact that this business is managed by skilled and qualified personnel compared to other areas of distributive trade and therefore its employees are well paid. Also, the results show that establishments with 100 or more employees are the main

contributors to compensation of employees. This is attributed by the fact that it involves big companies including multinationals which pay its experts highly.

Better compensation of employees is among the incentives that have the impact of encouraging qualified and skilled employees to provide their services efficiently and therefore promote establishment's growth which in turn leads to the sector's economic growth. On the other hand, low payments, deter incentives, dampens working spirit at work, hence lead to low productivity and companies' losses. Wages and salaries, payments in kind and social security schemes have a tendency to increase over time and this is true for all economic sectors including distributive trade, accommodation, food and beverage services.

There is an urgent need to encourage high productivity at all economic sectors by having a better system of rewarding employees who perform and meet targets and objectives of the firm. This will likely encourage workers to achieve targets which should be rewarded. Simultaneously this can be achieved by having a strategic plan for increasing compensation of employees which can be implemented and monitored.

### **3.2.3 Wages and Salaries by Activity and Size of Establishments**

This section examines the distribution of wages and salaries paid to employees by activity and size of establishment in the distributive trade, accommodation, food and beverage service activities. It includes gross wages and salaries, and excludes payments in kind and social security schemes. Distributive trade on one hand and accommodation, food and beverage services on the other will be discussed separately so as to abide strictly to the internationally recognized categories of ISIC.

**Table 3.9: Wages and Salaries by Activity and Size of the Establishment, 2010**

ISIC Rev.4	Activity	Total Wages & Salaries 000' TShs	Size Group			Total
			10 - 49	50 - 99	100+	
			Percentage			
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	25,026,830	6.6	1.0	37.7	45.4
46	Wholesale trade, except of motor vehicles and motorcycles	14,895,145	8.5	4.3	14.2	27.0
47	Retail trade, except of motor vehicles and motorcycles	15,237,044	15.0	1.9	10.8	27.6
	<b>Total Distributive Trade</b>	<b>55,159,019</b>	<b>30.1</b>	<b>7.2</b>	<b>62.7</b>	<b>100.0</b>
55	Accommodation	19,132,964	29.1	20.9	23.5	73.5
56	Food and beverage service activities	6,891,727	15.6	4.2	6.7	26.5
	<b>Total Accommodation, Food and Beverages Services</b>	<b>26,024,691</b>	<b>44.8</b>	<b>25.1</b>	<b>30.2</b>	<b>100.0</b>

The analysis focuses on the gross wages and salaries paid by establishments categorized at major activity groups (two digit level) of ISIC as well as at sub groups (three digit level) within the major groups by their respective sizes. Table 3.9 presents information on wages and salaries in absolute numbers and percentages showing by activity and size group.

**Table 3.10: Distribution of Employees' Wages and Salaries by Activity and Size of the Establishment, 2010**

ISIC Rev.4	Activity	Total Wages and salaries (000' TShs. )	%	Size Group			Total
				10-49	50 - 99	100+	
				Percentages			
<b>45</b>	<b>Wholesale and retail trade and repair of motor vehicles and motorcycles</b>	<b>25,026,830</b>	<b>45.4</b>	<b>14.6</b>	<b>2.3</b>	<b>83.1</b>	<b>100</b>
451	Sale of motor vehicles	1,451,274	2.6	0.8	0	5	5.8
452	Maintenance and repair of motor vehicles	22,986,691	41.7	12.3	1.4	78.1	91.8
453	Sale of motor vehicle parts and accessories	553,825	1	1.3	0.9	0	2.2
454	Sale, maintenance and repair of motorcycles and related parts and accessories	35,040	0.1	0.1	0	0	0.1
<b>46</b>	<b>Wholesale trade, except of motor vehicles and motorcycles</b>	<b>14,895,145</b>	<b>27</b>	<b>31.6</b>	<b>15.9</b>	<b>52.6</b>	<b>100</b>
461	Wholesale on a fee or contract basis	2,572,408	4.7	5	0.5	12	17.3
462	Wholesale of agricultural raw materials and live animals	1,050,797	1.9	4.4	0	2.7	7.1
463	Wholesale of food, beverages and tobacco	1,923,487	3.5	1.9	0.7	10.3	12.9
464	Wholesale of household goods	836,389	1.5	1.4	1.5	2.7	5.6
465	Wholesale of machinery, equipment and supplies	2,937,773	5.3	11.9	4.3	3.5	19.7
466	Other specialized wholesale	4,044,362	7.3	3.4	7.6	16.2	27.2
469	Non-specialized wholesale trade	1,529,929	2.8	3.9	1.2	5.3	10.3
<b>47</b>	<b>Retail trade, except of motor vehicles and motorcycles</b>	<b>15,237,044</b>	<b>27.6</b>	<b>54.2</b>	<b>6.7</b>	<b>39</b>	<b>100</b>
471	Retail sale in non-specialized stores	1,202,682	2.2	5.6	2.3	0	7.9
472	Retail sale of food, beverages and tobacco in specialized stores	1,330,331	2.4	5.7	0.5	2.6	8.7
473	Retail sale of automotive fuel in specialized stores	2,492,221	4.5	14.5	1.9	0	16.4
474	Retail sale of information and communications equipment in specialized stores	555,942	1	0	0	3.6	3.6
475	Retail sale of other household equipment in specialized stores	3,537,028	6.4	11.7	2	9.5	23.2
476	Retail sale of cultural and recreation goods in specialized stores	310,028	0.6	2	0	0	2
477	Retail sale of other goods in specialized stores	1,466,412	2.7	9.6	0	0	9.6
478	Retail sale via stalls and markets	4,186,717	7.6	4.2	0	23.3	27.5
479	Retail trade not in stores, stalls or markets	155,683	0.3	1	0	0	1
	<b>Total Distributive Trade</b>	<b>55,159,019</b>	<b>100</b>	<b>30.1</b>	<b>7.2</b>	<b>62.7</b>	<b>100</b>
<b>55</b>	<b>Accommodation</b>	<b>19,132,964</b>	<b>73.5</b>	<b>39.6</b>	<b>28.4</b>	<b>32</b>	<b>100</b>
551	Short term accommodation activities	18,717,212	71.9	38.9	26.9	32	97.8
552	Camping grounds, recreational vehicle parks and trailer parks	285,188	1.1	0	1.4	0	1.5
559	Other accommodation	130,564	0.5	0.7	0	0	0.7
<b>56</b>	<b>Food and beverage service activities</b>	<b>6,891,727</b>	<b>26.5</b>	<b>59</b>	<b>15.8</b>	<b>25.2</b>	<b>100</b>
561	Restaurants and mobile food service activities	1,307,183	5	13.7	5.3	0	19
562	Event catering and other food service activities	924,936	3.6	12.2	1.2	0	13.4
563	Beverage serving activities	4,659,608	17.9	33.1	9.4	25.2	67.6
	<b>Total Accommodation, Food and Beverage Services</b>	<b>26,024,691</b>	<b>100</b>	<b>44.8</b>	<b>25.1</b>	<b>30.2</b>	<b>100</b>

Source: Integrated Business Survey, 2010



Table 3.9 reveals that wages and salaries paid to employees during the 2010 for distributive trade was TShs. 55,159,019 thousand, constituting 81 percent compensation of employees. Wholesale and retail trade and repair of motor vehicles and motorcycles sector has the lions share contributing 30.8 percent of total wages and salaries paid.

Table 3.9 shows that, within the distributive trade sector, 62.7 percent of the total wages and salaries was paid by establishments engaging 100 or more persons. Establishments engaging between 10 and 49 persons paid a share of 30.1 percent and establishments engaging 50 to 49 persons had a share of seven percent.

For accommodation, food and services, 44.8 percent of wages and salaries were paid by establishments engaging 10 to 49 persons, and 30.2 percent paid by establishments with 100 or more and 25.1 percent was paid by establishments with 50 to 99 persons.

**a) Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles sector**

Examining the results by size under this sector, it shows that 83.1 percent of wages and salaries were paid by establishments with 100 or more persons of which 78.1 percent of the compensation of employees is paid by maintenance and repair of motor vehicles sub sector. Establishments engaging between 10 and 49 persons contributed, 45.4 percent of which 41.7 percent is from sub sector maintenance and repair of motor vehicles. Results show that establishments engaging 50 to 99 persons contribute 14.6 percent and this is mainly paid by sub sector maintenance and repair of motor vehicles.

**b) Retail Trade, except of Motor Vehicles and Motorcycles**

The results within the sector by size show that establishments with 10 to 49 paid 54.2 percent wages and salaries, out of which the main sub sectors being retail sale of automotive fuel in specialized stores which paid 14.5 percent, retail sale of other household equipment in specialized stores 11.7 percent and about 10 percent contributed by retail sale of other goods in specialized stores. Establishments engaging 100 or more persons contributed 39.0 percent of the wages and salaries out of which 23.3 percent was paid by retail sale via stalls and markets while retail sale of other household equipment in specialized stores contributed about 10 percent. Lastly, establishments that engage 50 to 99 persons had a share of about seven percent.

**c) Wholesale Trade, except of Motor Vehicles and Motorcycles**

Looking at wages and salaries by activity and size within this sector, 52.6 percent were paid by establishments engaging 100 or more persons. The main sub sectors contributing to this sector are other specialized wholesale with a share of 16.2 percent, 12.0 percent paid by wholesale on a fee or contract basis and wholesale of food and beverages and tobacco which paid 10.3 percent of sector's wages and salaries.

Establishments with 10 to 49 persons paid 31.6 percent, of which wholesale of machinery, equipment and supplies sub sector paid 11.9 percent, wholesale on a fee or contract basis contributed about five percent and other sub sectors had a share between one and five percent.

Lastly, the category of establishments with persons between 50 and 99 whose share to the sector was 15.9 percent, where other specialized wholesale contributed about 8 percent and wholesale of machinery, equipment and supplies paid about 4 percent.

**d) Accommodation, Food and Beverage Services**

Survey results within accommodation sector by size, show that 39.6 percent of wages and salaries were paid by establishments with 10 to 49 persons. Establishments with 100 or more persons had a share of 32 percent and establishments engaging between 50 and 99 contributed 28.4 percent.

Regarding food and beverage services 59 percent was paid by establishments with 10 to 49 persons of which 33.1 percent was paid by beverage serving activity, other sub sectors in this category contribute 13.7 percent and 12.2 percent for restaurants and mobile food service activities; and event catering and other food service respectively. Establishments with 100 or more persons 25.2 percent were paid wages and salaries within this sub sector which was wholly paid by beverage serving activities. Finally, establishments with 50 to 99 persons had a share of 15.8 percent of which about nine percent was contributed by beverage serving activities and about five percent was paid by restaurants and mobile food service activities.

### 3.2.4 Average Compensation of Employees per Month

This section examines average compensation of employees per month and by activity in the distributive trade as well as in accommodation, food and beverage service activities. It is defined as the total employees compensation of specific activity divided by corresponding number of employees in the respective activities.

**Figure 3.2: Average Compensation of Employees by Activity**

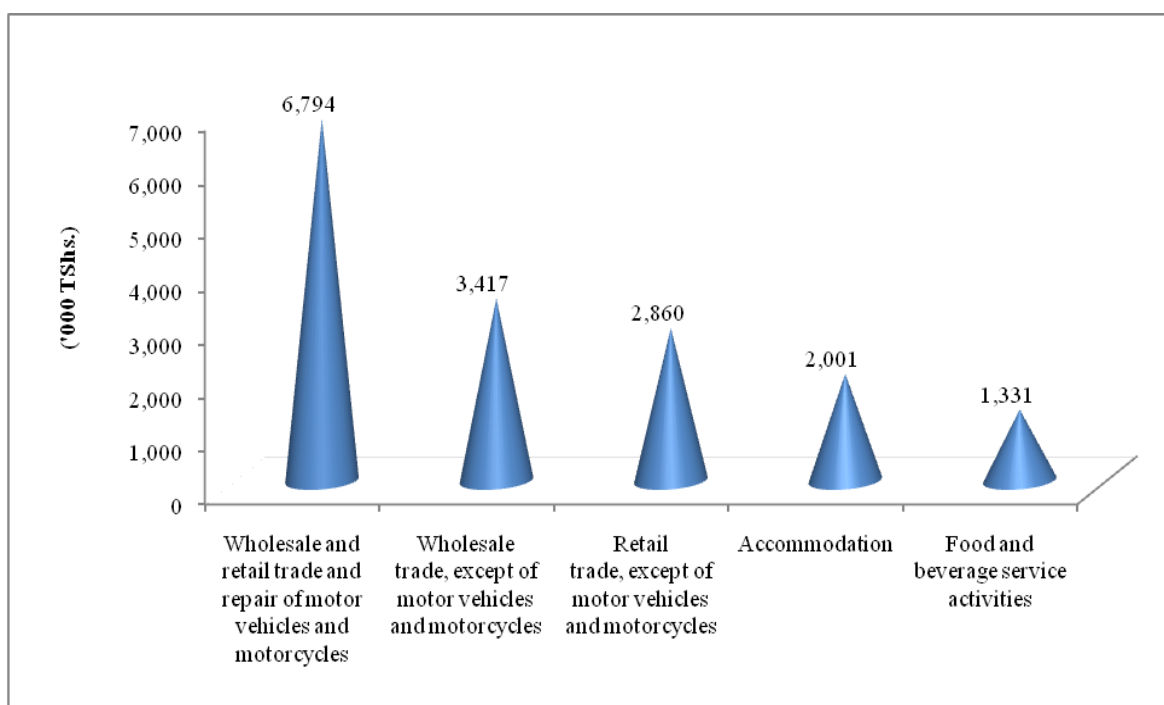


Figure 3.2 presents the survey findings on average compensation to employees by activity in thousand shillings categorized at two digit level of ISIC Rev 4. Also Table 3.11 shows average compensation of employees by activity and size categorized at three digit level of ISIC Rev 4. Also, shows the average compensation of employees by activity in thousand shillings per year.

The activity which has the highest average compensation of employees were wholesale and retail trade and repair of motor vehicles and motorcycles followed by wholesale trade, except of motor vehicles and motorcycles activity.

**Table 3.11 : Average Compensation of Paid Employees per Month by Activity and Size Group of the Establishment**

		(000 'TShs)			
ISIC Rev.4	Activity	Size Group			Total
		10-49	50-99	100+	
451	Sale of motor vehicles	174.10	-	620.84	455.33 1061.4
452	Maintenance and repair of motor vehicles	197.17	158.51	7073.79	0
453	Sale of motor vehicle parts and accessories	247.77	185.91	-	222.77
454	Sale, maintenance and repair of motorcycles and related parts and accessories	93.28	-	-	93.28
461	Wholesale on a fee or contract basis	455.15	87.08	183.19	213.06
462	Wholesale of agricultural raw materials and live animals	299.46	-	655.04	477.25
463	Wholesale of food, beverages and tobacco	116.95	76.72	473.48	305.77
464	Wholesale of household goods	799.53	338.54	234.23	307.79
465	Wholesale of machinery, equipment and supplies	638.87	814.73	105.25	342.16
466	Other specialized wholesale	204.64	617.68	473.31	434.13
469	Non-specialized wholesale trade	319.78	128.69	477.17	318.81
471	Retail sale in non-specialized stores	375.42	408.26	-	386.76
472	Retail sale of food, beverages and tobacco in specialized stores	237.63	167.62	384.66	251.77
473	Retail sale of automotive fuel in specialized stores	215.25	191.81	-	212.12
474	Retail sale of information and communications equipment in specialized stores	-	-	153.55	153.55
475	Retail sale of other household equipment in specialized stores	284.69	115.38	269.79	246.40
476	Retail sale of cultural and recreation goods in specialized stores	239.16	-	-	239.16
477	Retail sale of other goods in specialized stores	336.96	-	-	336.96
478	Retail sale via stalls and markets	366.35	-	566.29	527.83
479	Retail trade not in stores, stalls or markets	143.54	-	-	143.54
551	Short term accommodation activities	135.25	253.77	294.68	191.58
552	Camping grounds, recreational vehicle parks and trailer parks	88.90	245.72	-	232.20
559	Other accommodation	231.18	-	-	231.18
561	Restaurants and mobile food service activities	116.81	180.56	-	129.07
562	Event catering and other food service activities	100.87	55.83	-	95.68
563	Beverage serving activities	90.50	378.18	295.56	145.69

Table 3.11 shows average compensation of employees per month by activity and size of the establishment. This table is derived from total compensation of employees per month divided by total number of employees in each size group. The results show that the highest average amount paid by employers as cost of compensation of employees found in maintenance and repair of motor vehicles is about TShs. 1,061 thousand followed by retail sale via stalls and markets activity which was about TShs. 527 thousand.

In distribution by size, the results show that in size 10 to 49 the highest average accounted in wholesale of household goods with about TShs. 800 thousand followed by wholesale of machinery, equipment and supplies about TShs. 639 thousand. Otherwise for size group 50 to 99 the highest average total compensation of employees paid accounted in wholesale of machinery, equipment and supplies activity were paid about TShs. 815 thousands per month followed by other specialized wholesale activity who were paid about TShs. 618 thousand. In size group 100 persons or more the highest amount is found in maintenance and repair of motor vehicles activity where about TShs. 707.4 thousand was paid followed by sale of motor vehicles where about TShs. 621 thousand was paid.

The study suggests that the average of total compensation to employees per year is very high in wholesale and retail trade and repair of motor vehicle and motorcycles compared to other activities. The distributions were as follows; wholesale and retail trade and repair of motor vehicle and motorcycles (TShs. 6,794 thousands), wholesale trade, except of motor vehicles and motorcycles (TShs. 3,417 thousands and retail trade, except of motor vehicles and motorcycles (TShs. 2,860 thousand).

In many sectors there is a relation between output and compensation of employees, in this regard it seems that wholesale and retail trade and repair of motor vehicles and motorcycles generate very high output enough to pay high compensation of employees. The average total compensation of employees per month in the activity of accommodation and food and beverage service is about 56 thousand shillings which is very low compared to other activities. Maintenance and repair of motor vehicles activity of size group 100+ the results show that the average total compensation paid to employees is about 7,074 thousand shillings per month which is very high and questionable . It may imply that this sector involves foreign employees who are highly paid.

Food and beverage service activities has about 1,331 thousand shillings as average compensation of employees per year. It seems that this activity involves much unskilled labour which influences the low rate of wages and salaries paid per employee in each month. Table 3.11 suggests that the average amount spent per establishment was found highest in sales of motor vehicles and motorcycles and lowest in retail trade, except of motor vehicle and motor cycles.

### 3.3 Major Employment and Labour Market Issues

Since the launch of first and second generations reforms during 1985/6 – 2004/5 there has been considerable growth in employment within the distributive trade, accommodation and food service sectors. The distributive trade thus accounted for a significant number of new jobs generated in the Tanzanian economy over this period. In several regions in the country the sector's contribution to overall employment growth has been even greater, particularly in Dar es Salaam, Mwanza, Arusha and Mbeya.

In terms of labour market characteristics, the distributive trade sector differs from the rest of the economy in a number of important ways. The sector as a whole, and retailing in particular, is characterized by a higher than average share of the self-employed, part-time workers and women. Indeed, the retail trade sub-sectors now account for significant female employment in the Tanzanian economy. Furthermore, it is a big employer for younger workers, accounting for just over 30 - 40 percent of total employment for the under 25s. This partly explains why the sector has a lower than average proportion of high-skilled workers than other sectors of the economy.

In terms of remuneration, the distributive trade tends to be characterized by low pay – particularly in retailing, accommodation and food service – and even in relation to low-skilled work in other sectors. Meanwhile, minimum wages – at either national or sectoral level – act as constraint to increased formal employment. Cross-sectoral differences can be large. For example, self-employment is considerably higher in micro and small scale business units; part-time work is significantly more common in the medium and large scale distributive trade; and men outnumber women in the retail trade in Tanzania. Part of this cross-sectoral variation simply reflect national differences in business structure demographics or education systems. But it may also partly reflect differences in administrative regulations (e.g. minimum qualifications or capital requirements) which limit start-ups and thus potentially hinder a rich and innovative source of competition.

The study found that more people are engaged in the distributive, accommodation and food services sector. This high increase in employment suggests an increasing labour absorption capacity in these social economic sectors. This is due to an increasing number and type of distributive trade, accommodation and food services activities, information technologies, mode of financing, and supplied human resources in the labour market. Also increases of attractive working conditions, social benefits, and security to the place of these services. This suggests that service sector and other development reforms are effective.

The distributive trade, accommodation and food services sector has been significant as an employer in the Tanzania labour market. It remains to be the most reliable source of government revenue in terms of VAT, import sales, corporate and income taxes. It accounts for over half of government's annual revenue collection.

## CHAPTER FOUR

### THE STRUCTURE OF COSTS, STOCKS, GROSS REVENUE AND NET PROFIT/LOSS

#### 4.1 Introduction

Chapter four presents the structure of costs, stocks, gross revenue and net profit/loss estimates of the distributive trade, and accommodation and food service activities. The chapter has been divided into five sections; the first section describes the estimates of purchases of goods by activity whereas the second section presents the estimates on running expenses and other costs by activity. The stocks/inventory levels and their changes by activity have been presented in the third section. Section four describes the gross revenue from sales by activity while the estimates for net profit/loss by activity have been presented in section five. The five sections are:

1. Purchases of Goods by Activity;
2. Running Expenses and Other Costs by Activity;
3. Stocks/Inventory by Activity;
4. Gross Revenue from Sales by Activity; and
5. Net Profit/Loss by Activity.

#### 4.2 Purchases of Goods by Activity

Purchases refer to obtaining ownership of a security or other assets in exchange for money or value, which include purchases of goods for resale and for other purposes. Purchase of goods for resale involves a firm to achieve its goals of making profits in a trading business by buying goods and selling after adding some mark-ups to cover costs. A trader may buy and sell goods without changing them in anyway; or they may merely unpack them from large bulky containers and sell them in small packets or small quantities.

Table 4.1 examines purchases of goods by activity in conformity with ISIC Revision 4 Level-3 whose descriptions have also been presented. The table also presents the purchase of goods for resale and the purchase of goods for other purposes. All the values are in thousand Tanzanian shillings.

**Table 4.1: Purchases of Goods by Activity**

(000' TShs)

ISIC Rev. 4	Activity	Goods for Resale	Goods for Other Purposes	Total Purchases of Goods
<b>45</b>	<b>Wholesale and retail trade and repair of motor vehicles and motorcycles</b>	<b>132,265,771</b>	<b>5,705,570</b>	<b>137,971,341</b>
451	Sale of motor vehicles	3,847,794	58,761	3,906,555
452	Maintenance and repair of motor vehicles	116,643,388	4,161,904	120,805,292
453	Sale of motor vehicle parts and accessories	11,729,883	1,483,494	13,213,377
454	Sale, maintenance and repair of motorcycles and related parts and accessories	44,706	1,411	46,117
<b>46</b>	<b>Wholesale trade, except of motor vehicles and motorcycles</b>	<b>465,069,847</b>	<b>252,867,305</b>	<b>717,937,152</b>
461	Wholesale on a fee or contract basis	31,721,789	7,239,119	38,960,908
462	Wholesale of agricultural raw materials and live animals	12,767,399	1,278,688	14,046,087
463	Wholesale of food, beverages and tobacco	14,355,443	20,326,582	34,682,025
464	Wholesale of household goods	21,680,584	100,500	21,781,084
465	Wholesale of machinery, equipment and supplies	11,376,508	14,755,767	26,132,275
466	Other specialized wholesale	341,503,539	183,078,966	524,582,505
469	Non-specialized wholesale trade	31,664,585	26,087,683	57,752,268
<b>47</b>	<b>Retail trade, except of motor vehicles and motorcycles</b>	<b>441,921,066</b>	<b>27,488,102</b>	<b>469,409,168</b>
471	Retail sale in non-specialized stores	2,396,993	105,794	2,502,787
472	Retail sale of food, beverages and tobacco in specialized stores	10,550,222	2,547,458	13,097,680
473	Retail sale of automotive fuel in specialized stores	316,779,023	14,294,393	331,073,416
474	Retail sale of information and communications equipment in specialized stores	3,485,771	-	3,485,771
475	Retail sale of other household equipment in specialized stores	76,708,584	4,724,459	81,433,043
476	Retail sale of cultural and recreation goods in specialized stores	1,027,427	406,781	1,434,208
477	Retail sale of other goods in specialized stores	18,371,916	122,490	18,494,406
478	Retail sale via stalls and markets	10,355,229	5,283,781	15,639,010
479	Retail trade not in stores, stalls or markets	2,245,901	2,946	2,248,847
	<b>Total Distributive Trade</b>	<b>1,039,256,684</b>	<b>286,060,977</b>	<b>1,325,317,661</b>
	<b>Percent Distribution</b>	<b>78.4</b>	<b>21.6</b>	<b>100.0</b>
551	Short term accommodation activities	39,479,573	8,991,628	48,471,201
552	Camping grounds, recreational vehicle parks and trailer parks	293,507	87,356	380,863
559	Other accommodation	281,236	12,232	293,468
<b>55</b>	<b>Accommodation</b>	<b>40,054,316</b>	<b>9,091,216</b>	<b>49,145,532</b>
561	Restaurants and mobile food service activities	9,516,195	1,788,856	11,305,051
562	Event catering and other food service activities	5,356,550	604,666	5,961,216
563	Beverage serving activities	84,289,116	18,920,845	103,209,961
<b>56</b>	<b>Food and beverage service activities</b>	<b>99,161,861</b>	<b>21,314,367</b>	<b>120,476,228</b>
	<b>Total Accommodation, Food and Beverage Services</b>	<b>139,216,177</b>	<b>30,405,583</b>	<b>169,621,760</b>
	<b>Percent Distribution</b>	<b>82.07</b>	<b>17.93</b>	<b>100.00</b>

Source: Integrated Business Survey, 2010

For the distributive trade sector, the results show that, purchases of goods for resale had the highest contribution in the total purchases whereby it contributed 78.4 percent equivalent to TShs. 1,039,256.7 million. In addition, among the three sub-sectors (45,46 and 47), wholesale trade, except of motor vehicles and motorcycles contributed the highest share of TShs. 717,937.3 million or about 54 percent of all the purchases while the lowest had was from the wholesale and retail trade and repair of motor vehicles and motorcycles with a total purchase of TShs.137,971.3 million equivalent to 10 percent.



In the case of total purchases of goods, the same pattern was observed in the accommodation, food and beverage services sub-sector whereby, purchases of goods for resale had the highest contribution of TShs. 139,216.2 million equivalent to 82.1 percent of the total purchases. However, food and beverage service activities contributed TShs. 99,161.9 million or 71 percent, the highest within the two sub-sectors.

The pattern that has been shown in the distributive trade portrays the primary purpose of this activity in which, firms do purchase more goods for resale than for other purposes. The composition in the sub-sectors within the distributive trade indicates highest percentage of purchases in the wholesale trade, except of motor vehicles and motorcycles.

The same pattern has been observed in the accommodation, food and beverage service activities in which, firms do purchase more goods for resale than for other purposes. The higher contribution from food and beverage service activities is also in line with the expected behavior within the sector.

The revealed pattern in the purchases of goods for resale in the two sub - sectors reflects and justifies the purpose for a firm to do business in which it is anticipated to have more purchases for resale than for other purposes.

In the part of accommodation, food and beverage services sector, purchases were higher in the food and beverages sub-sector as they do purchase and sell most of the consumable and perishable goods in contrary to accommodation sub-sector activities where once investment has been made they have very little to purchase for resale.

The high purchasing costs of goods normally lead to an increase in investment costs and an increase in the prices of the goods. These costs are evidenced in the import tariffs and other related duties. These costs affect the GDP and trade margins.

The trend observed for the purchases in Tanzania resembles those of many other African countries. According to the Distributive Trade Survey of Ethiopia (GoE, 2009), the value of goods purchased for resale from producers by wholesale trade enterprises is almost half of the total value of goods

purchased. As for the retail trade enterprises, value of purchases of goods for resale was almost half of the total value of all the goods purchased for resale.

As it has been observed in the wholesale and retail trade activities, major causes of high purchases were in other specialized wholesale and retail sale of automotive fuel in specialized stores. There is therefore a need of continuing with effective regulations in automotive fuels.

The objective of the 2003 National Trade Policy is to enable Tanzania identify ways and means of navigating through a viable and steady path towards competitive export-led growth for the realization of the goal of poverty eradication by adopting trade liberalization.

### 4.3 Running Expenses and Other Costs

This section presents running expenses and other costs which together constitute Intermediate Consumption (IC). These include costs for fuel used to run the business, telephone, advertisement, rents paid, repair and taxes. Other costs are vehicle registration and business license fees, depreciation, electricity, water charges, bank charges, interests, insurance and postage. Table 4.2 shows running expenses and other costs incurred in the distributive trade and accommodation, food and beverage service activities.

According to the cost structure in the distributive trade, about 81 percent of the total running expenses was realized in the following six major categories: other costs (28.6 percent), depreciation (17.7 percent), fuel use in the business (13.1 percent), taxes (10.4 percent), rents paid (5.6 percent), and repair (4.5 percent). However, the lowest cost was in vehicle registration and business license fees and water charges each with about one percent.

When the data is analyzed by type of activity in the distributive trade, the highest (47.9 percent) of the total cost was realized in the wholesale trade, except of motor vehicles and motorcycles. For the accommodation, food and beverage sector, the same cost structure has been observed where the same four major cost areas were: other costs (23.8 percent), fuel use in the business (13.8 percent), depreciation (13.8 percent), and taxes (11.7 percent). The total contribution of the four major cost categories was 63.1 percent.

Among the two major categories in the accommodation, food and beverages, most of the running expenses (61.1 percent) were in accommodation activities. Nevertheless, the category of other costs or running expenses has dominated in both, the distributive trade and accommodation, food and beverage service activities. This raises a question for further analysis on the contents within this category. The cost of fuel reflects the situation in the country as it is an imported good. The higher depreciation value was observed in the wholesale trade. This may be justified by the fact that it involves bulk merchandise and high investment in warehouses, transportation and fittings.

Table 4.2: Running Expenses and Other Costs by Activity, 2010

(000'TShs)

ISIC Rev. 4	Activity	Fuel for Use in the Business	Vehicle Registration & Business License Fees	Depreciation	Electricity	Water Charges	Bank Charges	Interests Paid	Insurance	Postage, Telephone
451	Sale of motor vehicles	592,260	27,374	414,869	121,889	8,084	12,129	59,778	43,291	37,887
452	Maintenance and repair of motor vehicles	705,325	437,834	948,916	893,932	65,052	136,199	292,523	354,071	373,832
453	Sale of motor vehicle parts and accessories	114,310	52,747	142,171	50,062	8,930	121,513	70,223	386,596	78,588
454	Sale, maintenance and repair of motorcycles and related parts and accessories	4,931	496	2,399	9,139	2	4,735	911	5,596	8,543
45	<b>Wholesale and retail trade and repair of motor vehicles and motor cycles</b>	<b>1,416,826</b>	<b>518,451</b>	<b>1,508,355</b>	<b>1,075,022</b>	<b>82,068</b>	<b>274,576</b>	<b>423,435</b>	<b>789,554</b>	<b>498,850</b>
	<b>Percentage</b>	<b>5.9</b>	<b>31.9</b>	<b>4.7</b>	<b>21.6</b>	<b>4.7</b>	<b>5.5</b>	<b>5.6</b>	<b>15.9</b>	<b>17.4</b>
461	Wholesale on a fee or contract basis	7,764,838	521,435	2,003,017	442,767	30,628	1,382,543	289,277	1,621,056	118,962
462	Wholesale of agricultural raw materials and live animals	230,237	-	743,125	82,086	45,218	48,094	593,281	60,557	45,473
463	Wholesale of food, beverages and tobacco	1,468,144	33,214	4,051,716	379,632	1,228,132	73,353	164,300	182,176	77,200
464	Wholesale of household goods	147,377	14,595	337,599	124,359	18,408	26,658	520,768	117,999	82,211
465	Wholesale of machinery, equipment and supplies	272,409	81,115	731,272	88,444	29,485	143,620	162,795	142,631	193,373
466	Other specialized wholesale	2,667,619	135,642	15,454,387	933,976	15,156	1,394,840	882,574	630,741	337,951
469	Non-specialized wholesale trade	230,007	23,657	397,007	83,062	15,045	215,374	363,827	63,491	124,366
471	Retail sale in non-specialized stores	523,759	17,756	196,733	79,786	10,434	23,894	8,708	22,537	65,865
472	Retail sale of food, beverages and tobacco in specialized stores	323,978	16,607	1,285,849	252,648	32,538	76,532	248,146	73,835	27,758
473	Retail sale of automotive fuel in specialized stores	4,278,729	120,310	2,640,447	767,578	157,884	507,208	2,087,040	587,886	660,321
474	Retail sale of information and communications equipment in specialized stores	112,009	598	183,144	26,593	351	45,434	255,041	23,384	5,319

Table 4.2 (Continued): Running Expenses and Other Costs by Activity, 2010

(000' TShs)

ISIC Rev. 4	Activity	Fuel for use in the Business	Vehicle Registration & Business License Fees	Depreciation	Electricity	Water Charges	Bank Charges	Interests Paid	Insurance	Postage, Telephone
475	Retail sale of other household equipment in specialized stores	2,760,452	88,725	1,292,761	298,233	27,703	266,829	1,301,317	391,741	299,602
476	Retail sale of cultural and recreation goods in specialized stores	11,420	475	45,346	12,474	3,913	10,097	1,853	5,240	14,461
477	Retail sale of other goods in specialized stores	330,961	11,055	115,897	103,977	17,948	94,594	151,653	77,764	91,707
478	Retail sale via stalls and markets	1,363,649	37,133	1,244,438	148,165	22,565	72,116	135,332	173,289	194,297
	<b>Total Distributive Trade</b>	<b>24,007,885</b>	<b>1,624,146</b>	<b>32,355,955</b>	<b>4,977,984</b>	<b>1,738,987</b>	<b>4,961,824</b>	<b>7,589,347</b>	<b>4,977,505</b>	<b>2,865,303</b>
551	Short term accommodation activities	4,328,083	431,587	9,858,964	4,265,150	1,006,238	767,117	3,852,792	792,296	1,997,514
552	Camping grounds, recreational vehicle parks and trailer parks	13,260	4,858	38,353	61,646	3,216	58,053	0	1,361	8,900
559	Other accommodation	35,552	1,947	120	38,960	9,860	2,866	5,277	4,412	8,684
561	Restaurants and mobile food service activities	303,730	17,585	249,689	224,202	88,723	35,839	55,309	17,021	128,358
562	Event catering and other food service activities	172,319	42,174	79,884	336,245	87,423	20,900	115,265	56,861	72,768
563	Beverage serving activities	7,198,348	179,872	1,807,736	1,745,853	256,626	53,260	135,437	438,247	235,470
	<b>Total Accommodation, Food and Beverage Services</b>	<b>12,051,292</b>	<b>678,023</b>	<b>12,034,746</b>	<b>6,672,056</b>	<b>1,452,086</b>	<b>938,035</b>	<b>4,164,080</b>	<b>1,310,198</b>	<b>2,451,694</b>
	<b>Total</b>	<b>36,059,177</b>	<b>2,302,169</b>	<b>44,390,701</b>	<b>11,650,040</b>	<b>3,191,073</b>	<b>5,899,859</b>	<b>11,753,427</b>	<b>6,287,703</b>	<b>5,316,997</b>

Table 4.2 (Continued): Running Expenses and Other Costs by Activity, 2010

(000' TShs)

ISIC Rev. 4	Activity	Advertisements	Rents Paid	Repair	Tax	Audit Fees	Other Costs	Total	Percentage
451	Sale of motor vehicles	133,556	200,712	233,688	660,348	312,897	4,630,492	<b>7,489,254</b>	<b>4.09</b>
452	Maintenance and repair of motor vehicles	976,608	1,099,633	511,772	5,732,639	213,458	7,722,846	<b>20,464,640</b>	<b>11.17</b>
453	Sale of motor vehicle parts and accessories	39,799	216,369	152,668	166,619	16,780	1,367,900	<b>2,985,275</b>	<b>1.63</b>
454	Sale, maintenance and repair of motorcycles and related parts and accessories	6,176	2,103	1,174	6,630	3,750	1,292	<b>57,877</b>	<b>0.03</b>
<b>45</b>	<b>Wholesale and retail trade and repair of motor vehicles and motor cycles</b>	<b>1,156,139</b>	<b>1,518,817</b>	<b>899,302</b>	<b>6,566,236</b>	<b>546,885</b>	<b>13,722,530</b>	<b>30,997,046</b>	<b>16.9</b>
	<b>Percentage</b>	<b>29.3</b>	<b>14.7</b>	<b>9.1</b>	<b>34.6</b>	<b>26.4</b>	<b>25.9</b>	<b>16.9</b>	
461	Wholesale on a fee or contract basis	152,389	386,496	2,371,965	543,966	48,414	3,790,776	<b>21,468,529</b>	<b>11.72</b>
462	Wholesale of agricultural raw materials and live animals	4,958	176,497	81,586	18,208	21,970	382,157	<b>2,533,447</b>	<b>1.38</b>
463	Wholesale of food, beverages and tobacco	70,559	2,287,636	1,428,464	2,784,069	67,015	2,070,855	<b>16,366,465</b>	<b>8.93</b>
464	Wholesale of household goods	132,607	495,856	110,380	69,454	23,041	360,579	<b>2,581,891</b>	<b>1.41</b>
465	Wholesale of machinery, equipment and supplies	148,719	348,883	208,496	1,706,600	73,063	2,702,280	<b>7,033,185</b>	<b>3.84</b>
466	Other specialized wholesale	844,092	938,461	771,602	2,474,863	196,367	6,299,345	<b>33,977,616</b>	<b>18.54</b>
469	Non-specialized wholesale trade	78,190	185,635	232,310	816,818	34,226	1,022,317	<b>3,885,332</b>	<b>2.12</b>
471	Retail sale in non-specialized stores	30,926	142,439	101,995	277,389	21,364	761,199	<b>2,284,784</b>	<b>1.25</b>
472	Retail sale of food, beverages and tobacco in specialized stores	12,407	76,841	199,485	106,823	19,570	1,976,450	<b>4,729,467</b>	<b>2.58</b>
473	Retail sale of automotive fuel in specialized stores	254,838	533,600	1,220,852	1,075,105	399,053	5,824,341	<b>21,115,192</b>	<b>11.52</b>
474	Retail sale of information and communications equipment in specialized stores	36,822	136,054	59,197	40,011	14,850	734,190	<b>1,672,997</b>	<b>0.91</b>

Table 4.2 (Continued): Running Expenses and Other Costs by Activity, 2010

(000' TShs)

ISIC Rev. 4	Activity	Advertisements	Rents Paid	Repair	Tax	Audit Fees	Other Costs	Total	Percentage
475	Retail sale of other household equipment in specialized stores	763,038	1,696,691	1,298,148	1,541,256	440,494	2,916,227	15,383,217	8.39
476	Retail sale of cultural and recreation goods in specialized stores	4,517	45,393	28,605	11,541	3,770	154,355	353,460	0.19
477	Retail sale of other goods in specialized stores	178,246	419,184	142,500	209,764	44,944	840,046	2,830,240	1.54
478	Retail sale via stalls and markets	73,708	812,809	724,208	723,512	100,836	8,983,102	14,809,159	8.08
479	Retail trade not in stores, stalls or markets	7,818	100,455	48,627	12,378	14,670	385,973	1,231,598	0.67
	<b>Total Distributive Trade</b>	<b>3,949,973</b>	<b>10,301,747</b>	<b>9,987,722</b>	<b>18,977,493</b>	<b>2,070,532</b>	<b>52,426,722</b>	<b>183,253,625</b>	<b>100</b>
551	Short term accommodation activities	1,123,835	1,841,228	3,904,997	7,185,644	841,055	10,484,853	52,681,353	60.40
552	Camping grounds, recreational vehicle parks and trailer parks	47,780	7,234	34,493	11,104	21,332	53,966	365,556	0.42
559	Other accommodation	3,626	18,661	23,216	50,612	2,129	20,335	226,257	0.26
561	Restaurants and mobile food service activities	26,363	369,747	300,380	254,959	45,625	223,876	2,341,406	2.68
562	Event catering and other food service activities	51,071	239,490	128,454	112,267	18,344	673,256	2,206,721	2.53
563	Beverage serving activities	2,797,407	538,829	568,918	2,603,461	1,531,907	9,313,820	29,405,191	33.71
	<b>Total Accommodation, Food and Beverage Services</b>	<b>4,050,082</b>	<b>3,015,189</b>	<b>4,960,458</b>	<b>10,218,047</b>	<b>2,460,392</b>	<b>20,770,106</b>	<b>87,226,484</b>	<b>100.00</b>
	<b>Total</b>	<b>8,000,055</b>	<b>13,316,936</b>	<b>14,888,180</b>	<b>29,196,040</b>	<b>4,530,924</b>	<b>73,696,828</b>	<b>270,480,109</b>	

The higher values in other running expenses/other costs category might be due to other unspecified expenses that were not pre-determined from the outset. Apart from the itemised expenses, other expenses may not have a direct link with the activity concerned; such expenses may include bribery in licensing etc. High costs of fuel for use in the business are due to power rationing which forced businesses to use fuel as an alternative source of energy.

High running expenses lead to high investment costs. Tanzania has always considered tax holiday as an integral part of investment incentive package to attract foreign direct investments. Cost is an important determinant of price setting. This implies, cost of goods sold (CoGS) represents the single biggest cost incurred by firms in the distributive trade, accounting for three-quarters and two thirds of the net turnover in the wholesale and retail trade, respectively (Distributive Trade in Europe).

Moreover, the operating costs in the wholesale and retail trade increased by 15.1 percent in Ethiopia between 2008 and 2009, which is comparable to Tanzania where the findings show that running expenses for most of the wholesale and retail is high, (Distributive Trade Report of Ethiopia, 2009).

There is a need to have a policy which will minimize costs and thus ensuring efficiency, effectiveness and transparency in taxation in order to stimulate economic growth and create a potential for a sustainable future revenue generation.

#### **4.4 Stocks/Inventory by Activity**

This section presents the estimates of the contribution of the distributive trade, and accommodation and food service activities to Gross Domestic Product (GDP) with respect to stocks/inventory by activity. Inventories are maintained by businesses in order to facilitate the production and distribution of goods or services. Generally, the items held in inventory may be in the form of goods ready for sale (finished goods), of goods undergoing production (work in process), or of goods acquired for use in the production process (materials and supplies). For example, an auto dealer keeps a variety of makes, models and parts on hand to meet the varied requirements and preferences of potential customers. Total inventories comprise the value of all



inventories owned by the enterprise and held by, or under the control of, the establishment, either at the establishment's own premises or elsewhere. Changes in inventories consist of the difference between the value of inventories at the end and their value at the beginning of the reference period.

For the distributive trade, the results show that, the total opening stock was smaller than the closing stock which results into a positive change in stock/inventory of TShs. 59,222 million, (Table 4.3). However, according to the type of activities, there were some values with large positive changes and others with negative changes. The highest changes in stock/inventory were found in six distributive trade activities which are: retail sale of information and communications equipment in specialized stores (TShs. 9,016.8 million); wholesale of machinery, equipment and supplies (TShs. 8,264.8 million); retail sale of other household equipment in specialized stores (TShs. 7,312.3 million); other specialized wholesale (TShs. 7,112.1 million); wholesale on a fee or contract basis (TShs. 6,678.7 million); and sale of motor vehicles (TShs. 6,184.3 million). The lowest change in stock was in retail sale of other goods in specialized stores with TShs. -2,469 million.

In the case of accommodation and food service activities, beverage serving activities appeared to contribute the highest amount of stock changes with TShs. 10,258.5 million whereas short term accommodation activities had the lowest recorded change in inventory with TShs. -4,894.9 million.

In theory and practice, change in stock/inventory might be positive or negative depending on the levels of opening and closing stocks. The positive change in inventory occurs if a firm is unable to sell all of its annual output, then, some goods will be placed in the inventory, and kept in a warehouse. This positive change in inventory is treated as an act of investment spending because these goods are available for future use, which justifies the technical definition of investment. On the other hand, if activities have recorded a negative change in inventory, it means that firms have under produced and satisfy the demand by dipping into their inventories. The negative change in inventories is treated as disinvestment or negative investment spending.

The value of stocks may change due to some or all of the following reasons. First, the level or quantity of goods may have changed over time. Secondly, the type of goods carried may have changed from low value goods to high value goods or vice-versa. Finally, the prices of goods and services may have

changed substantially over the period. For the first reason, firms may change the level or quantity of goods for different reasons.

**Table 4.3: Stocks/Inventory by Activity****(000' TShs)**

<b>ISIC Rev. 4</b>	<b>Activity</b>	<b>Opening Stocks</b>	<b>Closing Stocks</b>	<b>Change</b>
451	Sale of motor vehicles	12,182,034	18,366,299	6,184,265
452	Maintenance and repair of motor vehicles	39,997,040	42,963,111	2,966,071
453	Sale of motor vehicle parts and accessories	3,593,308	6,400,100	2,806,792
454	Sale, maintenance and repair of motorcycles and related parts and accessories	8,222	117,973	109,751
461	Wholesale on a fee or contract basis	8,816,676	15,495,392	6,678,716
462	Wholesale of agricultural raw materials and live animals	3,228,496	3,878,564	650,068
463	Wholesale of food, beverages and tobacco	5,160,860	7,888,867	2,728,007
464	Wholesale of household goods	4,892,478	4,976,849	84,371
465	Wholesale of machinery, equipment and supplies	4,532,041	12,796,891	8,264,850
466	Other specialized wholesale	50,994,967	58,107,030	7,112,063
469	Non-specialized wholesale trade	12,400,080	12,901,500	501,420
471	Retail sale in non-specialized stores	778,142	2,094,138	1,315,996
472	Retail sale of food, beverages and tobacco in specialized stores	4,726,499	5,974,453	1,247,954
473	Retail sale of automotive fuel in specialized stores	22,974,059	26,283,996	3,309,937
474	Retail sale of information and communications equipment in specialized stores	1,408,117	10,424,935	9,016,818
475	Retail sale of other household equipment in specialized stores	18,575,667	25,887,992	7,312,325
476	Retail sale of cultural and recreation goods in specialized stores	349,470	598,134	248,664
477	Retail sale of other goods in specialized stores	8,500,759	6,031,776	-2,468,983
478	Retail sale via stalls and markets	2,813,908	3,801,226	987,318
479	Retail trade not in stores, stalls or markets	832,814	998,429	165,615
	<b>Total Distributive Trade</b>	<b>206,765,637</b>	<b>265,987,655</b>	<b>59,222,018</b>
551	Short term accommodation activities	67,541,226	62,646,283	-4,894,943
552	Camping grounds, recreational vehicle parks and trailer parks	20,782	165,578	144,796
559	Other accommodation	43,460	467,440	423,980
561	Restaurants and mobile food service activities	1,775,543	3,148,914	1,373,371
562	Event catering and other food service activities	1,454,640	3,296,547	1,841,907
563	Beverage serving activities	5,332,619	15,591,113	10,258,494
	<b>Total Accommodation, Food and Beverage Services</b>	<b>76,168,270</b>	<b>85,315,875</b>	<b>9,147,605</b>
	<b>Total</b>	<b>282,933,907</b>	<b>351,303,530</b>	<b>68,369,623</b>

Studying inventory changes may not be an easy topic in the field of macro-economics but it turns out to be an extremely important one. That's because a) inventory changes are volatile, and thus play a big role in variations in the GDP; and b) inventory changes can sometimes give some information about where the economy is heading. An increase in inventories adds to GDP, because those are goods that have been produced but not sold, and therefore not included in expenditures; a decrease in inventories, on the other hand, must be subtracted from growth, because those goods were already counted in GDP at the time they were produced. The establishment of a supply chain between the partners comprises the systems of the providers of the logistics chain and allows orders to be processed in real time. The processing goes from the manufacturer to the exit of the product at the cash desk, the aim being to reduce stocks at all levels of the chain.

For the total value of stocks at the beginning and closing is similar to most of other studies in other countries. For example, the Distributive Trade Survey of Nepal and the Urban Distributive Trade Survey of Ethiopia, both find that total change in stock/inventory is positive, (Federal Democratic Republic of Ethiopia, 2008 and Government of Nepal, 2008). However, according to Hornstein and Praschnik (1997), over the business cycle, it was found that inventories are much more volatile in the durable goods sectors than in the non durable goods sectors. Their results concur with the above findings where those durable goods such as information and communications equipment, machinery and equipment and supplies have positive and large changes in stocks. On the contrary, non durable goods such as retail sale of other goods in specialized stores have small changes in stock.

Nevertheless, technological innovations might have changed the way the industry does business. For example, with the increasing use of mobile phones and business networks, allows retailers and wholesalers to keep less stock on hand, since they can order goods from their suppliers “just in time” before they need them. With the improvement in logistics of goods and services, most of the enterprises prefer to keep constant sales – inventory ratio.

Positive changes in inventories though can only provide a temporary boost to growth as eventually the rate of stock building will fall when stocks are replenished or reach the desired levels. Therefore, other components of demand such as household consumption, investment, government spending and net trade, which provide the longer-term sources of growth, will become more important.

After saying that, increases in inventories forebode stronger demand in the near future is almost a wishful thinking. Therefore, it has been observed that for both, distributive trade accommodation and food service activities have positive changes in stock which add up to the gross domestic product. Information and communications equipment in specialized stores is the highest contributor in the distributive trade sector and may be it will continue to be so considering the booming of ICT industry. The same applies to beverage serving activities which appear to contribute the highest amount of stock changes in accommodation and food service activities.

#### 4.5 Gross Revenue from Sales by Activity

This section presents estimates on the contribution of the distributive trade, accommodation, food and beverage service activities to gross domestic product (GDP) with respect to gross revenue from sales by activity.

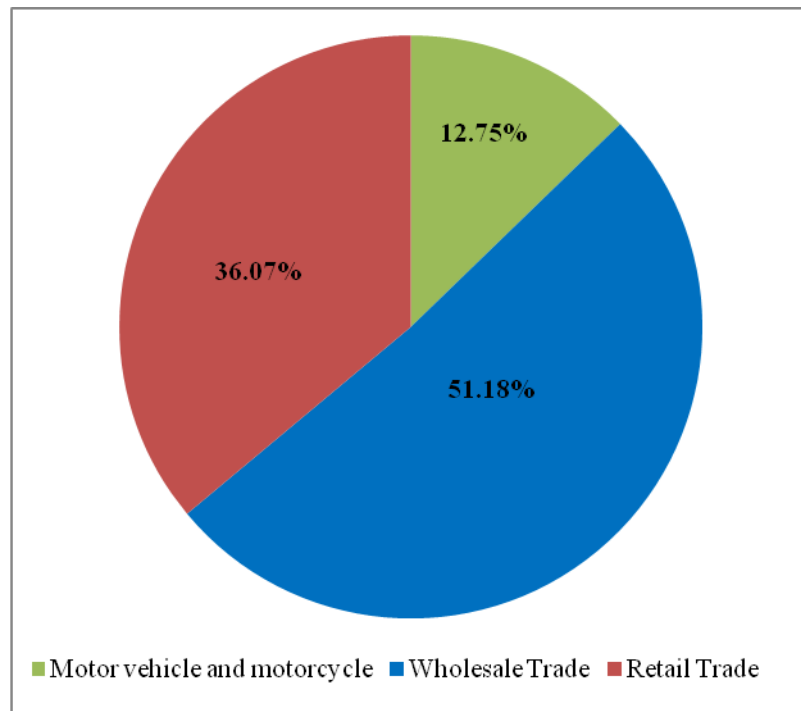
Gross Revenue is the money generated by all companies' operations, which include income from sales, other operating and non-operating income. Income from sales results from the exchange of goods or services for an amount of money or its equivalent i.e. the act of selling. These include sales of bought goods for resale, sales of accommodation and sales of food and drinks. Other operating income includes agency fees, commission receivable, rent receivable and other incomes. Non-operating incomes refer to the interest receivable, share dividend receivable, subsidies and incentives from government and other non-operating income.

Table 4.4 indicates the estimates of gross revenue from sales by activity for the distributive trade and accommodation and food service activities.

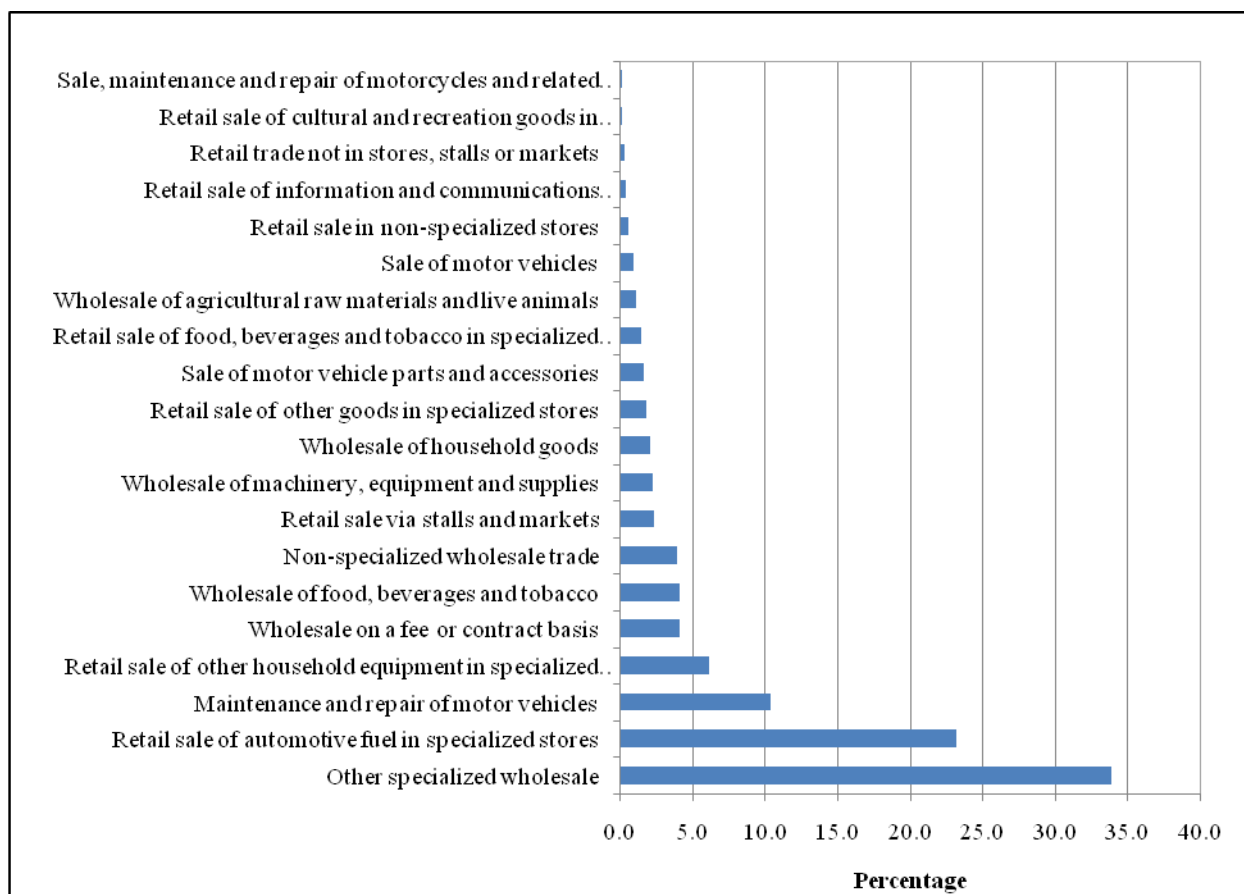
Table 4.4: Gross Revenue from Sales by Activity, 2010

		(000' TShs)		
ISIC Rev.4	Activity	Total Sales	Other Revenue	Total Revenue
451	Sale of motor vehicles	6,941,561	7,455,679	14,397,240
452	Maintenance and repair of motor vehicles	151,473,304	24,991,529	176,464,833
453	Sale of motor vehicle parts and accessories	25,694,482	851,084	26,545,566
454	Sale, maintenance and repair of motorcycles and related parts and accessories	118,816	41,646	160,462
461	Wholesale on a fee or contract basis	44,709,350	25,343,067	70,052,417
462	Wholesale of agricultural raw materials and live animals	16,934,963	856,871	17,791,834
463	Wholesale of food, beverages and tobacco	54,592,189	15,115,967	69,708,156
464	Wholesale of household goods	27,779,260	6,458,561	34,237,821
465	Wholesale of machinery, equipment and supplies	34,992,283	2,396,917	37,389,200
466	Other specialized wholesale	551,180,711	27,174,020	578,354,731
469	Non-specialized wholesale trade	64,681,944	1,369,611	66,051,555
471	Retail sale in non-specialized stores	3,966,822	4,540,220	8,507,042
472	Retail sale of food, beverages and tobacco in specialized stores	21,818,303	2,885,863	24,704,166
473	Retail sale of automotive fuel in specialized stores	385,423,233	10,130,548	395,553,781
474	Retail sale of information and communications equipment in specialized stores	5,931,890	1,167	5,933,057
475	Retail sale of other household equipment in specialized stores	99,249,916	5,384,992	104,634,908
476	Retail sale of cultural and recreation goods in specialized stores	2,032,171	108,551	2,140,722
477	Retail sale of other goods in specialized stores	28,462,554	1,543,481	30,006,035
478	Retail sale via stalls and markets	27,637,767	12,092,304	39,730,071
479	Retail trade not in stores, stalls or markets	3,935,842	192,045	4,127,887
<b>Total Distributive Trade</b>		<b>1,557,157,361</b>	<b>148,934,123</b>	<b>1,706,491,484</b>
<b>Percentage Contribution by Income Source</b>		<b>91</b>	<b>9</b>	<b>100</b>
551	Short term accommodation activities	133,191,035	44,470,813	177,661,848
552	Camping grounds, recreational vehicle parks and trailer parks	1,014,537	0	1,014,537
559	Other accommodation	614,893	164,927	779,820
561	Restaurants and mobile food service activities	19,329,338	1,183,840	20,513,178
562	Event catering and other food service activities	9,921,137	1,125,556	11,046,693
563	Beverage serving activities	140,874,451	7,953,745	148,828,196
<b>Total Accommodation, Food and Beverage Services</b>		<b>304,945,391</b>	<b>54,898,881</b>	<b>359,844,272</b>
<b>Percentage Contribution by Income Source</b>		<b>85</b>	<b>15</b>	<b>100</b>

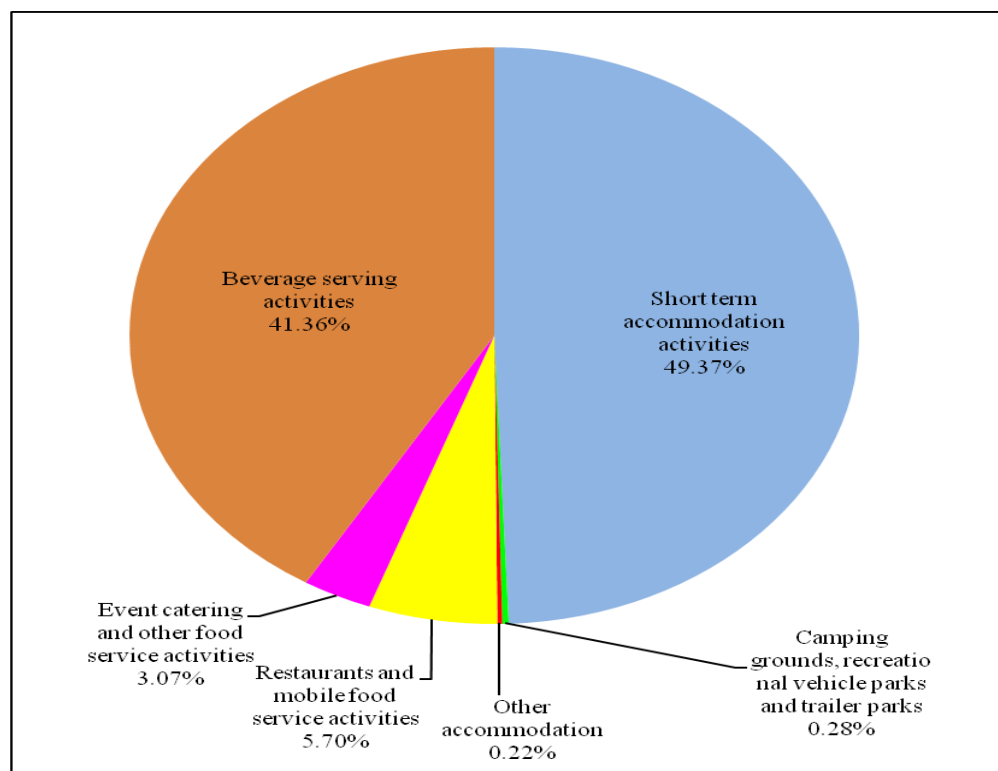
For the distributive trade, the results show that, the revenue from total sales was the main contributor to the total gross revenues as it accounted for 91 percent (Table 4.4). In terms of activity, the contribution of the wholesale trade was 51.2 percent followed by retail trade with 36 percent and trade in motor vehicle with 12 percent (Figure 4.1).

**Figure 4.1: Distributive Trade Gross Revenue from Sales by Activity in Percentage**

Likewise, as shown in fig 4.1, if examined specifically, there were three types of activities which contributed 67.43 percent of the total gross revenue. The activity are: other specialized wholesale with 33.9 percent followed by retail sale of automotive fuel in specialized stores with 23.19 percent and maintenance and repair of motor vehicles with 10.34 percent. Activities with lower gross revenues are: sale, maintenance and repair of motorcycles and related parts and accessories (0.01 percent), retail sale of cultural and recreation goods in specialized stores (0.13 percent) and retail trade not in stores, stalls or markets (0.24 percent).

**Figure 4.2: Gross Revenue of Distributive Trade from Sales by Activity in Percentage**

With regard to accommodation and food services activities, 90.6 percent of the gross revenue has been contributed by two main activities which are; short term accommodation with 49.63 percent and beverage serving activities with 40.97 percent. The lowest percentage was in the camping grounds, recreational vehicle parks and trailer parks with 0.29 percent and other accommodation with 0.22 percent.

**Figure 4.3: Accommodation and Food Service Activities; Gross Revenue from Sales by Activity in Percentage**

On the distributive trade sector, it is widely known that, major portion of the gross income or revenue for the enterprises comes from trading of goods and services. In addition, it is expected for the wholesale trade to have higher gross revenue followed by retail trade and trade in motor vehicle as it has been found by other studies such as the Distributive Trade of Ethiopia, 2009 and that of Malaysia, 2009.

For the distributive trade, the wholesale trade has large amount of gross revenue because of its capital intensiveness and therefore, it generates more capital turnover than the retail and motor vehicle trading. The retail of automotive fuel has higher revenue because of the shortage of electricity which necessitates different communities to turn into the use of generators as an alternative source of energy.

Concerning accommodation, food and beverages service activities, short term accommodation activities and beverage serving activities have been the main contributors. Most of the regions in Tanzania Mainland have experienced the rise of accommodation services which symbolizes the



growing economic opportunity in this activity. The beverage service activity is also one of the sectors whose prices have continuously been increasing. This might be the reason of having high gross revenue.

With such findings, it is expected that, these sectors with high gross income will continue to attract more investments than other sectors.

In the Distributive Trade of Malaysia 2009, the wholesale of non-agricultural intermediate products, waste and scrap was the largest contributor with 32.1 percent. This was followed by wholesale of agricultural raw materials, livestock, food, beverages and tobacco (24.9 per cent) and wholesale of household goods (18.6 percent). This resembles to some extent with Ethiopia where more than 67 percent of the total income made by the wholesale enterprises was drawn from sales of agricultural raw materials and live animals and 36.2 percent of the gross value of income acquired by retail trade enterprises was derived from the sale of food items, (Ethiopia, 2009).

In terms of gross output, the study in Malaysia 2009 shows that, the sale of motor vehicles was the largest contributor with 46.6 percent, followed by the sale of motor vehicle parts and accessories with 24.2 percent and maintenance and repair of motor vehicles with 18.2 percent.

Therefore, in the case of Tanzania Mainland, maintenance and repair of motor vehicles to have higher gross revenue than sale of motor vehicle might be because of the reason that most of the vehicles are bought second hand and therefore increases the income of this activity.

The current economic policy in the country puts strong emphasis on agricultural development as it is stipulated in Kilimo Kwanza. However, according to the findings, the agricultural materials trading are found to have very small gross revenue compared to other activities. This suggests that more efforts have to be put in place to ensure that the agricultural sector is advancing more particularly in quality production so as to generate higher income in order to attain the Agricultural Vision. It is also observed that, in the distributive trade, the wholesale trade has appeared to have a large gross revenue than the retail and motor vehicle trading. Therefore, there is a need to improve the availability of reliable source of power as it has been proved that the retail of automotive fuel has higher revenue which may entail that, shortage of electricity necessitates most people to turn into the use of generators as an alternative source of energy.

#### 4.6 Net Profit/Loss by Activity

This section presents the estimates of the contribution of the distributive trade and service activities to the gross domestic product (GDP) with respect to net profit/loss by activity. Net profit or net revenue is a measure of the profitability of an enterprise after accounting for all costs. In accounting, net profit is equal to the gross profit less overheads and interest payable for a given time period.

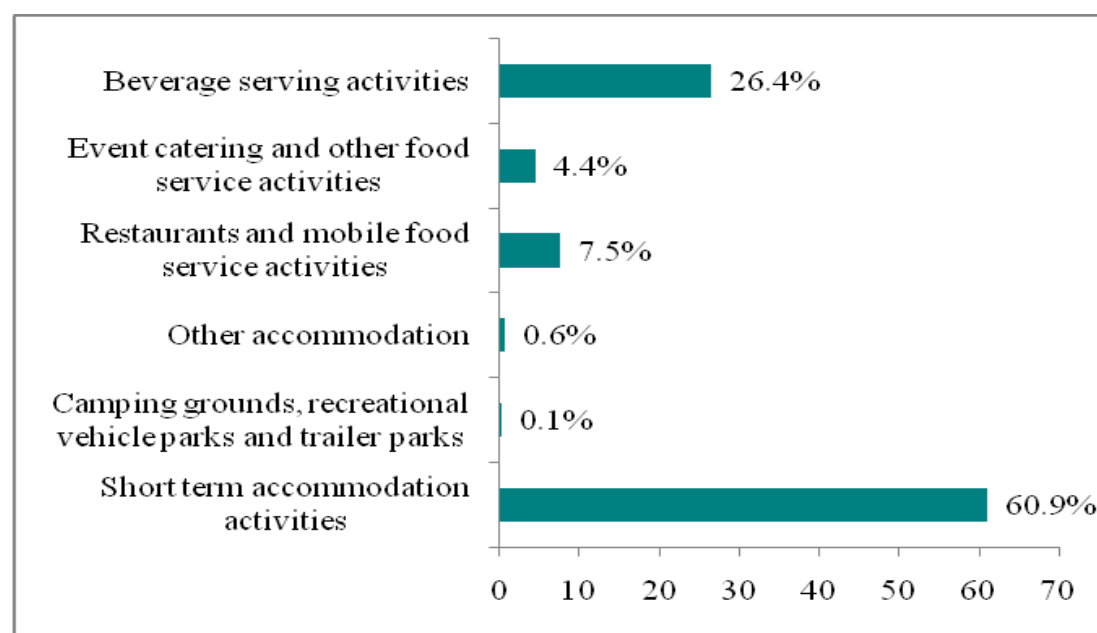
Table 4.5 indicate the estimates of net profit/loss by activity for the distributive trade, accommodation and food service activities.

**Table 4.5: Net Profit/Loss by Activity, 2010**

		(000' TShs)
ISIC Rev. 4	Activity	Net profit/(loss)
451	Sale of motor vehicles	7,131,624
452	Maintenance and repair of motor vehicles	12,649,168
453	Sale of motor vehicle parts and accessories	12,399,864
454	Sale, maintenance and repair of motorcycles and related parts and accessories	120,324
461	Wholesale on a fee or contract basis	13,095,589
462	Wholesale of agricultural raw materials and live animals	520,608
463	Wholesale of food, beverages and tobacco	18,033,935
464	Wholesale of household goods	8,721,915
465	Wholesale of machinery, equipment and supplies	8,961,618
466	Other specialized wholesale	15,314,212
469	Non-specialized wholesale trade	3,163,209
471	Retail sale in non-specialized stores	3,341,460
472	Retail sale of food, beverages and tobacco in specialized stores	4,737,628
473	Retail sale of automotive fuel in specialized stores	41,845,101
474	Retail sale of information and communications equipment in specialized stores	9,179,344
475	Retail sale of other household equipment in specialized stores	7,667,093
476	Retail sale of cultural and recreation goods in specialized stores	220,018
477	Retail sale of other goods in specialized stores	4,295,760
478	Retail sale via stalls and markets	4,273,676
479	Retail trade not in stores, stalls or markets	621,859
	<b>Total Distributive Trade</b>	<b>176,294,005</b>
551	Short term accommodation activities	46,878,914
552	Camping grounds, recreational vehicle parks and trailer parks	89,690
559	Other accommodation	481,561
561	Restaurants and mobile food service activities	5,764,265
562	Event catering and other food service activities	3,415,243
563	Beverage serving activities	20,312,535
	<b>Total Accommodation, Food and Beverage Services</b>	<b>76,942,208</b>

For the distributive trade, all the activities had a positive net profit, meaning that there was no activity with a loss. In terms of net profit values, retail sale of automotive fuel in specialized stores had the highest net profit of TShs. 41,845.1million followed by wholesale of food, beverages and tobacco with TShs. 18,033.9 million. Activities with lower net profit were: sale, maintenance and repair of motorcycles and related parts and accessories with TShs. 120.3million and retail sale of cultural and recreation goods in specialized stores with TShs. 220 million.

**Figure 4.5: Distribution of Net Profit as a Percentage of Gross Revenue in Accommodation, Food and Beverage Services**



With accommodation and food service activities, short term accommodation activities had the highest value of net profit with TShs. 46,878.9 million followed by beverage serving activities with TShs. 20,312.5 million. However, looking in terms of net profit as a percentage of gross income, other accommodation had the highest share of 62 percent whereas camping grounds, recreational vehicle parks and trailer parks had the lowest share of 9 percent.

Net profit/loss is a very important performance measure for an enterprise to assess and decide whether the business is successful or not. Given that companies are collections of projects and markets, individual areas can be judged on how successful they are at adding to the corporate net profit. The

restrictive business practices and excessive market concentration tend to induce abnormally high prices and profits, and low quality and limitations of supply of goods and services.

As it has been pointed out by the European Central Bank (ECB) 2011, wholesale trade is the most important in terms of value added and turnover, but retail trade is more significant in terms of employment, number of firms and, above all, interaction with consumers. Comparisons of profit margins across sectors should be made and interpreted with caution. The fact that the distributive trade sector provides intermediation services, often involving a very high turnover rate for goods, means that low profit margins do not necessarily imply low profitability, for example if measured in terms of return on capital.

If comparison is made between the net profit and the gross revenue, it will be found that the activities which recorded high revenues differ with the ones which recorded high net profits. The high gross revenue from those activities might be because of their sample size in the survey which had the majority of enterprises. The distributive trade and accommodation and food services have shown to be profitable as no activity among them recorded a net loss. As we have seen in gross revenue, retail sale of automotive fuel in specialized stores had the highest net profit followed by wholesale of food, beverages and tobacco. With accommodation and food service activities, short term accommodation activities had the highest value of net profit followed by beverage serving activities.

## **CHAPTER FIVE**

### **THE CONTRIBUTION OF DISTRIBUTIVE TRADE, ACCOMODATION, FOOD AND BEVERAGE SERVICE ACTIVITIES TO GROSS DOMESTIC PRODUCT**

Chapter five presents the contribution estimates of the Distributive Trade and Accommodation, Food and Beverage Service activities to Gross Domestic Product (GDP). The chapter is divided into five sections. The first two sections explain the level of investment expenditure by activity and intermediate consumption - other costs respectively. The last three sections illustrate the values for value added by activity; percentage distribution of value added by activity size clusters of the establishments; and value added as a percentage of Gross Output by activity. The arrangement is as follows:

1. Investment Expenditure by Activity;
2. Intermediate Consumption - Other Costs;
3. Value Added by Activity;
4. Percentage Distribution of Value Added by Activity and Size of the establishment; and
5. Value Added as a Percentage of Gross Output by Activity and Size of the establishment.

#### **5.1 Investment Expenditure by Activity**

This section presents the composition and implication of investment expenditure in the distributive trade, accommodation and food service activities in the country for the year 2010. Items of expenditure include; the cost of housing, and other buildings, vehicles, machinery and equipments and other office equipments. The section also examines various types and flows of goods and services in order to allow policy formulation or policy change so as to strengthen the sectors. In this section, investigation on three major types of investment expenditure and their flows are discussed. These include investment in land and buildings, vehicles, machinery, furniture and equipment and other equipments. The term addition is the value assigned to fixed assets acquired by the establishment during the reference period while disposals are shipments or transfers of fixed assets as well as assets discarded. Disposals of capital equipment and their parts have been valued at ex-establishment price excluding discounts and direct taxes but including subsidies received.

Table 5.1 presents the value of fixed assets at the beginning of the reference year. The activities are classified under ISIC Revision 4 level 2 while data for ISIC level 3 and their descriptions are also shown. For example in the ISIC level 2 of group 45 (wholesale and retail trade and repair of motor vehicles and motorcycles) the sub-activities in ISIC level 3 include 451(sale of motor vehicles), 452 (maintenance and repair of motor vehicles), 453 (sale of motor vehicle parts and accessories) and 454 (Sale, maintenance and repair of motorcycles and related parts and accessories. All values have been reported in million Tanzania shillings.

**Table 5.1: Investment Expenditure by Activity, 2010**

(000' TShs)

ISIC Rev. 4	Activity	Land and Buildings		Vehicles		Machinery, furniture & equipment		Other Office equipment		Total investment expenditure	
		Additions	Disposals	Additions	Disposals	Additions	Disposals	Additions	Disposals	Additions	Disposals
Distributive Trade						(000' TShs)					
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	8,799,574	11,406,468	753,623	247,647	743,514	3,438,616	770,235	4,668,902	11,066,946	19,761,633
46	Wholesale trade, except of motor vehicles and motorcycles	13,957,737	1,072,831	3,010,643	4,004,408	13,700,439	1,589,948	6,534,202	11,383,471	37,203,021	18,050,658
47	Retail trade, except of motor vehicles and motorcycles	5,538,018	942,089	6,287,731	5,784,353	6,870,136	666,108	5,507,068	6,128,854	24,202,953	13,521,404
	Total	28,295,329	13,421,388	10,051,997	10,036,408	21,314,089	5,694,672	12,811,505	22,181,227	72,472,920	51,333,695
						(Percentage)					
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	31.1	85.0	7.5	2.5	3.5	60.4	6.0	21.0	15.3	38.5
46	Wholesale trade, except of motor vehicles and motorcycles	49.3	8.0	30.0	39.9	64.3	27.9	51.0	51.3	51.3	35.2
47	Retail trade, except of motor vehicles and motorcycles	19.6	7.0	62.6	57.6	32.2	11.7	43.0	27.6	33.4	26.3
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accommodation, Food and Beverages						(000' TShs)					
55	Accommodation	5,209,758	1,633,065	3,276,447	96,178	3,375,861	1,759,644	1,647,741	3,632,587	13,509,807	7,121,474
56	Food and beverage service activities	1,215,763	156,360	749,682	81,179	1,408,821	854,237	1,229,829	1,193,996	4,604,095	2,285,772
	Total	6,425,521	1,789,425	4,026,129	177,357	4,784,682	2,613,881	2,877,570	4,826,583	18,113,902	9,407,246
						(Percentage)					
55	Accommodation	81.1	91.3	81.4	54.2	70.6	67.3	57.3	75.3	74.6	75.7
56	Food and beverage service activities	18.9	8.7	18.6	45.8	29.4	32.7	42.7	24.7	25.4	24.3
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

## MAIN FINDINGS

### a) Distributive Trade Sector

*More investment and More Additions than Disposals of Fixed Capital Assets in the Wholesale Trade*

In the distributive trade, investment in the wholesale trade, except of motor vehicles and motorcycles is the highest (37.5 percent) while the wholesale and retail trade and repair of motor vehicles and motorcycles, has the lowest (6.7 percent) of the total investment expenditure

*Investment Expenditure in Acquisitions is Higher than Disposals in the Distributive Trade*

The structure of investment expenditure differs largely by type of expenditure across each activity. To a larger extent, a component of addition of fixed assets acquired is higher compared to the disposal. Overall the highest addition of fixed assets was observed in the wholesale trade, except of motor vehicles and motorcycles whereas the lowest expenditure on disposal was observed in the retail trade, except of motor vehicles and motorcycles. However, the pattern under each type of investment expenditure differs across the sub-sectors.

*Highest Investment Expenditures differ Across the Sub-Sectors*

Expenditure on land and buildings was higher in the wholesale and retail trade and repair of motor vehicles and motorcycles accounting for about 37.5 percent of the total investment in that subsector while expenditure was 28.4 percent under retail trade, except of motor vehicles and motorcycles. Investment expenditure on machinery, furniture and equipment was highest (36.8 percent) under wholesale trade, except of motor vehicles and motorcycles and in the category of other office equipment, the highest investment expenditure of 17.6 percent was observed for the wholesale trade, except of motor vehicles and motorcycles.

*Few Sub-Sectors Spend More than Ten Percent of the Total Investment Expenditure*

When investigated in detail, three activities as shown in Table 5.2, a bigger share of the investment expenditure are observed in whole sale food, beverages and tobacco with TShs. 11,001,486 million or 52.0 percent, wholesale of household goods, with TShs. 6,724,744 million or 31.8 percent, retail sale in non specialized stores with TShs. 5,258,694 million or



24.9 percent and the wholesale of machinery, equipment and supplies with TShs. 3,915,878 million or 18.5 percent.

**Table 5.2: Structure of Investment Expenditure of Distributive Trade by Activity, 2010**

ISIC Rev.4	Activity	Total Investment	
		(Million TShs)	Percentage
451	Sale of motor vehicles	-482,860	-2.3
452	Maintenance and repair of motor vehicles	-8,245,727	-39.0
453	Sale of motor vehicle parts and accessories	-157,792	-0.7
454	Sale, maintenance and repair of motorcycles and related parts and accessories	191,692	0.9
461	Wholesale on a fee or contract basis	2,626,192	12.4
462	Wholesale of agricultural raw materials and live animals	328,483	1.6
463	Wholesale of food, beverages and tobacco	11,001,486	52.0
464	Wholesale of household goods	6,724,744	31.8
465	Wholesale of machinery, equipment and supplies	3,915,878	18.5
466	Other specialized wholesale	-5,558,694	-26.3
469	Non-specialized wholesale trade	114,274	0.5
471	Retail sale in non-specialized stores	5,258,001	24.9
472	Retail sale of food, beverages and tobacco in specialized stores	592,931	2.8
473	Retail sale of automotive fuel in specialized stores	-570,723	-2.7
474	Retail sale of information and communications equipment in specialized stores	1,163,647	5.5
475	Retail sale of other household equipment in specialized stores	2,028,127	9.6
476	Retail sale of cultural and recreation goods in specialized stores	107,817	0.5
477	Retail sale of other goods in specialized stores	68,268	0.3
478	Retail sale via stalls and markets	2,266,787	10.7
479	Retail trade not in stores, stalls or markets	-233,306	-1.1
<b>Total Distributive Trade</b>		<b>21,139,225</b>	<b>100.0</b>

#### **b) Accommodation, Food and Beverage Service Sector**

*Same Pattern on Investment has been Recorded in Accommodation, Food and Beverage Services Sector.*

For the accommodation, food and beverage service activities, most of the investment expenditure was spent in short term accommodation followed by beverage serving activities with TShs. 6,451,203million or 74.1 percent and TShs. 1,573,131 million or 18.1 percent of the total sector investment expenditure, respectively.

**Table 5.3: Structure of Investment Expenditure of Accommodation, Food and Beverage Services Activities, 2010**

ISIC Rev.4	Activity	Total Investment	
		(Million TShs)	Percentage
551	Short term accommodation activities	6,451,203	74.1
552	Camping grounds, recreational vehicle parks and trailer parks	6,078	0.1
559	Other accommodation	-68,948	-0.8
561	Restaurants and mobile food service activities	621,719	7.1
562	Event catering and other food service activities	123,473	1.4
563	Beverage serving activities	1,573,131	18.1
<b>Total Accommodation, Food and Beverages</b>		<b>8,706,656</b>	<b>100.00</b>

The structure of investment expenditure in the distributive trade as shown in the figure 5.1 indicates that there was more acquisition of new fixed investment than disposals or transfers of fixed assets as well as assets discarded (70.8 percent by 29.2 percent). The pattern reflects the reality that disposals cost less because they are done after several period of time and valued at ex-establishment prices while new acquisition of fixed assets of the establishment do vary each year due to dynamic changes of business needs in favour of technology and preference. They are also subject to inflation fluctuations.

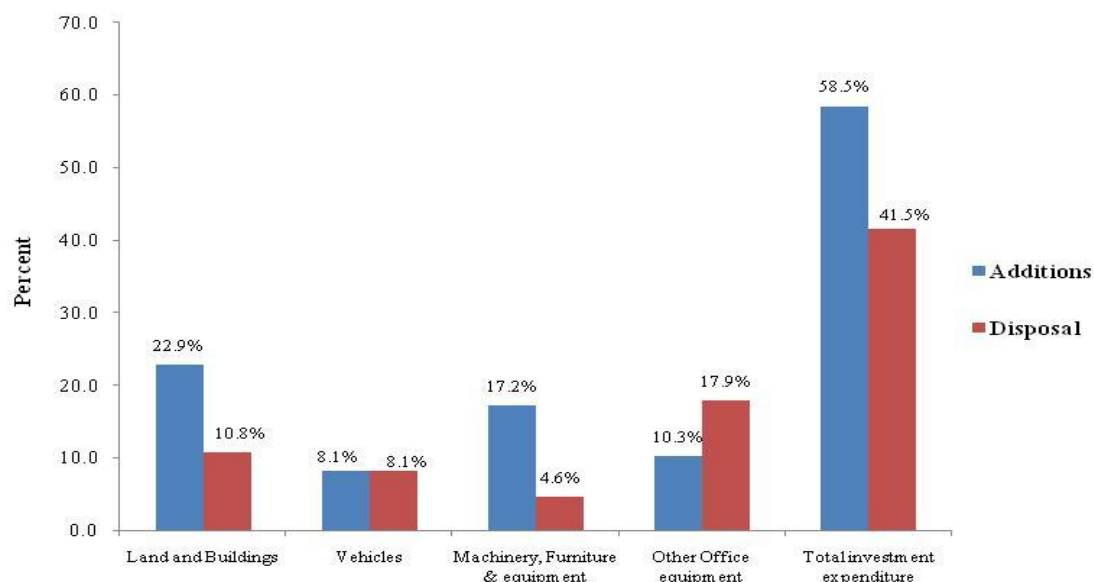
Out of the total acquisitions, the highest (39.0 percent) was contributed by land and buildings which is followed by additions in machinery, furniture and equipment with 29.4 percent. The highest expenditure on disposals was recorded in other office equipment (43.2 percent).

The same pattern of investment expenditure was also observed in accommodation, food and beverage services but with higher levels. About 66 percent of the total investment expenditure was for acquisitions out of which, about 35 percent was spent in acquisition of land and buildings while the highest expenditure in the disposals was recorded in other office equipment (51.3 percent).

This investment is also evidenced in its contribution to total country's GDP. Distributive trade is the highest contributor in all the service sectors and the second largest after crops sub-sector. In 2008, the distributive trade sector was the second largest sector in Singapore, accounting for 17 per cent of Singapore's GDP. This outcome is comparable to export-oriented economies such as Hong Kong (25 per cent share of GDP) and Taiwan (19 per cent) (MTI, 2008), and it was the main

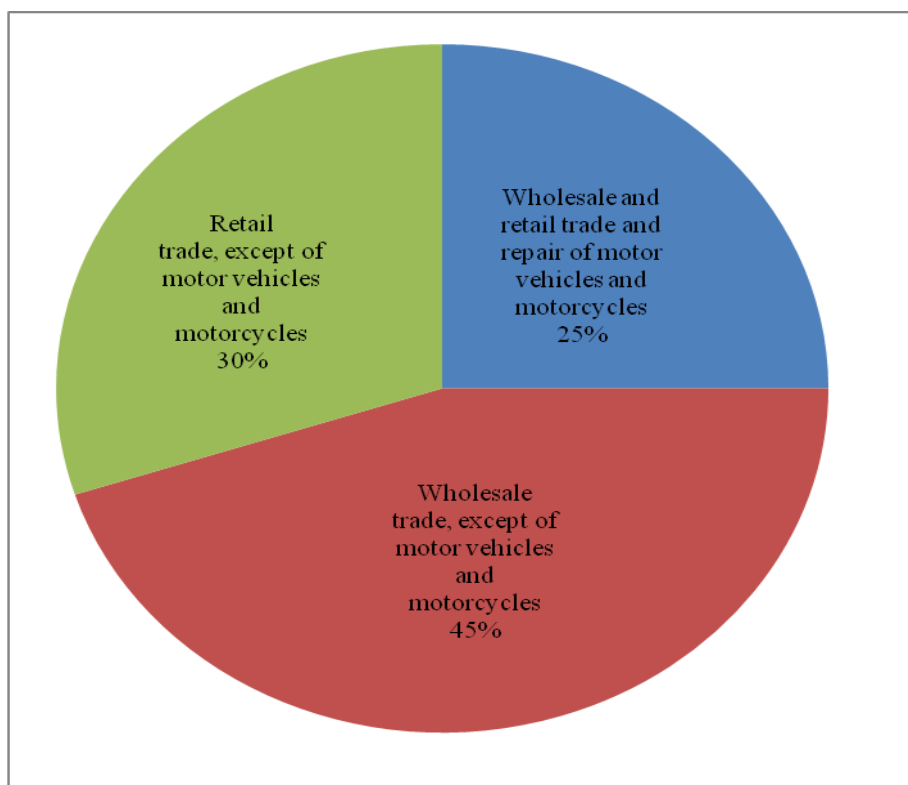
contributor to the total value added for the services sector at 32.6 percent ahead of the real estate and business services sector (23.9 percent), the transport sector (17.2 percent), and the financial sector (6.2 percent) (Singapore Department of Statistics, 2009).

**Figure: 5.1: Pattern of Expenditure on Investment by Type of Expenditure in the Distributive Trade, 2010**



Generally, it has been observed that, higher investment expenditure was made in the wholesale and retail trade and repair of motor vehicles and motorcycles than in any other activity within the distributive trade and in the accommodation, food and beverage service activity.

Moreover, higher shares of investment expenditure (more than 10 percent) in the distributive trade were in wholesale of food, beverages and tobacco (52.0 percent), wholesale of household goods (31.8 percent), retail sale in non-specialized stores (24.9 percent) and wholesale of machinery, equipment and supplies. For the accommodation, food and beverage services activities, higher investment expenditure were recorded in beverage serving activities (18.1 percent) and short term accommodation activities (74.1 percent).

**Figure 5.2: Percentage Distribution of Investment Expenditure by Activity, 2010**

The higher shares of investment expenditure (of more than 10 percent) in the four sub-activities (ISIC 452,463,466 and 473) of the distributive trade sector were due to their frequent change in behavior as a result of the quick advancing technology, market and test. Population growth especially in line with urbanization, evolving lifestyles and consumption patterns are expected to have an impact upon this wave of structural changes in domestic wholesale and retail activities.

For the accommodation, food and beverage services activities, the higher shares of investment expenditure in beverage service activities and short term accommodation activities may be due to the influx of both domestic and foreign tourists to the normal hotels and restaurants in the country who to a larger extent consume the services. These activities also depend much on the growth of other sectors in the economy in the sense that they lend services to the population involved in so many economic activities especially in the manufacturing, mining exploration and tourist activities.

## 5.2 Gross Fixed Capital Formation

Gross Fixed Capital Formation (GFCF) is the total value of a producer's acquisition, less disposals of fixed assets during the accounting period plus certain additions to the value of non-produced assets realized by the productive activity of institutional units. There might be several implications of this pattern/structure of investment expenditure of the activities to the total economy. The highest percentage of investment expenditure of 33 percent in the land and buildings (in the distributive sector) implies that most of the traders are now shifting from non-specialized premises to a more formal and addressed businesses while the lowest 16 percent investment expenditure in vehicle may imply that, most of the traders are diversified in using other modes of transport for their merchandize such as air, water and rail transport.

However, the higher percentage of investment expenditure of 17.4 percent in the maintenance and repair of motor vehicles of which 59 percent involved disposals, it implies that the vehicles and machineries engaged in trading activities in the country were so expensive due to over-use and therefore caused rise in the cost of purchases. Alongside the new developments, traditional and smaller businesses will be encouraged to upgrade and adopt modern business practices, in order to expedite their integration into the changing distributive trade systems.

The structure of investment expenditure in the distributive trade and service sectors in Tanzania Mainland has various policy implications to be addressed. Refining the investment climate in order to increase participation of private sector is important in order to promote private sector participation to enhance growth. Therefore, quicker adaption and implementation of the Business Environment Strengthening for Tanzania (BEST) and the Economic Processing Zone (EPZ) Programmes for reduction of constraints in private sector participation (unreliability of power and water supply, poor state of physical infrastructure, poor governance, inhibitive tax regime etc) would promote reduction costs of investments in the distributive trade. There is generally a positive correlation between concentration and profitability across countries (i.e. higher concentration is associated with higher profitability) for both whole sales and retail sales (ECB Monthly Bulletin, October 2011). The good policy has to be in favor of businesses that contribute to the reduction of poverty among the players.

The shift of capital flows are therefore recommended towards activities with low investment expenditure such as wholesale of agricultural raw materials and live animals, event catering and other food service activities, restaurants and mobile food service activities, camping grounds, recreational vehicle parks and trailer parks, retail trade not in stores, stalls or markets, retail sale of cultural and recreation goods in specialized stores, retail sale of food, beverages and tobacco in specialized stores, retail sale of information and communications equipment in specialized stores. These activities are more feasible and cheaper in the developing countries if productivity is insured. Efforts have to be undertaken to strengthen the capacity and capability of local retailers and wholesalers to respond to changes in the general tastes and preferences of consumers. Greater efforts need to be given to nurturing homegrown retail chains and brands.

### **5.3 Intermediate Consumption (Other Costs)**

This section examines the structure and behavior of the cost of production or intermediate consumption in the distributive trade and accommodation, food and beverage service activities for the year 2010. Intermediate consumption consists of value of goods and services consumed as inputs in a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital. Apart from direct operating expenses, there are other costs incurred in running the business by each establishment, these include; utilities such as electricity and water, finance charges, various taxes and other charges. The cost of goods sold (CoGS) represents the single biggest cost incurred by firms in the distributive trade, accounting for one-third and two-thirds of the net turnover in the wholesale and retail trades, respectively

Table 5.4: Intermediate Consumption (Other Costs) for Distributive Trade by Activity, 2010

(000' TShs)

ISIC Rev.4	Activity	Utilities	License Fees	Finance Charges	Taxes	Other Expenses	Total	Percent
451	Sale of motor vehicles	722,233	27,374	628,807	660,348	5,450,492	7,489,254	4.1
452	Maintenance and repair of motor vehicles	1,664,309	437,834	2,095,884	5,732,639	10,533,974	20,464,640	11.2
453	Sale of motor vehicle parts and accessories	173,302	52,747	811,481	166,619	1,781,126	2,985,275	1.6
454	Sale, maintenance and repair of motorcycles and related parts and accessories	14,072	496	17,095	6,630	19,584	57,877	0.0
<b>45</b>	<b>Wholesale and retail trade and repair of motor vehicles and motor cycles</b>	<b>2,573,916</b>	<b>518,451</b>	<b>3,553,267</b>	<b>6,566,236</b>	<b>17,785,176</b>	<b>30,997,046</b>	<b>16.9</b>
461	Wholesale on a fee or contract basis	8,238,233	521,435	3,727,786	543,966	8,437,109	21,468,529	11.7
462	Wholesale of agricultural raw materials and live animals	357,541	0	900,399	18,208	1,257,299	2,533,447	1.4
463	Wholesale of food, beverages and tobacco	3,075,908	33,214	2,774,480	2,784,069	7,698,794	16,366,465	8.9
464	Wholesale of household goods	290,144	14,595	1,184,322	69,454	1,023,376	2,581,891	1.4
465	Wholesale of machinery, equipment and supplies	390,338	81,115	870,992	1,706,600	3,984,140	7,033,185	3.8
466	Other specialized wholesale	3,616,751	135,642	4,042,983	2,474,863	23,707,377	33,977,616	18.5
469	Non-specialized wholesale trade	328,114	23,657	862,553	816,818	1,854,190	3,885,332	2.1
<b>46</b>	<b>Wholesale trade, except of motor vehicles and motorcycles</b>	<b>16,297,029</b>	<b>809,658</b>	<b>14,363,515</b>	<b>8,413,978</b>	<b>47,962,285</b>	<b>87,846,465</b>	<b>47.9</b>
471	Retail sale in non-specialized stores	613,979	17,756	218,942	277,389	1,156,718	2,284,784	1.2
472	Retail sale of food, beverages and tobacco in specialized stores	609,164	16,607	494,924	106,823	3,501,949	4,729,467	2.6
473	Retail sale of automotive fuel in specialized stores	5,204,191	120,310	4,114,787	1,075,105	10,600,799	21,115,192	11.5
474	Retail sale of information and communications equipment in specialized stores	138,953	598	474,763	40,011	1,018,672	1,672,997	0.9
475	Retail sale of other household equipment in specialized stores	3,086,388	88,725	4,097,072	1,541,256	6,569,776	15,383,217	8.4
476	Retail sale of cultural and recreation goods in specialized stores	27,807	475	66,353	11,541	247,284	353,460	0.2
477	Retail sale of other goods in specialized stores	452,886	11,055	788,139	209,764	1,368,396	2,830,240	1.5
478	Retail sale via stalls and markets	1,534,379	37,133	1,294,382	723,512	11,219,753	14,809,159	8.1
479	Retail trade not in stores, stalls or markets	186,164	3,378	434,811	12,378	594,867	1,231,598	0.7
<b>47</b>	<b>Retail trade, except of motor vehicles and motor cycles</b>	<b>11,853,911</b>	<b>296,037</b>	<b>11,984,173</b>	<b>3,997,779</b>	<b>36,278,214</b>	<b>64,410,114</b>	<b>35.1</b>
	<b>Total Distributive Trade</b>	<b>30,724,856</b>	<b>1,624,146</b>	<b>29,900,955</b>	<b>18,977,993</b>	<b>102,025,675</b>	<b>183,253,625</b>	<b>100.0</b>

Table 5.5: Intermediate Consumption (Other Costs) for Accommodation, Food and Beverages, 2010

		(000' TShs)						
ISIC Rev.4	Activity	Utilities	License fees	Finance Charges	Taxes	Other Expenses	Total	Percent
551	Short term accommodation activities	9,599,471	431,587	8,094,488	7,185,644	27,370,163	52,681,353	60.4
552	Camping grounds, recreational vehicle parks and trailer parks	78,122	4,858	87,980	11,104	183,492	365,556	0.4
559	Other accommodation	84,372	1,947	33,345	50,612	55,981	226,257	0.3
<b>055</b>	<b>Accommodation</b>	<b>9,761,965</b>	<b>438,392</b>	<b>8,215,813</b>	<b>7,247,360</b>	<b>27,609,636</b>	<b>53,273,166</b>	<b>61.1</b>
561	Restaurants and mobile food service activities	616,655	17,585	523,541	254,959	928,666	2,341,406	2.7
562	Event catering and other food service activities	595,987	42,174	450,860	112,267	1,005,433	2,206,721	2.5
563	Beverage serving activities	9,200,827	179,872	2,697,680	2,603,461	14,723,351	29,405,191	33.7
<b>056</b>	<b>Food and Beverage Services</b>	<b>10,413,469</b>	<b>239,631</b>	<b>3,672,081</b>	<b>2,970,687</b>	<b>16,657,450</b>	<b>33,953,318</b>	<b>38.9</b>
	<b>Total Accommodation, Food and Beverages</b>	<b>20,175,434</b>	<b>678,023</b>	<b>11,887,894</b>	<b>10,218,047</b>	<b>44,267,086</b>	<b>87,226,484</b>	<b>100.0</b>

Tables 5.4 and 5.5 investigate other costs involved in running the businesses in the distributive trade, and accommodation, food and beverage services. The row totals show total intermediate consumption (other costs) on utilities, fees, finance charges, taxes and others while the column totals add up all these costs across sub-sector and the whole sector for each. These costs together with operating costs are used to estimate the gross/net trade margin of each sub-sector

#### a) Costs skewed to specific sub-sectors and type of cost

When other costs are added under ISIC level 2 in the distributive trade, wholesale trade, except of motor vehicles and motorcycles constitutes the highest TShs. 87,846,465 thousand or 47.9 percent of the total cost while wholesale and retail trade and repair of motor vehicles and motor cycles constitutes the lowest 16.9 percent equivalent to TShs. 30,997,046 thousand. For the accommodation, food and beverage services, most of the intermediate consumption (about 61 percent) is recorded in the accommodation sub-sector.

When the analysis is done across each type of cost in the distributive trade sector and the accommodation, food and beverage service sector, the highest portion of expenses was incurred in other non-specified category. These amounted to 55.7 percent for the distributive trade and 50.3 percent for the accommodation, food and beverage services.



Other expenses include among others Insurance, Postage, Telephone, Advertisements, Repair charges, Audit fees, Attorney and Legal fees.

**b) All types of costs were higher in the wholesale trade, except of motor vehicles and motorcycles**

When all types of costs are analyzed at each sub-sector level, almost all the higher costs were recorded in the wholesale trade, except of motor vehicles and motorcycles. About half of all other costs in this sector were incurred in this sub- sector. In the same logic, the lowest costs differ in each group.

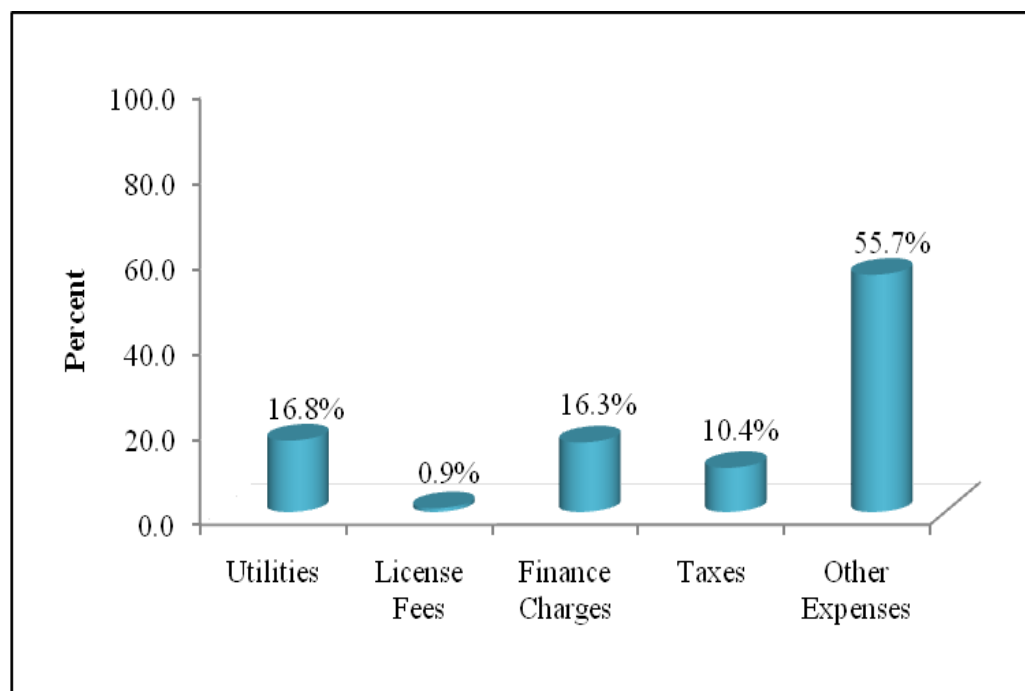
Utility expenses were recorded as the lowest in the wholesale and retail trade and repair of motor vehicles and motorcycles (TShs. 2,573,916 thousand or 8.3 percent), license fees in retail trade, except of motor vehicles and motorcycles (TShs. 296,037) thousand or 18.2 percent), finance charges in wholesale and retail trade and repair of motor vehicles and motorcycles (TShs. 3,553,267 thousand or 11.5 percent), taxes in retail trade, except of motor vehicles and motorcycles (Tshs3,997,779 thousand or 21.1 percent) and other expenses in wholesale and retail trade and repair of motor vehicles and motorcycles (TShs. 17,785,176 thousand or 17.4 percent).

**c) Other Costs in the Distributive Trade at ISIC level 3 concentrate more in four sub-activities only**

Figure 5.3 shows that across the distributive trade sector, as stipulated earlier, only four sub- sectors incurred more expenses amounting to about 58.3 percent of the total expenses. These include other specialized wholesale (18.5 percent), wholesale in a fee or contract (11.7 percent), and retail sale of automotive fuel in specialized store (11.5 percent) and maintenance and repair of motor vehicles (11.2 percent).

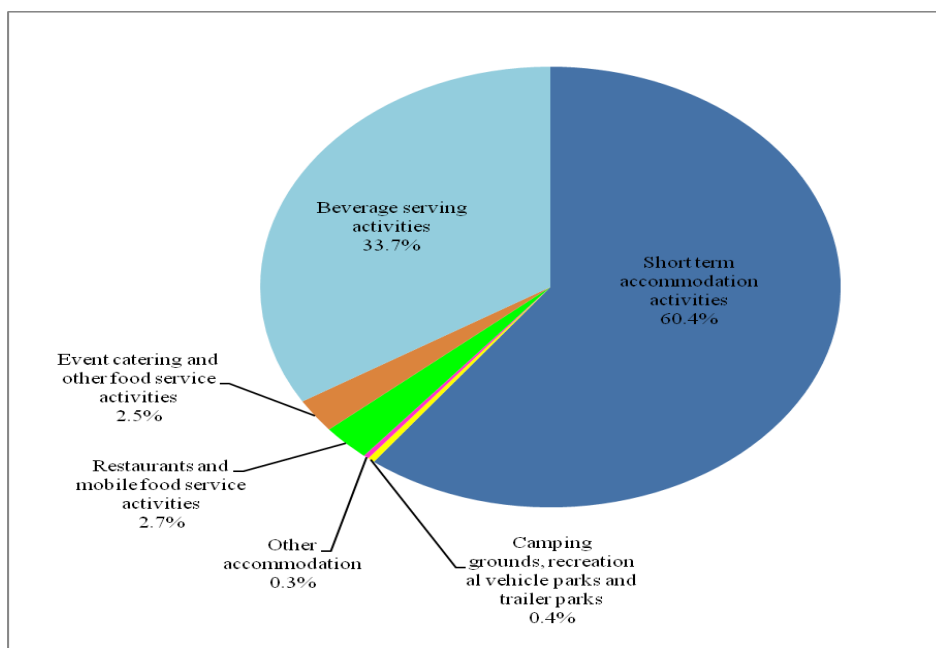
The pattern on the expenses is always higher in other services. This category constitutes many non-specified expenses in running the businesses. This also suggests that the collection of information for this indicator needs more disaggregation of other expenses in order to help researchers and policy makers in this sector. Since the category also includes payment in kind such as food, bonus, leave allowances and the like, it portrays the reality in favour of higher levels ( see other countries/literature).

**Figure 5.3: Composition (Percentage) of Intermediate Consumption (Other Costs) in the Distributive Trade Sector, 2010**

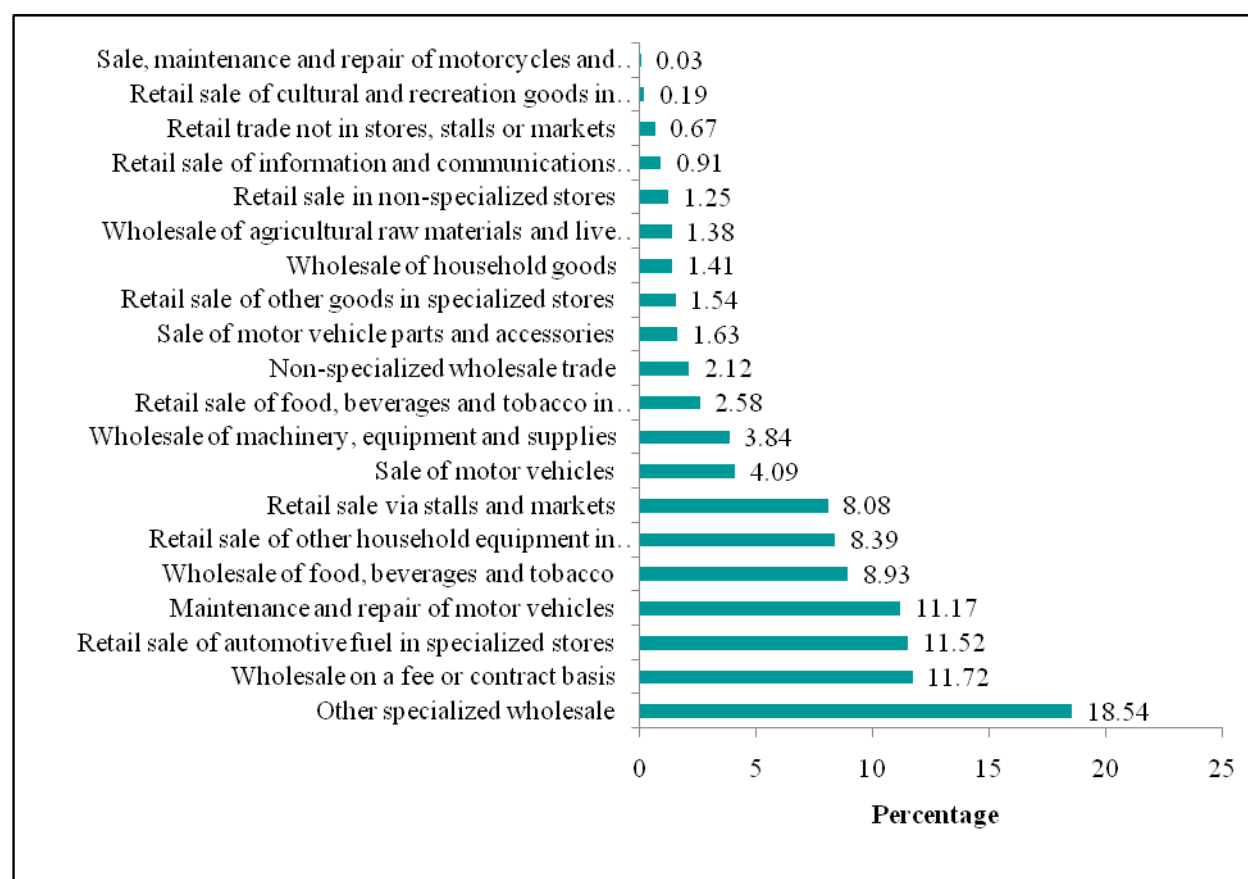


Higher cost of intermediate consumption (about 47.0 percent of the total sector cost) was realized in the wholesale trade, except of motor vehicles and motorcycles reflects the expectations due to the fact that most of the African Economies' Distributive Trade including Tanzania, engage domestic and foreign trade of agricultural and other industrial commodities. Although it seems that there is some evidence on the importation of motor vehicle and motor cycles, but they might be imported for office, business and personal use. The lowest cost 16.9 percent of intermediate consumption in the wholesale and retail trade and repair of motor vehicles and motor cycles might mean that most of the costs in this category involved primary objectives of the businesses i.e., for operating costs such as warehousing, import duties more than non-operating expenses.

Figure 5.3 below shows that the high expenses of about 60 percent recorded in the accommodation activity which includes preparations for accommodating both domestic and foreign tourists in all the five star hotels and bid camping sites need highest capital so as to meet international standards. Other activities such as restaurants and mobile food services, event catering and beverage serving activities are somehow cheaply invested and attract only the local customers.

**Figure 5.4: Percentage Consumption (Other Costs) or Accommodation, Food and Beverage Services, 2010**

Evidences on the higher portions of intermediate expenses in the four sub-sectors of the distributive trade show an anticipated structure like it is for other countries (see East Africa/rest/literature). Most of the wholesale in specialized stores require good investment expenses of a diverse range of industrial hardware, fasteners and plastics. As for the wholesale in fee and contract, it involves agents on behalf of other's accounts not including financial intermediation such as insurance or real estate agents.

**Figure 5.5: Percentage Shares of Intermediate Consumption (Other Costs) for Distributive Trade by Activity, 2010**

The intermediate costs pattern as observed in other categories such as vehicle registration, insurance, postage and telephone charges and repair, tends to be higher probably due to higher taxes and insurance charges and the growing communication technology. In general, the wholesale trade, except of motor vehicles and motorcycles dominates the cost of intermediate consumption because most of the imports for this purpose involve purchases of goods and services for facilitating the business and not for further investment.

Trade margin which is the difference between the actual or imputed price realized on a good purchased for resale (either wholesale or retail) and the selling price that would have to be paid by the distributor to replace the good at the time it is sold or otherwise disposed of.

Table 5.6: Intermediate Consumption (Other Costs) to Gross Margin, 2010

		(000 TShs)	
ISIC Rev.4	Activity	Gross Margin	Intermediate Consumption
		(000' TShs)	IC/GM (Percentage)
45	Wholesale and retail trade and repair of motor vehicles and motor cycles	58,323,701	30,997,046
46	Wholesale trade, except of motor vehicles and motorcycles	102,953,043	87,846,465
47	Retail trade, except of motor vehicles and motor cycles	130,184,974	64,410,114
	<b>Total Distributive Trade</b>	<b>291,461,718</b>	<b>183,253,625</b>
55	Accommodation	81,348,766	53,273,166
56	Food and Beverage Services	63,122,470	33,953,318
	<b>Total Accommodation, Food and Beverages</b>	<b>144,471,236</b>	<b>87,226,484</b>

The ratio of intermediate consumption to trade margin (or intermediate consumption to gross value added ratio) in the distributive trade was higher for the wholesale trade, except of motor vehicles and motorcycles (85.3 percent) and the overall ratio was 62.9 percent. In other countries such as the Nepal, the higher ratio was realized in the retail trade, except for motor vehicles and motorcycles (Statistical Report on Distributive Trade Survey of Nepal, 2008). For the accommodation, food and beverages higher ratio was found to be 65.5 percent in the accommodation category. This reflects that, traders on accommodation activity spend more running costs than on food and beverage services.

#### *Gross Margin to Turnover Ratio*

This performance indicator is obtained as the gross margin on goods for resale divided by the turnover from trading activities on purchases and re-sales only. The ratio is a good indicator of trade units' performance and provides a basis for comparison between different types of trade.

Gross margin = + Value of Sales (turnover) - Purchases of Goods and Services for Resale + Change in Inventories - The value of recurrent losses due to normal rates of wastage.

Table 5.7: Performance Ratio (Gross Margin to Turnover) for Distributive Trade, 2010

ISIC Rev.4	Activity	(000 TShs)		
		Gross Output (Turnover)	Gross Margin	GM/TO
		(000' TShs)		(Percentage)
451	Sale of motor vehicles	16,674,950	9,219,271	55
452	Maintenance and repair of motor vehicles	58,625,612	33,634,083	57
453	Sale of motor vehicle parts and accessories	16,138,981	15,287,897	95
454	Sale, maintenance and repair of motorcycles and related parts and accessories	224,096	182,450	81
461	Wholesale on a fee or contract basis	37,770,225	12,427,158	33
462	Wholesale of agricultural raw materials and live animals	4,395,815	3,538,944	81
463	Wholesale of food, beverages and tobacco	37,754,138	22,638,171	60
464	Wholesale of household goods	12,541,108	6,082,547	49
465	Wholesale of machinery, equipment and supplies	19,521,775	17,124,858	88
466	Other specialized wholesale	60,884,289	33,710,269	55
469	Non-specialized wholesale trade	8,800,707	7,431,096	84
471	Retail sale in non-specialized stores	7,320,251	2,780,031	38
472	Retail sale of food, beverages and tobacco in specialized stores	12,854,440	9,968,577	78
473	Retail sale of automotive fuel in specialized stores	67,790,302	57,659,754	85
474	Retail sale of information and communications equipment in specialized stores	11,464,104	11,462,937	100
475	Retail sale of other household equipment in specialized stores	30,514,190	25,129,198	82
476	Retail sale of cultural and recreation goods in specialized stores	955,178	846,627	89
477	Retail sale of other goods in specialized stores	9,042,646	7,499,165	83
478	Retail sale via stalls and markets	25,078,379	12,986,075	52
479	Retail trade not in stores, stalls or markets	2,044,655	1,852,610	91
<b>Total Distributive Trade</b>		<b>440,395,841</b>	<b>291,461,718</b>	<b>66</b>

The gross margin represents the percentage of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company. The higher the percentage, the more the company retains on each value of sales to service its other costs and obligations.

**Table 5.8: Performance Ratio (Gross Margin to Turnover) for Accommodation, Food and Beverages, 2010**

ISIC Rev.4	Activity	Gross Output (Turnover)	Gross Margin	GM/TO
		(000' TShs)		(Percentage)
551	Short term accommodation activities	124,295,704	79,824,891	64
552	Camping grounds, recreational vehicle parks and trailer parks	778,470	778,470	100
559	Other accommodation	910,332	745,405	82
561	Restaurants and mobile food service activities	10,581,498	9,397,658	89
562	Event catering and other food service activities	6,927,384	5,801,828	84
563	Beverage serving activities	55,876,729	47,922,984	86
<b>Total Accommodation, Food and Beverages</b>		<b>199,370,117</b>	<b>144,471,236</b>	<b>72</b>

Companies with higher gross margins will have more money left over to spend on other business operations, such as research and development or marketing. The ratio of the intermediate consumption to trade margin was found to be higher for the wholesale trade, except of motor vehicles and motorcycles (86.1 percent). In the case of Nepal, 2008, the highest ratio of intermediate consumption to trade margin was 23.3 percent for the retail trade except of motor vehicles and motorcycles

The higher cost of goods and services share of about 48 percent for the wholesale trade, except of motor vehicles and motorcycles in the distributive trade sector most likely reflects the more internationalized, efficient and concentrated nature of this sub-sector, which helps to drive down costs (including unit labour costs). The cost share is noticeably low (17 percent) for the wholesale and retail trade and repair of motor vehicles and motorcycles. However, in the developed world such as the European Countries (Structural Features of the distributive trade sectors and their impact on euro area price developments), the cost of goods sold represents the single biggest cost incurred by firms in the distributive trade and service sectors, accounting for one-third in the sector and one-eighth of the net turnover in the accommodation and food and beverage service sector.

Structural changes in the market shares of retail outlets over time can pose for two distinct issues for inflation measurement. Firstly, such changes can mean that, after a while, the sample of outlets used for compiling the consumer price index can no longer be representative. A second distinct issue is the method by which new outlets with a different average price level from the previous

outlets are introduced into the sample. How such price level differences should be reflected on the extent to which the lower prices are due to the seller having a lower level of retail services (less convenient location, more basic presentation of goods, less brand selection, etc.). In practice, statistical offices generally use a linking technique, which attributes the whole of the price differences.

#### 5.4 Value Added by Activity

This section examines the structure of Value Added in the distributive trade and accommodation, food and beverages service activities. In economics, the difference between the sale price and the production cost of a product is the value added per unit. Summing value added per unit over all the units sold gives the total value added. Total value added is equivalent to revenue less purchases of materials and services. There is usually lower portion of revenue for the less integrated companies, e.g. retail companies. Value added is the business contribution to the gross domestic product (GDP) and it is the basis on which value added tax (VAT) and other economic projections are computed. It is a function of capital inputs, labour inputs and the level of technology. Unlike other sectors such as agriculture or manufacturing, where physical output can be distinguished, distributive trade has no actual physical output, (Hill, 1977).

Table 5.9 shows that, in the distributive trade, the wholesale trade, except of motor vehicles and motorcycles contributed the highest (46.5 percent) of the total value added followed by the retail trade, except of motor vehicles and motorcycles with 37.8 percent. For the accommodation, food and beverage services, the highest value added contribution was from the accommodation category with 68 percent.



Table 5.9: Composition of Value Added by Activity, 2010

ISIC Rev.4	Activity	Value Added	
		(000' TShs)	Percentage
451	Sale of motor vehicles	9,185,696	3.6
452	Maintenance and repair of motor vehicles	38,160,972	14.8
453	Sale of motor vehicle parts and accessories	13,153,706	5.1
454	Sale, maintenance and repair of motorcycles and related parts and accessories	166,219	0.1
<b>45</b>	<b>Wholesale and retail trade and repair of motor vehicles and motor cycles</b>	<b>60,666,593</b>	<b>23.6</b>
461	Wholesale on a fee or contract basis	16,301,696	6.3
462	Wholesale of agricultural raw materials and live animals	1,862,368	0.7
463	Wholesale of food, beverages and tobacco	21,387,673	8.3
464	Wholesale of household goods	9,959,217	3.9
465	Wholesale of machinery, equipment and supplies	12,488,590	4.9
466	Other specialized wholesale	26,906,673	10.5
469	Non-specialized wholesale trade	4,915,375	1.9
<b>46</b>	<b>Wholesale trade, except of motor vehicles and motorcycles</b>	<b>93,821,592</b>	<b>36.5</b>
471	Retail sale in non-specialized stores	5,035,467	2.0
472	Retail sale of food, beverages and tobacco in specialized stores	8,124,973	3.2
473	Retail sale of automotive fuel in specialized stores	46,675,110	18.2
474	Retail sale of information and communications equipment in specialized stores	9,791,107	3.8
475	Retail sale of other household equipment in specialized stores	15,130,973	5.9
476	Retail sale of cultural and recreation goods in specialized stores	601,718	0.2
477	Retail sale of other goods in specialized stores	6,212,406	2.4
478	Retail sale via stalls and markets	10,269,220	4.0
479	Retail trade not in stores, stalls or markets	813,057	0.3
<b>47</b>	<b>Retail trade, except of motor vehicles and motor cycles</b>	<b>102,654,031</b>	<b>39.9</b>
	<b>Total Distributive Trade</b>	<b>257,142,216</b>	<b>100.0</b>
551	Short term accommodation activities	71,614,351	63.9
552	Camping grounds, recreational vehicle parks and trailer parks	412,914	0.4
559	Other accommodation	684,075	0.6
<b>55</b>	<b>Accommodation</b>	<b>72,711,340</b>	<b>64.8</b>
561	Restaurants and mobile food service activities	8,240,092	7.3
562	Event catering and other food service activities	4,720,663	4.2
563	Beverage serving activities	26,471,538	23.6
<b>56</b>	<b>Food and Beverage Services</b>	<b>39,432,293</b>	<b>35.2</b>
	<b>Accommodation, Food and Beverages</b>	<b>112,143,633</b>	<b>100.0</b>

However, when analyzed at ISIC Level - 3, the highest contributing activities to the distributive trade sector (with more than 10 percentage points) were retail sale of automotive fuel in specialized stores with TShs. 46,675,110 thousand or 18.2 percent, maintenance and repair of motor vehicles with TShs. 38,160,972 thousand, or 14.8 percent and other specialized wholesale with TShs. 26,906,673 thousand or 10.5 percent.

The two largest contributors in the accommodation, food and beverage services activities were recorded from short term accommodation camping grounds, recreational vehicle parks with TShs. 71,614,351 thousands, or 63.9 percent and from beverage serving activities with TShs. 26,471,538 thousands, or 23.6 percent.

Generally, the contribution from the whole sale category has always been higher, may be due to the fact that most of the wholesale activities in the distributive trade involve a lot of imports and sales in bulk which attract duties and other shipping charges. Within the accommodation, food and beverage services, short term accommodation activities and beverage serving activities had larger contribution to the total value added may be due to the attractive nature of the services especially to foreigners who have to spend in tourist hotels and national parks. The trend of hotel tourists from the hotel statistics shows that there was an increase in growth from 6.7 to 9.5 between 2009 and 2010.

Wholesale trade, except of motor vehicles and motorcycles contributed the most (36.5 percent) to the total Value Added in the distributive trade followed by retail trade, except of motor vehicles and motorcycles (39.9 percent ) because there are some benefits for the large taxpayers who have a track record of compliance, including expedited clearance and reduced auditing for their imports and this encourages large importers for wholesalers (ref: Doing Business in Tanzania 2011 Country Commercial Guide for U.S. Companies). Higher contribution to the value added from accommodation activities may be due to the general economic growth trend which encourages other sectors to utilize the accommodation services including tourist activities.

When this structure is maintained over a long period in the economy, for example share of maintained and repair of motor vehicles and the retail of automotive fuel in specialized stores mean that other domestic production which are capable of saving larger population will deteriorate and discourage business promotion in among the indigenous.

## 5.5 Percentage Distribution of Value Added by Activity and Size of the Establishment

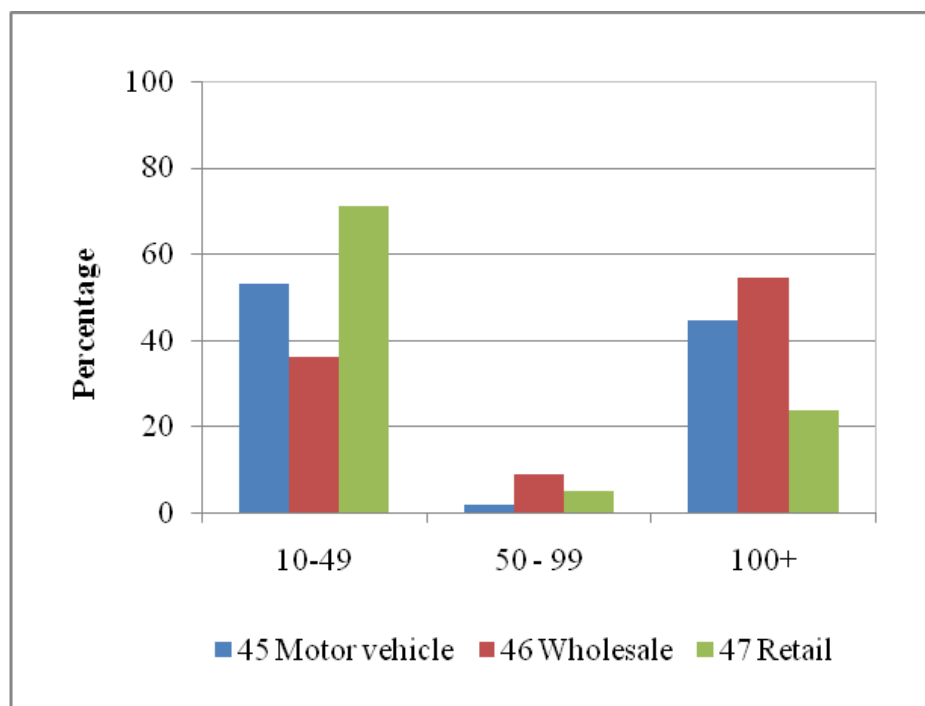
This section presents the estimates of the contribution of the distributive trade and service activities to gross domestic product (GDP) with respect to percentage distribution of the value added by activity and size of the establishment. Value added is described as the difference between the gross value of income and total intermediate costs and indirect taxes.

Table 5.10 presents the percentage distribution of the value added by activity and size of the establishment for the two sectors namely Distributive Trade and Accommodation and Food Services activities.

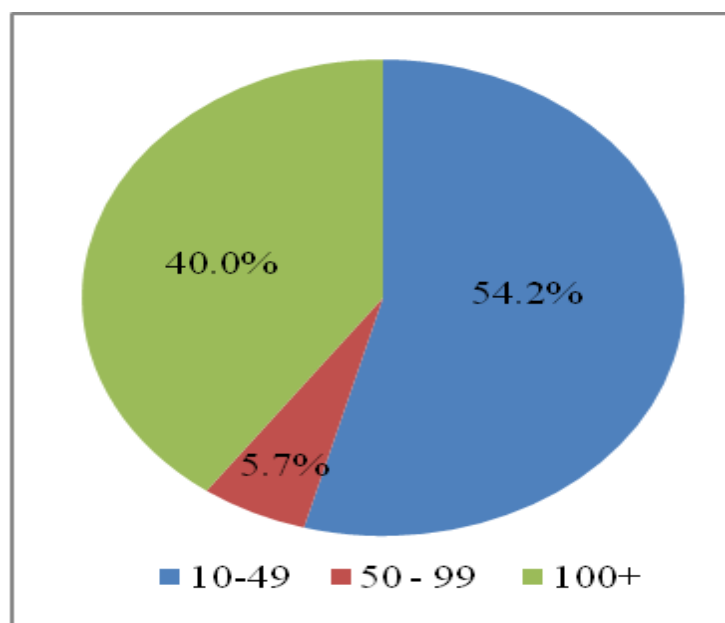
Table 5.10: Percentage Distribution of Value Added by Activity and Size of the Establishment, 2010

ISIC Rev.4	Activity	Size Group			Percentage Total
		10 - 49	50 - 99	100+	
451	Sale of motor vehicles	2.96	0.00	0.61	3.57
452	Maintenance and repair of motor vehicles	4.62	0.27	9.95	14.84
453	Sale of motor vehicle parts and accessories	4.92	0.20	0.00	5.12
454	Sale, maintenance and repair of motorcycles and related parts and accessories	0.06	0.00	0.00	0.06
461	Wholesale on a fee or contract basis	1.40	0.04	4.90	6.34
462	Wholesale of agricultural raw materials and live animals	0.44	0.00	0.29	0.72
463	Wholesale of food, beverages and tobacco	1.08	0.06	7.18	8.32
464	Wholesale of household goods	0.11	0.40	3.36	3.87
465	Wholesale of machinery, equipment and supplies	3.21	0.77	0.88	4.86
466	Other specialized wholesale	5.90	1.95	2.62	10.46
469	Non-specialized wholesale trade	1.10	0.08	0.73	1.91
471	Retail sale in non-specialized stores	1.42	0.54	0.00	1.96
472	Retail sale of food, beverages and tobacco in specialized stores	2.29	0.11	0.76	3.16
473	Retail sale of automotive fuel in specialized stores	17.24	0.91	0.00	18.15
474	Retail sale of information and communications equipment in specialized stores	0.00	0.00	3.81	3.81
475	Retail sale of other household equipment in specialized stores	3.22	0.40	2.27	5.88
476	Retail sale of cultural and recreation goods in specialized stores	0.23	0.00	0.00	0.23
477	Retail sale of other goods in specialized stores	2.42	0.00	0.00	2.42
478	Retail sale via stalls and markets	1.32	0.00	2.67	3.99
479	Retail trade not in stores, stalls or markets	0.31	0.00	0.00	0.32
	<b>Total Distributive Trade</b>	<b>54.24</b>	<b>5.73</b>	<b>40.03</b>	<b>100.00</b>
551	Short term accommodation activities	39.23	11.33	13.30	63.86
552	Camping grounds, recreational vehicle parks and trailer parks	0.01	0.35	0.00	0.37
559	Other accommodation	0.61	0.00	0.00	0.61
561	Restaurants and mobile food service activities	5.75	1.60	0.00	7.35
562	Event catering and other food service activities	4.09	0.12	0.00	4.21
563	Beverage serving activities	13.35	1.68	8.57	23.61
	<b>Total Accommodation, Food and Beverages</b>	<b>63.05</b>	<b>15.08</b>	<b>21.87</b>	<b>100.00</b>

**Figure 5.6: Percentage Distribution of Value Added by Type of Activity and Size of Establishment for the Distributive Trade Sector**



**Figure 5.7: Percentage Distribution of Value Added by Size of Establishments for the Distributive Trade Sector**



For the distributive trade sector, small enterprises (10-49 persons engaged) had the highest contribution in the value added (54.2 percent) followed by large enterprises (over 100 persons engaged) with 40 percent and the rest (5.7 percent) was contributed by medium enterprises (50-99

persons engaged). This trend was also observed in the accommodation, food and beverage services activities whereby small enterprises had 63.0 percent followed by large enterprises with 21.9 percent and medium enterprises with 15.1 percent.

According to the type of activity and size of the establishments in the distributive trade, retail trade had the highest value added in small enterprises (52.4 percent) whereas the wholesale trade had the highest value added in medium enterprises (57.6 percent). Annex Table 29.

Retail sale of automotive fuel in specialized stores has contributed (31.8 percent) of the value added in the retail trade for small enterprises. Other specialized wholesale enterprises also had the highest contribution in value added for the medium (34.0 percent) and a moderate contribution of value added for large enterprises. Annex Table 29.

Value added is found to be higher in large enterprises, especially the wholesale trade, except of motor vehicles and motorcycles because productivity in the wholesale trade is much higher considering that it is more capital intensive than in the retail trade which is more labour intensive.

To assess the economic success of an activity, one must compare value added (per person employed) with personnel costs per employee (unit labour cost).

According to the European Communities (2001) and the European Central Bank (2011), the wholesale trade in the distributive trade is an activity that features the highest productivity (measured as value added per person employed) and also the highest turnover per person employed. This can be explained by the nature of the wholesaling itself, which often involves the virtual purchase and resale of goods and thus a higher capital intensity and capital rotation. However, wholesale trade generated more wealth of over 62 percent share of the total value added in the distributive trade, compared to less than 38 percent for retail trade.

The 2009 Malaysian Distributive Trade Census revealed that, the wholesale trade sub-sector was the highest contributor to the total gross output with 45.1 percent.

Value added registered by Small and Medium Enterprises (SMEs) represented 65.7 percent of the total value added. Establishments in the small category were also the highest contributors with 49.1 percent, followed by the micro category (27.3 percent) and medium category (23.6 percent).

In Ethiopia, of the total value added, 46.4 percent was contributed by the wholesale enterprises, 41 percent by the retail trade enterprises and the remaining 12.6 percent by the motor vehicle sales and repair enterprises.

## **5.6 Value Added as a Percentage of Gross Output by Activity and Size of Establishments**

This section presents the estimates of value added as a percentage of gross output by activity and size of the establishments. Value added is measured as the difference between gross output and production costs. From an income approach, value added is the sum of: employees' compensation, interest payments, depreciation and gross profit, i.e. profit before taxation. It excludes excess of indirect taxes over subsidies. Value added at market price is equal to the employees' compensation plus interest payments plus depreciation plus gross profit less indirect taxes plus subsidies.

Gross Output includes the value of products and by-products made by the establishment during the reference period regardless of whether they have been sold or are still part of stock; the value of services provided or work done by the establishment for others; the sales value of goods sold in the same condition as purchased and the net value of work in progress. The components of Gross Output are: Gross Revenue plus change in work in progress plus change in stocks less purchases for resale.

Intermediate Consumption consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital.

**Table 5.11: Value Added as a Percentage of Gross Output by Activity and Size of Establishment, 2010**

ISIC Rev.4	Activity	Size Group			Total
		10 - 49	50 - 99	100+	
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	79.23	30.25	57.86	66.18
46	Wholesale trade, except of motor vehicles and motorcycles	57.61	41.00	50.35	51.64
47	Retail trade, except of motor vehicles and motorcycles	64.37	57.43	54.79	61.45
	<b>Total Distributive Trade</b>	<b>65.34</b>	<b>44.07</b>	<b>53.20</b>	<b>58.39</b>
55	Accommodation	67.36	42.35	51.99	57.71
56	Food and beverage service activities	76.44	42.84	31.55	53.73
	<b>Accommodation, Food and Beverages</b>	<b>70.43</b>	<b>42.46</b>	<b>41.46</b>	<b>56.25</b>
	<b>Total Distributive Trade and Accommodation, Food and Beverages</b>	<b>66.97</b>	<b>43.19</b>	<b>50.45</b>	<b>57.72</b>

Table 5.11 above shows that, about 67 percent of the value added was produced by the small establishments engaging 10 – 49 persons while the medium and large establishments engaging 50 – 99 and 100+ persons contributed 43.2 percent and 50.5 percent of the total value added respectively. In total, the distributive trade activities contributed 58.4 percent and the accommodation, food and beverages services activities contributed 56.2 percent.

Medium size establishments have low value of intermediate consumption (large share of value added) compared to large establishments with high value of intermediate consumption (small share of value added). Likewise the distributive trade activities have low value of intermediate consumption (large share of value added) while accommodation, food and beverages services have high value of intermediate consumption (low value added).

The main characteristics of the distributive trade are “*resale*” (sale without transformation) where the value of intermediate consumption is small. As for the accommodation, food and beverages services, most of the goods involve processing before selling them where the value of intermediate consumption is large.

In Malaysia, gross output generated by SMEs in the distributive trade sector in 2008 was RM115.8 billion, accounting for 64.5 percent of the total gross output (Distributive Trade Malaysia, 2009). Value added registered by these SMEs was RM71.9 billion which represented 65.7 percent of the total value added in Malaysia relative to Tanzania where the medium size establishments have a



large share of value added. In Australia during 2008-09, the accommodation, food and beverages services sector contributed around 3.4 percent of GDP or \$26.8 billion in gross value-added, (Australia Chamber of Commerce, 2009). The distributive trade industry contributed 10.7 percent to Australia's GDP (or \$108billion) in 2008-09 which relates to Tanzania where the distributive trade has a larger share of value added than the accommodation, food and beverages services sector.

## CHAPTER SIX

### PROBLEMS, CONSTRAINTS AND CHALLENGES

#### 6.0 Introduction

It has been observed that the distributive trade, accommodation, food and beverages service sectors have been growing slowly. It is suggested that the weak economic performance and lack of competitiveness are as a result of both internal and external problems within the economic sectors such as high production costs, low productivity, inadequate skills, and poor advertisements. The internal constraints are associated with firm-level management decision-making in relation to the character of the product, nature of the market and appropriate marketing strategies, (Hirst and Zeitlin, 1989). Firms have not been able to design and produce the right product range and to market them effectively, with adequate investment in the sales and services networks in Tanzania. Under these conditions, the loss of profitability and competitiveness may act as a signal for the need for sector changes. This Chapter analyzes main problems, constraints and challenges facing the distributive trade, accommodation, food and beverage service industries in Tanzania Mainland.

#### 6.1 Major Problems, Constraints and Challenges

Tables 6.1 and 6.2 depict major problems, constraints and challenges that affect the establishment operations. Table 6.1 presents types and nature of these problems as perceived by these establishments. These problems were then transposed into classical or generic problems and constraints. These are Policies, Laws and Regulations, Institutional Framework, Human Resources, Infrastructure, Capital Equipment and Machinery, Financial Resources, Macro Economic Factors, Social/Cultural, Markets and Others.

Table 6.2 shows that, lack of financial resources was the main problem (32.07 percent) or constraint affecting performance of the distributive trade, accommodation, food and beverage services sectors. Other problems were related to markets (19.43 percent), human resources (13.27 percent) and institutional framework (13.11 percent).

A number of external factors account for major deficiencies in trade, accommodation, food and beverage services in Tanzania Mainland. These problems, that need to be addressed in any sustainable attempts to modernize trade, accommodation, food and beverage service, fall

into four main categories, namely; those related to: location of the wholesale market; technical features of the market; market operators and organization of the distribution.

### **6.1.1 Constraints Related to Financial Resources**

Businesses often need funding for starting or continuing the operations. Small distributive trade, accommodation, food and beverage service businesses typically need start-up funds while medium businesses may need funding to expand their operations or purchase competitors. These businesses use traditional funding sources such as own savings, family or friends, commercial banks and equity investors or apply for government grants. Traditional funding methods for business operations include family, banks and equity investors. Banks and other lenders usually require information on finances and operations before lending the funds. Working capital is the fund generated through normal business operations. Lack of capital is a situation where traders do not have enough funds to run their businesses.

Table 6.2 shows that financial resources were the first major constraint affecting the distributive trade, accommodation, food and beverage service industries. About 32.1 percent of the survey results show that financial resources were a critical problem in the distributive trade, accommodation, food and beverage service industries. The trend in financing the service sector in Tanzania is still limited, that is, local businesses may have a more difficult time in obtaining bank loans since they may have limited business history. Also, the working capital is influenced by market forces due to customers' behaviors and trade cycles as a whole. In relation to other described problems, financial resource problems account for a significant trade setback that requires a proper attention from all the stakeholders. Financial resource problems may be attributed to many exogenous factors. The first one is lack of knowhow in dealing with financial institutions among many businessmen and women.

The second reason is weak financial institutions in the country. The existing system of financing the small and medium enterprises, venture capital funds is not clearly defined and there are also fewer funds invested in enterprises. Also, it is very difficult to borrow money from formal financial institutions for small and medium enterprises in order to retain profits. Other internal capital accumulation is limited. Most of them charge high interest rates while giving their loans and they also have stiff credit terms.

The third reason is poor firm budgeting. This is one of the most common causes of financial problems among the many respondents interviewed during the survey. If a person is spending more than he/she is earning, he/she is setting himself/herself up for money trouble hence, causing poor working capital.

The fourth problem is related to high transaction costs, risks related to small loans and lack of collateral restrict enterprise access to formal credit (Steel 1994). Their owners raise funds from friends and relatives, (Osei et al. 1993), leading to inadequate working capital and investment funds, which threaten survival of the establishments and impede their growth. These issues exacerbate other managerial problems of the distributive trade, accommodation, food and beverages service sectors.

Weak financial systems to support this sector lead to low investment, production and therefore low contribution to the national GDP. Inadequate working capital and investment funds lead to low performance of the businesses hence, trajectory unemployment trend in the country.

The financial sector reforms brought about efficiency and competition in the banking sector, but unfortunately, they also resulted into further widening of the institutional gap in the provision of financial services to the lower income segment. Access to basic financial services by the majority of Tanzanians has, therefore, not increased proportionately. This situation prompted the government to initiate a process for mainstreaming microfinance services. The process was aimed at ensuring the development of a broader based financial system comprised of a variety of sustainable institutions, with wide outreach and diverse financial products.

Establishment and sustaining of a stable macroeconomic environment through a series of monetary and fiscal policy measures and initiatives including the introduction of a floating exchange rate, interest rate liberalization and financial sector institutional reforms. Specific policy efforts need to be taken to promote saving culture through new targeted saving products and increased access to financial services, development of financial markets and micro-credit institutions such as community banks and SACCOS.

### 6.1.2 Market Problems

Like many Sub-Saharan countries, Tanzania has a small size and complex product market structure (Meier and Steel 1989). The country has a relatively large population of low-income earners, rural-based and a large country with poor infrastructure. For a long time, the distributive trade, accommodation, food and beverages service industries were operating in a domestic market system which was highly protected and had suppressed consumer choices. However, the domestic product market-demand has been complicated by problems of insufficient protection from dumping, smuggling and various types of bureaucratic and trade constraints.

Table 6.2 shows that, market problems or insufficient demand and intensified competition as the second major constraint that affected the performance of the distributive trade, accommodation, food and beverages service industries. On average, about 19.4 per cent indicated that Tanzania has a weak output market structure. There has been a feeling among firms that insufficient demand was one of the major constraints. Demand for Tanzanian goods and services have been constrained by poor location, lack of adequate economic growth, increased unemployment and inflation led to decreased real incomes in the household sector.

Lack of effective product market demand may be associated with poor location. This situation arises mainly because many of the wholesale markets are located along the traditional trading routes for particular produce that are unconnected to new road and rail networks developed with the demands of the growing city in mind. In some cases, the markets are located some distance from road transport facilities that play a crucial role in the supply and distribution of goods and services. The consequence of this is that, infrastructure linking the market to its main supply or distribution routes are not sufficient to cope with growth in demand, particularly in terms of increased traffic.

For example, the location of wholesale markets in city centre also places limitation on the physical expansion of the markets because of inadequate space for developing additional facilities to take account of growth in the volume of produce handled as well as an increase in the complexity of the required services.

Insufficient demand may be a reflection of an imperfect competitive market system, which affects the lifestyle and standard of living of the Tanzanians. Unfair competition from illegal imports which are problematic, especially among medium and large-scale firms.

The fake business is booming in most of the world's poorest nations, where price authentic items are beyond the reach of most of the consumers. Increased domestic competition as subjectively perceived by the distributive trade, accommodation, food and beverages service firms is no surprise: it barely reflects the fact that, in effect, propelled by the increased liberalization and private sector participation, the output markets have become increasingly competitive, which many firms were not well prepared for. The more competitive environment may have started creating immediate pressure for exits of firms that are sensitive to economies of scale, low quality and lower-cost of East-Asian imports (Meier and Steel 1989).

Markets and marketing play very important role in all socioeconomic sectors especially in the liberalized market environments. It addresses price avenues, products and promotion issues, important in disposing commodities. To expand the market share of the products, a clear marketing strategy needs to be developed. Unfortunately in Tanzania, many enterprises are facing problems of marketing due to lack of knowledge and information, poor quality of the products, poor packaging and branding, inadequate marketing skills and staff competition.

Also, there is lack of information on market issues in Tanzania as e-communication is not well addressed in small trading activities. This situation hinders flow of market information from one part of the country to the other and sometimes could allow speculations that in turn, leads to price change in both commodities and cost of production to the small traders.

The first specific objective of our policy regarding small businesses like those of the distributive trade is to stimulate a process of trade development as the means of triggering higher performance and capacity to withstand intensifying competition within the domestic market. This includes the establishment of improved physical market-place infrastructure and stimulating dissemination of market information and increasing access to the markets.

### 6.1.3 *Human Resource Problems*

The most vital human resources, entrepreneurship the combination of initiative, drive, ambition and organizing talent, are the weakest link in the distributive trade, accommodation, food and beverages service industries. Tanzania's distributive trade, accommodation, food and beverages service industries are characterized by relatively poor quality of the labour force manifested by inadequate business and managerial skills and a general lack of entrepreneurial cadre exposed to advanced industrial culture.

The group of entrepreneurs in Tanzania is still small in size and inexperienced in modern business management. The human resource constraints have been confined to problems related to availability and cost of skilled labour in the distributive trade, accommodation, food and beverages service industries activities. More specifically, firms were able to identify and discuss lack of skilled labour, management and lack of training as human resource constraints in the distributive trade, accommodation, food and beverages service industries sector. Table 6.2 indicates that, on average, about 13.3 percent perceived that, human resource constraints affect performance of the distributive trade, accommodation, food and beverages service development. Difficulties related to the cost of hiring and firing workers are other constraints.

Weak or poor human resource is a complex function of education sector performance. In response to this, education and training institutions are gradually changing the curricula in view of the recognized need for more practical training in the distributive trade, accommodation, food and beverages service industries. In addition, although professional training institutions in Tanzania are only expanding slowly, the demand from the formal sector including the sector remains lower than the supply of young graduates. Training opportunities in the formal distributive trade, accommodation, food and beverages service activities are a function of the need for professional personnel, the cost of undertaking such training and available in-house training capacities. Apparently, the need for professional personnel is relatively low and the opportunity for undertaking training programmes is small; the cost for undertaking such programmes is higher relative to the profitability and size of many firms in Tanzania, (CIBR 1995; Xavier 1997).

Admittedly, skill levels in the distributive trade, accommodation, food and beverages service industries are low. Very few firms in the Tanzanian distributive trade, accommodation, food and beverages service industries provide any external training, except for the large-scale firms. Few are organizing special in-house training programmes, reflecting the indirect anticipated efficiency and technological orientation benefits emanating from the increased competitive pressures.

The concept of human capital as a major factor of production is increasingly assuming importance. The development of human capital from the perspective of developing economies entails focusing on four factors: basic nutrition, education, health and protection against economic vulnerability. The level of access to formal education and technical skills in the leading sectors is the determinant factor in human skills development. A relatively high level of education to a large segment of the population and good training in the different aspects of the economic environment and the trade development function are the prerequisites for a successful trade regime.

The level of skills in Tanzania is relatively low compared to other countries due to low enrolment ratios in formal education at the secondary and tertiary levels and curtailed training in production and value-adding activities for workers in key economic sectors.

In addition, most people enter into small businesses because of lack of adequate education and difficulty of finding formal employment. There are very few who were formerly employed and later on, engaged in small businesses due to various reasons including retrenchment. The findings revealed that, the majority enter into entrepreneurship with small businesses because they do not have adequate education background and therefore it is difficult for them to find alternative paid jobs (36 percent), (Rashid M. Mfaume *et al* 2004). These findings are not new as they are supported by several other similar studies conducted in Tanzania, (Kuzilwa, 2003, Mbwambo and Arbogast 2003). This implies that, majority of the small traders responded during the study believe that, small business entrepreneurship and other ventures as the last resort for them to earn their livelihood.



#### 6.1.4 Constraints Related to Institutional Framework

Tanzania established a broad institutional framework to support development of the distributive trade, accommodation, food and beverages service sector. A number of financial, market, technological, professional and business supporting institutions have been created consistent to the ambitious national sector policy environment. The intention behind these establishments was to offer information in their areas of competence to the sector to enable a sustainable growth of the sector. Public business supporting institutions include the Ministry of Industries, Trade and Marketing, (MITM), Tanzania Investment Centre (TIC) and the Tanzania Chamber of Industry Commerce and Agriculture, Private Sector Foundation and Tanzania National Business Council (TNBC). Associations and relationships with these institutions range from that of being a member of a particular institution, using the institution as a source of technical information or in enforced relationships with the government through taxes and custom duties.

Table 6.2 shows that, distributive trade, accommodation, food and beverages service firms have had little network or insignificant support from the institutional framework. An average of 13.11 percent perceived that, lack of business support as a constraint to the performance of the firms. Consultations suggest that, some firms are known to have had weak relationships with few business institutions, reflecting the limited demand for such institutions or/and their services. The nature of these linkages is either formal or informal, most of which are in contact occasionally or yearly. Where these links do exist, they are usually *ad hoc* in nature, normally driven by necessity and often dictated by the prevailing circumstances rather than the inherent business strategic and/or deliberate plans.

This weakness is mainly due to the failure to tackle major business, financial and marketing problems facing the activities in the economy. Many of these organizations are under institutional reforms, moving from their reliance of government funding to independent, self-financing and autonomous organizations. Coupled with the low level of interaction between these organizations and the distributive trade, accommodation, food and beverages service firms, this may suggest that firms operate with short-term strategies and/or are uncertain for long-term investments. Most of them have been struggling to survive and commit a lot of resources in maintaining themselves as institutions instead of extending their role to their beneficiaries.

Inefficiency of structure and staffing of institutions responsible for trade, accommodation, food and beverages service sectors, lack of trained personnel (training and education) and lack of research are some of the reasons that lead to low performance of the trade sector in Tanzania.

According to some studies conducted recently in the city of Dar es salaam, many people in the small business sector get losses because of frequent disagreements between them and urban authorities. According to Mbwanbo and Arbogast, about 52.7 percent of the small business entrepreneurs they interviewed were reported to have been harassed by the city *askaris* and their properties destroyed or confiscated.

Changes in the legal, policy and institutional framework have significant impacts on small business and this has to be recognized. The socio-economic status of many countries is going through dramatic changes and countries have to adapt to these changes through reforms.

Many changes and reforms are translated into new policy objectives and regulations and that are not favoring the establishment operations. They have strong impacts on the way trade issues are managed but also they have significant influence on the behavior of people.

## **6.2 Other Problems, Constraints and Challenges**

Table 6.2 depicts that, the distributive trade, accommodation, food and beverages services have been facing many and complex problems, constraints and challenges. These include:

### **6.2.1 Poor Economic Infrastructure**

The poor state of roads, drainage and potable water supply facilities constitute major problems that affect the operations of the distributive trade, accommodation, food and beverages service markets in both urban and rural areas in Tanzania. Communication systems are often very rudimentary and power supply systems are inadequate to meet the needs of packaging, handling and storage facilities as well as the security requirements of markets. Sanitation and waste disposal systems are either insufficient or poorly organized leading to acute problems with hygiene.

In addition to these constraints, poor technical design often makes market buildings unsuitable for handling particular produce and compounds problems with maintaining minimum standards of hygiene. Furthermore, the available space may be unduly limited because of poor design, thus impeding movement and compromising safety requirements for the people and goods.

Table 6.2 shows that, an average of 4.8 percent of the firms perceived that infrastructure is one of the major constraints which have been affecting performance of the distributive trade, accommodation and food service sector in Tanzania. However, it is important to note that, an improvement is noted in the telecommunication sector where on increased participation of private mobile companies, television stations, radio broadcasting and IT related service providers have increased the quality and reduced cost of the communication services in Tanzania.

### ***Road Transport***

The lack of reliable infrastructure affects the input and output market and distribution networks due to poor state of the road network/feeder roads into the regions and rural areas where a large population resides. Transport costs in Tanzania are rather high as in the entire Sub-Saharan Africa, (EAC 2000). The high road transport costs may in the short-run provide natural protection for domestic firms and inhibit specialization of urban-based firms to serve a wider market beyond national boundaries, (Meier and Steel 1989). In addition to the freight forwarders' costs, the distributive trade, accommodation, food and beverages service sector has to pay road maintenance levies and transit charges for cross-border transports. Problems related to transporting of workers and goods (freight transport) have been relaxed in the late 1990's by increased liberalization, deregulation and participation of the private transportation sector.

### ***The provision of electricity***

One of the main infrastructure problems is related to the provision of electricity, in terms of its costs, supplied quantity and quality. Electricity demand in the distributive trade, accommodation, food and beverages service sector is constantly growing and is higher than the existing generating capacities in the entire country. TANESCO is the major producer and distributor of this power but is still in financial and management distresses due to a number of factors including long delays in its electricity billings and customers' non-payment for the power consumed.

Frequent power cuts by TANESCO, interrupts the provision of the desired services. Some of the large scale distributive trade and power intensity accommodation, food and beverages service enterprises have put up their own power generators. However, many small distributive trade, accommodation, food and beverages service firms are unable to establish sufficient power generation facilities. Independent and private power generating firms are now allowed in Tanzania, and have started the operation. However, electricity costs are still high in Tanzania. At the national level, the energy costs have scared potential foreign investment, and intensified the existing problems related to capacity utilization and the settlement of the balance of payment.

### **6.2.2 Macroeconomic Constraints**

Since 1986, Tanzania has been engaged in a process of macro-economic structural adjustments, which has been supported by the IMF and the World Bank. The country has made major progress towards putting in place a general macro-economic policy environment, which is more favorable for private sector expansion and growth, (World Bank 1998). Most of the restrictive fiscal, financial and monetary regulations and controls in the business sector have been removed. Foreign exchange market has virtually been deregulated. For many years now, both inflation and gaining investment benefits are not perceived as problematic to the management and operation of many distributive trade, accommodation, food and beverages service firms.

Inspite of the changes in the tax policy adopted in 1998 (new Finance Act of 1997) and re-organization of the tax administration which led to the creation of the Tanzania Revenue Authority (TRA) in 1996, the country still lacks a coherent taxation policy and the tax system remains complex. Many of the distributive trade, accommodation, food and beverages service firms were able to identify and discuss taxes, gaining investment benefit and inflation as macro-economic policy issues. About 4 percent perceived that there are problems related to macroeconomic regime. There are still many taxes and fees that must be paid to different authorities. The tax administration and system lack transparency thereby inhibiting voluntary compliance due to unnecessary high compliance costs being imposed on taxpayers.

Many of the distributive trade, accommodation, food and beverages service firms have started to perceive taxation regime as a constraint with the intensified tax reforms and the establishment of TRA. The tax and customs systems in the regions are still quite different. Although customs duties have been reduced in the context of trade liberalisation, smuggling is a common problem. Other macroeconomic constraints include; insufficient protection from dumping, various types of bureaucratic constraints, cumbersome export and importing procedures, lack of regional economic integration strategies, and non-transparent investment incentives, (EAC 2000).

### ***Inadequate Legal, Regulatory and Judiciary System***

The legal framework regulating the trade, accommodation and food service sector is not comprehensive and is partly outdated. However, the Government of Tanzania has made concerted efforts to review some of the outdated legislation to bring them into line with the new and changing business environment. To enhance the above efforts, the government established the Legal Reform Commission, (LRC), with a clear mandate to review legislation. Various pieces of legislation including the Companies Ordinance, several labour laws and laws governing environmental issues have been under review.

However, it is also notable that there are still a few legal and regulatory snags affecting the performance of the trade, accommodation and food service firms in Tanzania. Firms were able to identify and discuss ownership, labour, license and government restrictions as major legal and judiciary constraints. On average, about 3.87 percent of the surveyed firms perceived legal and regulatory environment as a constraint. A World Bank study (1997) on institutional constraint suggests that, firms in a number of developing countries feel that regulatory obstacles to doing business are more burdensome than their counterparts in OECD countries.

Other studies in Tanzania (ESRF-CTI 2000 and Wangwe *et al*, 1998), have shown that the inability of the existing legal, regulatory, and judicial institutions to reduce the transaction costs and, in many instances, their tendency to raise such costs, may explain the poor manufacturing performance despite more than a decade of structural adjustment efforts. The existing legal, regulatory and judiciary framework is ineffective in catering for their needs in terms of licensing, registration, sales, contractual relations, credit, security, property rights, and dispute settlement. Legislation in force in the areas of incorporation, contracting and contract enforcement, property

rights (including intellectual property rights), environment, dispute resolution, among others, may have been more of an impediment than a facilitator of market exchanges.

### 6.3 Main Findings

Tanzania has always, made substantial development efforts by setting in place broad, cross-cutting and sector specific trade, accommodation, food and beverages service policies. The sectors have been increasingly liberalised, more open to private sector participation and induced competitive market systems. However, the net effect of the sector performance and related business activities has not been significantly positive and impressive. The results have revealed that, the low state of the distributive trade, accommodation, food and beverages service development is due to persistent, numerous, complex and dynamic constraints. It has also been revealed that, the first three major constraints accounted for about 64.8 percent of the interviewed firms.

*The first major problem is* difficulties related to accessing finance and *credit facilities* and their immediate causes of high interest rates, lack of foreign exchange and high rates of exchange and consequences on working capital and liquidity. An average of 32.1 percent of the trade, accommodation, food and beverages service firms perceived these constraints as the most problematic.

*The second major problem is* marketing problem, that is insufficient domestic demand and intensified *competition* from both imports and local products. An average of 19.4 percent considered this as a constraint to the distributive trade, accommodation, food and beverages service development in Tanzania.

*The third major problem is* related human resources. An average of about 13.3 percent of the firms perceived that, human resource constraints in terms of inadequate skills, experiences and difficulties related to the cost of hiring and firing workers are other constraints.

*Other perceived problems relate to* regulations, macro and socio-economic problems, infrastructure constraints, institutional and business supporting institutions. The above findings suggest the need for simultaneous, consistent and efficient implementation of major development policies as the route to address the distributive trade, accommodation, food and beverages service constraints and limitations and to attain economic transformation objectives set in a number of government policy documents, (Murray 1965).

**Table 6.1: Percentage Distribution of Perceived Main Problems Affecting Establishments Operations, 2010**

Number	Description of the Problem	Frequency	Percentage
1	Inadequate skills	63	4.98
2	Problems with workers	77	6.08
3	Lack of information/consulting services	24	1.90
4	Harassment from government bodies	144	11.37
5	Shortage of working capital	209	16.51
6	Lack of clarity of regulations	49	3.87
7	Limited market	203	16.03
8	Lack of suitable working place	61	4.82
9	Barriers to free movement of goods	16	1.26
10	Bureaucratic problems in obtaining licences	22	1.74
11	Shortage of goods (commodities)	27	2.13
12	Health problems	4	0.32
13	No Problem	3	0.24
14	Lack of Capital	97	7.66
96	Other	267	21.09
<b>Total</b>		<b>1,266</b>	<b>100.00</b>

**Table 6.2: Percentage Distribution of Actual Main Problems Affecting Establishments Operations, 2010**

Number	Type of the Problem	Frequency	Percentage	Rank
1	Policies	0	0.00	
2	Laws and Regulations	49	3.87	
3	Institutional Framework	166	13.11	4
4	Human resources	168	13.27	3
5	Infrastructure	61	4.82	
6	Capital Equipment machinery	50	3.95	
7	Financial Resources	406	32.07	1
8	Macro Economic factors	50	3.95	
9	Social /Cultural	3	0.24	
10	Markets	246	19.43	2
11	Others	67	5.29	
<b>Total</b>		<b>1,266</b>	<b>100.00</b>	

## CHAPTER SEVEN

### SOCIO-ECONOMIC PLANS AND PROGRAMMES

#### 7.0 Introduction

The previous chapter presented a number of problems, constraints and challenges facing the distributive trade, accommodation, food and beverages service sectors in Tanzania Mainland. These problems were conceived as obstacles, impediments, difficulties or challenges, or situations that invite resolutions. The resolutions of which are recognized as a solution or contributions towards a known purpose. The purpose according to the National Trade Policy, 2003 is to stimulate a process of trade development as the means of triggering higher performance and capacity to withstand intensifying competition within the domestic market, (URT, 2003). This includes the establishment of improved physical market-place infrastructure and stimulating dissemination of market information and increasing access to the market.

This chapter presents solutions to those problems by formulating sustainable Socio-Economic Plans and Programmes, (SEPP). The current survey interviewed owners or managers of the distributive trade, accommodation, food and beverages service establishments and wanted them to provide own solutions to the problems. The firms were requested to suggest kind of assistances required by the establishments from the government. Seeking assistance from the government could mean that government has not spared its efforts to meet the broad problems of small businesses. The analysis is based on the perceived views on the type and nature of assistances needed by small traders.

It attempts to formulate SEPP based on the current national policies, data and information gathered on the type of assistance desired by the distributive trade, accommodation, food and beverages service sectors.

#### 7.1 Major Socio-Economic Plans and Programmes

Table 7.1 shows different kinds of trade operations/activities (Distributive Trade, Accommodation, food and beverages Service Activities) with types of government assistance required by the traders. The information was obtained through direct interviews with the respondents during the survey.



The table shows activities at ISIC level-2 which are Distributive Trade (DT), 45- wholesale and retail trade and repair of motor vehicles and motorcycles include, 46- wholesale trade, except of motor vehicles and motorcycles, 47- retail trade, except of motor vehicles and motorcycles; and accommodation, food and beverages services (AFS) are given in 55- accommodation, 56- food and beverage service activities.

It illustrates the types of assistance requested by the Distributive Trade (DT) and the Beverage Services (AFS) sectors. These have better access to bank loans, technical training for employees, improved availability of government services, favorable government rules and regulations, assistance in finding markets, others (meaning issues like electricity and fuel delivery improvement) and infrastructure.

The first assistance asked by the respondents was financial assistance in terms of bank loans which accounted for 28.4 percent in DT and 29.1 percent in AFS. The second assistance requested was in terms of favorable government laws and regulations which had about 24 percent in DT and 22 percent in AFS. The third assistance was search for product markets which had 11.1 percent in DT and 13.1 percent in AFS. The fourth kind of assistance required by traders was the infrastructure with about 12 percent in DT and 10 percent in AFS.

The above four specific strategic goals are well articulated in a number of the existing national sector policies and strategies. These policies include the National Small and Medium Enterprise Policy (2002), the National Trade Policy (2003), and the MKUKUTA II. The following sections provide detail elaborations of the proposed strategic goals for the socio-economic plans and programmes.

## **7.2 Better Access to Bank Loans**

The DT and AFS sectors desired that, for the individuals, societies, firms or organizations to secure loans from financial institutions, the loans are to be repaid with interests on or before a fixed date. Access to bank loans is the requirement which according to the survey results was the first government assistance required by the respondents. This explains the need of the small and medium enterprises to be assured by the government on the sources of financial resources.

In the recent years, however, the relationship between banks and small businesses has smoothly been improving as more and more banks have realized the strength and importance of this growing market. With the corporations and real estate developers no longer spurring so much of banks' business, lenders are looking to entrepreneurs to take up the slack. Many major banks have added special services and programmes for the small businesses; others are streamlining their loan paperwork and approval process to get loans to entrepreneurs much faster. On the positive side, banks are marketing to small businesses more than ever before. On the downside, the "streamlining" process often means that, more than ever, loans approval is based solely on the numbers and scores on the standardized rating systems rather than on an entrepreneur's character or drive.

The DT and AFS sectors in Tanzania have limited access to finance due to the following exogenous factors. The sector is perceived as a high risk one; inability of the private sector operators to fulfill the collateral requirements; most banks do not operate a DT and AFS financing windows; some of the banks operate in limited geographical areas; inexperience of the bank staff in issues related to micro finance; lack of guarantee schemes to back up banks financing DT and AFS sectors; high cost of screening and administering small loans spread over big areas and inabilities of borrowers to prepare and present applications that meet the banks' requirements.

The current reforms have resulted into liberalization of the financial sector to a great extent. This has led to establishment of a number of banks including the Micro Finance Bank, liberalization of financial rates and establishment of a stock exchange market. In spite of all these, the SME sector is facing a major constraint in accessing finance. This limits its capacity to survive, to increase capacity, and to upgrade its technologies and even in many cases, expand its markets and improve management.

The main reasons, including lack of knowledge on the banking services and products have been identified by the survey as obstacles to access bank loans in Tanzania, others are the perception that loans are irrelevant, hard to get or too difficult to repay as well as lack of enough money to back up.

The shortage of financing for SMEs arises from many factors. Such financing is essentially more risky, and therefore if banks can earn adequate returns by lending to governments and larger established firms, they will have little incentive to embark in more risky loans.

Credit needs to cultivate and standardize the credit market and improve the credit system and create a credit environment for SMEs to upgrade the overall quality and competitiveness against credit risk, to increase its financing capacity, with urgent practical significance. On the one hand, it is important to establish and improve the external business of small and medium enterprises credit information systems and credit evaluation system gradually. As for the banks, it is urgent to provide credit information to the businesses, and keeping promises in recognition of small and medium enterprises, establish a typical credit vigorously, publicizing and promoting the advanced credit management mode and experience.

On the other hand, active in the enterprise credit system and the popularity of the work to strengthen the internal management of the contract, warning of marketing, business accounts collection, management and accounting investigations, and other former employees, business management, detection, and other personnel to carry out credit and professional skills training, training on credit analysis, evaluation and supervision of professionals. Through the establishment of business credit files, credit rating, business credit system, and improving their own financing capacity.

The government of Tanzania through the SME Policy, 2001 is committed towards providing financial support to enhance financial reforms aimed at further liberalisation of the financial sector and the creation of financial intermediaries to cater for SMEs in the following ways:

- Promote transferring lessons and good practices from traditional financing mechanisms to suitable financial products for financing SMEs;
- Facilitate opening up of SME windows in financial institutions;
- Promote innovative financial products for SMEs such as hire purchase schemes, leasing, inventory financing, venture capital SMEs and, saving and credit schemes;
- Promote improving access of SMEs to bank financing through simplification of procedures; and
- Mobilize resources and promote development of new financial institutions for financing SMEs.

Therefore, to stimulate such lending, in addition to the improvements in credit information and credit recovery discussed above, it is also necessary that:

- (i) governments do not preempt the use of loan able funds; and
- (ii) adequate competition is maintained in the banking system. In addition, instruments well suited to SMEs financing, such as leasing, should be promoted, making sure that the regulatory and fiscal framework is appropriate.

MKUKUTA II of 2010 desires to maintain an interest rate structure that encourages financial savings and leads to greater mobilization of deposits (private sector savings), while encouraging borrowing (credit to the private sector). Measures that are required to realize these multiple objectives include:

- More prudent conduct of the Bank of Tanzania's Open Market Operations;
- Deepening the financial sector reforms through full implementation of the Second Generation Financial Sector Reform Programme;
- Improving efficiency of commercial bank operations as well as operations of capital markets taking into account development of the same in the EAC Common Market, SADC and beyond; and
- Implementing measures that minimize borrowing risks (such as through insurance schemes), especially in strategic sectors such as agriculture and SMEs.

Improved financing of SMEs would also benefit from the development of instruments well suited for small firms, such as *leasing*, and from the establishment of non-bank intermediaries specialized in this area. The services of leasing companies have clear advantages for firms which lack collateral. Similarly, discounting, factoring and warehousing firms, which provide working capital financing against inventories and other movable assets receivables, are particularly relevant for SMEs in agri-business. In many countries, the development of leasing companies has been hampered by legal and judicial constraints, and in some countries, lessors have encountered the same problems as banks in recovering property. For instance, in some countries, such as Tanzania, courts entertain injunctions by borrowers at the time of repossession, if the lessee has paid more than 50 percent of the value of the property in question.

### 7.3 Favorable Government Laws and Regulation

Just like other economic sectors, the DT and AFS businesses are affected by a large number of laws and regulations that may impact their operations. Tanzania has many laws and regulations that are related to business start up, sector specific, operations, investments, production, trade, and consumption. For example, the business of business registration is a complex formalization process that involves both national and local governments. Making it simpler and easier for the applicants is a challenge that confronts all parties. There are recent formalization and business support efforts by the government to spur productivity, generate employment, incomes and improve competitiveness, and a focus of attention is how to simplify the business registration requirements of national agencies.

Favorable Government laws and regulations were ranked the second kind of assistance needed by small trading stakeholders during the survey. Favorable laws and regulations can allow small traders in Tanzania to excel by having conducive environment in doing business. Survey results put favorable rules and regulations as the second kind of assistance most required by the stakeholders in the field with 24.3 percent in DT and 21.6 percent in AFS. Favorable laws and regulations imply the sequence of laws, guides and various transformations in the trading activities.

Favorable laws and regulations are pre requisite for the development of businesses in any country and therefore, Tanzania in viewing it as an important thing required by small traders who intend to mobilize public efforts and opinion towards zero tolerance to corruption, improved and strengthen leadership and governance systems.

In chapter six, it was indicated that despite various interventions aimed at improving the business environment in Tanzania, the legal and regulatory framework is bureaucratic, costly and centralized. These characteristics of the legal and regulatory environment affect all sizes of businesses adversely.

There are specific laws and regulations which deter formalization of micro, small and medium scale business operators. For example, Tanzania has a number of labour laws and regulations which play a key role in promoting a good working environment and interaction between employers and employees as they ensure workers' welfare, security and development. These

laws are thus important to workers in the DT and AFS businesses as well. However, in practice, these are complex, restrictive and costly to implement. These limit formalization, graduation and growth of micro, small and medium scale firms.

Tanzania has put in place adequate number of laws governing all forms of business operations, which may appear overwhelming and complex for the micro, small and medium scale operators. These are government efforts geared to assist navigating through bureaucratic documents and ensure legal compliances with the authorities. The government has made concerted efforts through BEST to facilitate smooth business relations through reforming the employees: Environment, Health, Competition and Anti-Trust Law and Taxation Laws. There are also other laws/regulations that vary according to business activities. For example, groceries, hotels, catering and hospitality businesses will need to deal with health regulations.

The Government will enhance implementation of programmes aimed at simplification and rationalization of procedures and regulations so as to encourage compliance and minimize transaction cost. Strategies aimed at improving the legal and regulatory framework include:

- i. Simplify business registration and licensing procedures;
- ii. Simplify tax system and introduce tax incentives to nurse SMEs;
- iii. Review Government Procurement procedures to facilitate SMEs' participation;
- iv. Establish a window within the commercial court for handling SME business disputes;
- and
- v. Train and sensitize SMEs on intellectual property rights.

The government should listen to the appeals of small businesses by developing new and independent regulatory authority to deal just with this group in the sector. As for now, small business affairs are mixed with other business issues.

## 7.4 Search for Markets

Sustainability of a firm depends largely on its performance in the markets and marketing. Unfortunately, many enterprises are facing problems of marketing due to poor quality of products, poor packaging, inadequate marketing skills and stiff competition. Inadequate

marketing services have been prohibiting SMEs to become competitive in local and international markets. Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. The term “marketing” has been developed from an original meaning which referred literally to going to a market to buy or sell goods or services.

Marketing assistance was the third assistance requested by the traders, (11.1 percent in DT and 13.1 percent in AFS). Marketing is an essential component in any business activities, if a person produces for the sake of selling his /her commodities or service he/she, needs to be sure of the market. This is the reason as to why traders in this survey have depicted market assistance as the third kind of assistance they require from the government.

The survey results have revealed that, very few distributive trade, accommodation, food and beverages services sector firms have access to outside the locality, i.e., villages, wards, districts and regions; that is, very few markets suggest that new micro and small scale distributive trade, accommodation, food and beverages services firms target local or neighborhood markets. Organized, formal business experiences tend to go for national and outside markets. Searching for outside markets is a complex function of the internal scales of operations and micro-environment factors.

The micro-environment influences the distributive trade, accommodation, food and beverages services sector directly. It includes suppliers that deal directly or indirectly with consumers and customers, and other local stakeholders. Also, it includes all departments, such as management, finance, research and development, purchasing, operations and accounting. Each of these departments has an impact on marketing decisions. But looking on the distributive trade, accommodation and food services sectors in Tanzania, it operates on small scale with poor management and without departments such as finance, research and development which can influence improvement on the products.

Most of the operators in the distributive trade, accommodation, food and beverages services sector within the selected regions tend to sell their products directly to the customers; this enables them to find out the desire of their customers. In this context, micro-environment describes the relationship

between distributive trade, accommodation, food and beverages services sector operators and the driving forces that control this relationship. It is a more local relationship, and the traders may exercise a degree of influence. Also, the micro-environment refers to the forces that are close to the company and affect its ability to serve its customers. It includes the company itself, its suppliers, marketing intermediaries, customer markets and competitors.

In the recent years, a particular innovation to help the small traders tap up the power of markets has been the micro financing. But, due to stiff conditions surrounding these micro financing institutions, loans to small traders have remained very poor and covered by low ability to generate their working capital as well as to be trusted by these financial institutions.

Though different efforts have been made by the government, but many traders lack financial knowledge on how they can secure funds from these institutions to improve their businesses and hence remain stagnated and account very little in our national economy.

The government can provide conducive environment for trade but businessmen need to clearly adhere to master a niche market, one needs to have a unique product or service. The government of Tanzania is committed to facilitating support programs aimed at improving the SMEs' access to market. In implementing the programs, the government has set different kinds of strategies like the promotion of business linkages between large and small enterprises, strengthening of marketing agencies and institutions that support SMEs, creation of SMEs bulk provision systems through a cooperative mechanism, facilitation of SMEs participation in the local and international markets through trade fairs and missions, establishment of SMEs exhibition centres, facilitation of SMEs to meet standards.

## 7.5 Infrastructure

The study treats infrastructure as "the structural elements of an economy that facilitates the flow of goods and services between buyers and sellers". Or, this definition may include "the basic services or social capital of a country, or part of it, which make economic and social activities possible by providing transportation and other facilities] in which community activities can take place." In this context, infrastructure may include such assets as roads, railways, airports, ports, power, telephones, water and sewerage systems. The broader social



capital definitions also take in housing, health and education services, and some other social institutions that facilitate economic and social interaction.

It is important to draw the distinction between economic infrastructure (the physical assets that provide services used in production and final consumption), social infrastructure (assets that support a healthy workforce with adequate skills) and the institutional infrastructure (such as the legal system, culture and capital markets). From these definitions, the current study is focused on *economic infrastructure*, although certain aspects of institutional infrastructure (market operations, legal property rights) are crucial to the operation of that infrastructure. Efficient delivery of both categories is critical to the development of a competitive economy and for broader participation in the economic activity.

Assistance in the infrastructure improvement was ranked fourth which also entails the importance of this service to small traders. In both the distributive trade and the accommodation, food and beverages services sectors, the survey results deep-rooted the infrastructure improvement as one of the issues in small businesses which requires substantial support from the government as it is reported about 12.3 percent in DT and 10.5 percent in AFS.

There have also been modest improvements in the growth-related infrastructure such as roads, ports (sea and air) and energy. The percentage of roads in fair and good conditions has increased since 2005, the time taken to discharge cargos at the ports has declined, the installed energy production capacity has increased, and the exploration of fossil fuel continues. However, some challenges still need to be addressed, including frequent power shortages, port congestion, and poor conditions of rural roads. Tanzania could act as a regional trade and logistic hub if it were to exploit its advantageous geographical location and immense potential for power generation.

The study noted that, poor infrastructure in Tanzania including working premises, roads, cold rooms, warehouses, power, water and communication adversely affect the development of the SMEs. Even where these services are available, the supply is unreliable and more costly. Serviced land or business premises are in short supply in most of the cities and towns, especially for industrial use. The very poor state of infrastructure makes it difficult to attract even local investors to the rural areas where almost 80% of the Tanzanians live. This has been an obstacle in the

promotion of SMEs especially in rural areas. These are things that make many respondents react towards the government and seek for improvement of the infrastructure.

Compared to Kenya, the cost of inland transportation in Tanzania is much higher and is coupled with administrative hindrance that requires specific tonnage of road carrying capacity. Poor road infrastructure in Tanzania makes the cost of transporting supplies or goods to the market to be very costly. As a result of the moribund infrastructure and poor network, the logistics of inter firm operations or subcontracting are at a very low level since these operations are likely to increase the transaction costs as opposed to importation of the same supplies. The relative low road transportation costs caused by relatively good roads in Kenya make its products more competitive than in Tanzania. The situation is worse in Uganda, which has the highest cost of transport in East Africa.

The government is aware of this kind of problem and is already in the process of improving the existing physical infrastructures and provision of utilities in collaboration with Local Authorities, private sector and development partners. The following policy recommendations are in place to address the infrastructural requirements with respect to SMEs:

- i. Local Authorities to allocate and develop land for SMEs;
- ii. Develop industrial clusters and trade centres; and
- iii. Identify and allocate the under-utilized public buildings to SMEs.

The infrastructure is generally underdeveloped and sparse relative to needs, making service delivery unreliable and expensive. There are major challenges in the capital market with pressing needs to widen and deepen the financial markets. Lack of financial instruments in the formal sector to serve the informal sector and the Small and Medium Enterprises (SME) remains a major constraint and impediment to the private sector development and economic empowerment.

Investment in the infrastructure must be accorded the highest priority and should be spearheaded by the government. This investment must also involve the private sector and other communities. In particular, the development of the road network is absolutely essential for promoting rural development. Investment in energy, water and telecommunications is also central to the stimulation of local and foreign investments and for creating wealth and employment-generating activities (Tanzania Development Vision, 2025). But, despite the promising vision, Tanzania's traders still

face unfavorable conditions of the infrastructure which causes the cost of production to increase and disturb the economy as a whole.

MKUKUTA II, 2010 reaffirms that, infrastructure development is at the centre of economic development process. Functioning infrastructure reduces the cost of doing business, attracts private investment, enables production and service delivery, links markets, and helps to sustain improvement of the quality of life through re-distribution of wealth. Infrastructure augment factors of production enhancing economic growth by increasing the productivity of labour and capital thereby raising profitability, production, income and employment. Therefore, critical infrastructure such as energy, roads, and ports, will continue to be priority areas for rapid economic growth and development in the country.

The National Trade Policy, 2003 articulated that, the government will implement strategies for the development of hard and soft infrastructures based on the following measures:

- i. Expedite implementation of the ICT policy adopted recently as the basis of building a knowledge-based economy;
- ii. Continue implementation of measures to consolidate the financial sector and encourage private sector investment in specialized banking institutions targetting key sectors such as agriculture and industry;
- iii. Encourage reforms under-pinning the emergence of a suitable credit culture as the means of stimulating efficient financial intermediation in support of the SMEs segment;
- iv. Restructuring and divestiture of the utilities sector, especially power and water, as a means of raising the reliability of supply while lowering costs to regionally competitive levels; and
- v. Modernization and expansion of the transportation infrastructure based on increasing recourse to private sector resources through Build, Own, Operate and Transfer (BOOT) and Build, Operate and Transfer (BOT) schemes. Emphasis will also be placed on efficient utilisation of the existing infrastructure in the course of exploiting the accessible resource-base.

Also, it is the government commitment to have large infrastructure investments which will also enable the country to increase its domestic trade, by utilizing the series of productive resources it is endowed with more efficiency (in order to transform them into revenue-generating tradable goods), and by fostering the development of a large number of SMEs, which play a crucial role in generating employment and income to the Tanzanians.

## **7.6 Implementation Strategy for Social Economic Plans and Programmes (SEPP)**

The proposed social economic plan and programmes, (SEPP), maintains the four organizing strategic goals to depict four inter-related development outcomes. SEPP, in comparison with other economic plans and programmes, is a unique cross cutting collection of national development strategies addressing the broad objective or single goal of stimulating a process of trade development as the means of triggering higher performance and capacity to withstand intensifying competition within the domestic market and therefore achieving a higher rate of economic growth.

As such, SEPP seeks to address a wide range of economy-wide constraints apparent in the fundamental premises for successful domestic trade policy. This feature extends to the instruments that are conventionally necessary for effective implementation.

Consequently, there is a wide package of domestic trade policy instruments available for the implementation of strategic goals necessary to address the constraints that militates against the realization of the major objective of achieving higher rates of economic growth. These instruments have to be applied consistently as a package. Direct domestic trade policy instruments are supplemented by key economic sector policies that compliment trade policy measures. In practical terms, the application of each group of domestic trade policy instruments calls for the identification of the underlying constraints and challenges, a specific objective for each and adoption of an appropriate and consistent strategy for its implementation. The treatment of domestic trade policy instruments adopted in the SEPP reflects the fact that the nation has been implementing the recommended various national sector policies in the course of economic reforms initiated in the mid-1980s.

The report proposes the need for the government to formulate a National Domestic Trade Policy, (NDT). This is the mandate of the Ministry of Industry, Trade and Marketing. It is anticipated that, an independent department under the Ministry will be formed to cater for the implementation of the NDT and other related plans and programmes such as the SEPP. It is understood that, Tan-Trade is responsible for providing strategic direction on the execution of

domestic market development and harmonization. Ensuring sufficient and smooth operation of the existing market systems and suggest possible local market systems that are of beneficial to the business community and the government.

There is a Market Development (MD) Clustering- Value chain analysis Programme in Tanzania, Tan-Trade currently collaborates with the Centre for Promoting Import from Developing Countries (CBI). Sector associations and other stakeholders in identifying and advising the business community on ways of overcoming bottlenecks in the sector value chain and promote value addition. The programme aims at analysis sector value chain in order to develop optimal product portfolio, new product development, product lifecycle management; and creation of the new product development road-map. Emphasis is placed on producing quantities and qualities which will make Tanzanian goods and services competitive in the domestic and overseas markets. The SEPP may be integrated into Market Development Clustering.

**Table 7.1: Most Useful Form of Assistance Needed by the Establishment from the Government**

ISIC Rev. 4	45	46	47	Total Distrib utive Trade	55	56	Total Accommo dation Food and beverages Services	Rank
Description	(Percentage)							
Infrastructure	10.7	14.0	12.2	<b>12.3</b>	12.3	8.7	<b>10.5</b>	<b>4</b>
Assistance in finding markets	11.2	12.3	9.7	<b>11.1</b>	16.4	9.7	<b>13.1</b>	<b>3</b>
Better access to bank loans	33.1	23.7	28.3	<b>28.4</b>	23.2	35	<b>29.1</b>	<b>1</b>
Favourable government rules and regulations	19.1	28.1	25.8	<b>24.3</b>	20.2	23	<b>21.6</b>	<b>2</b>
Improved availability of government services	12.4	5.3	9.7	<b>9.1</b>	11	6.9	<b>8.9</b>	
Technical training for employees	5.1	6.1	2.9	<b>4.7</b>	5.3	4.6	<b>4.9</b>	
Others	8.4	10.5	11.5	<b>10.1</b>	11.6	12	<b>11.8</b>	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

## CHAPTER EIGHT

### CONCLUSION

#### 8.0 Introduction

This chapter summarises major findings and policy recommendations. The main objective of the 2010 Integrated Business Survey - Distributive Trade, was to measure performance of key indicators of the distributive trade, accommodation and food services sectors of the economy. The collected information is used in the compilation of National Accounts aggregates such as Gross Domestic Product, (GDP). The main survey methods and approaches include organization, planning, survey design, data collection, data processing and management; report writing, national stakeholders workshop and dissemination/publication of the results.

#### 8.1 Main Findings

It is clear that the performance of the Distributive Trade (DT) and the Accommodation, Food and Beverages Service (AFS) activities in the economy has been important due to its increasing contribution in the total GDP during the past thirty years.

##### 8.1.1 The DT and the AFS Structures and Performances

###### *Pyramid DT and AFS sectors structure*

The 2010, IBS results show that, the DT sector has a pyramid structure whereby at the bottom there are many retail trade establishments (about 49 percent) and a few (about 20 percent) wholesale trade establishments at the top.

###### *Urban Based Establishments*

The study found that, DT and AFS establishments are mainly located in major urban areas or cities. The geographical distribution of the establishments is unevenly distributed, where Dar es Salaam region had about 37 percent of the total number of establishments followed by Mwanza with about 8.3 percent and the least is Lindi with less than one percent of the total DT and AFS establishments.

***Accommodation, food and beverages Service Sector is More Labour Intensive***

The survey results show that, the accommodation and food service sector absorbed the majority of the labour force (about 53 percent) compared to the distributive trade sector with about 47 percent.

***The DT and the AFS Sectors are Mostly Privately Owned***

The majority of the establishments (92.3 percent) covered in this survey were privately owned and about 1.8 percent of them wholly owned by the government and only 0.8 percent were jointly owned by the government and private sector.

***The DT and the AFS are Employment Generating Sectors***

The survey results show that, out of the total persons engaged, 16,982 were engaged in the distributive trade out of which, employees were 13,433 which accounted for 79.1 percent, working proprietors were 1,883 or about 11.1 percent and the unpaid helpers were 1,666 or about 9.8 percent.

***Males Dominating in the DT and the AFS Sectors***

There were more males engaged in the DT and the AFS activities. About 77.6 percent were male workers and about 22.4 percent were females. Likewise in the AFS, male workers were relatively more (51.1 percent) than female workers (48.9 percent).

***The DT and the AFS are Low paid Sectors***

The study found that, in terms of remuneration, the distributive trade sector tend to be characterized by *low pay* – particularly in the retailing, accommodation and food service and even in relation to low-skilled work in other sub- sectors. Meanwhile, *minimum wages* – at either national or sectoral level – act as a constraint to increased formal employment.

***Purchases of Goods for Resale has the Highest Contribution***

The survey revealed that, purchases of goods for resale had the highest contribution in the overall purchases of goods whereby, the contribution of TShs. 1,039.3 billion or 78.4 percent was realized in the DT and TShs. 139.2 billion or 82.1 percent was realized in the AFS activities.

***Other Costs are the Dominant Running Costs in the DT Sector***

According to the cost structure of the distributive trade, about 81 percent of the total running expenses were in the following six major types of expenses which are, other costs (28.6 percent), depreciation (17.7 percent), fuel use in the business (13.1 percent), taxes (10.4 percent), rents (5.6 percent) and repair (4.5 percent).

***Total Opening Stocks are Smaller than the Closing Stocks in DT and AFS Sectors***

The results show that, the total opening stock is smaller than the closing stock which resulted into a positive change in stock/inventory in the DT and AFS sectors. This creates a positive change in inventory and is treated as an act of investment spending because these goods are available for future use.

***The DT and the AFS Sectors are Profit Making Entities***

For the distributive trade, all activities had a positive net profit, meaning that there was no activity with a loss in the reference year. However, the activities which recorded high revenues differ with the ones which recorded high net profit due to the nature, size and laws and regulations within these sectors.

***Investment Expenditure in Acquisitions is Higher than Disposals in the Distributive Trade***

The structure of investment expenditure differs largely by type of expenditure across each sub-sector. To a larger extent, the component of addition of fixed assets acquired is higher compared to the disposals. The overall highest addition of fixed assets was observed in the wholesale trade, except of motor vehicles and motorcycles with about 51.3 percent of the total investment.

***The Highest Investment Expenditure has been in Land and Buildings for the DT and the AFS Sectors***

The highest percentage of investment expenditure has been in land and buildings in both the DT and AFS sectors. This implies that, most of the traders were shifting from non-specialized premises to a more formal and addressed businesses. The minimum investment expenditure has been in the vehicle acquisition suggesting that traders depend more on specialized modes of transport for their merchandise.



***The Cost of Goods Sold represents the Single Biggest Cost in the DT Sector***

The cost of goods sold (COGS) represents the single biggest cost incurred by firms in the distributive trade, accounting for one-third and two-thirds of the net turnover in the wholesale and retail trade, respectively.

***All Types of the Intermediate Costs were Significant in the DT Sector***

Utility expenses were about 16.6 percent, license fees were about 0.9 percent, finance charges were about 16.2 percent, and taxes were about 10.3 percent and other expenses were about 56 percent of the total intermediate costs. .

***The Ratio of the Intermediate Consumption to Trade Margin was High in the DT and the AFS Sectors***

The ratio of intermediate consumption (other costs) to trade margin (or intermediate consumption to gross value added ratio) in the distributive trade was higher for the wholesale trade, except of motor vehicles and motorcycles (86.1 percent) and the overall ratio was about 63.4 percent.

***Small Scale Enterprises have the Highest Contribution in the Value Added both in the DT and AFS Sectors***

For the distributive trade, small enterprises (10-49 persons engaged) had the highest (46 percent) contribution in the value added followed by large enterprises (100 or more persons engaged) with 38 percent and the rest (16 percent) was contributed by the medium enterprises (50-99 persons engaged). There is similar pattern in the AFS sector whereby, small enterprises had 49 percent followed by large enterprises with 38 percent and medium enterprises with 13 percent.

**8.1.2 There Exists Many Complex Problems, Constraints and Challenges in the DT and the AFS Sectors**

Tanzania has continuously been making substantial development efforts by setting in place broad, cross-cutting and sector specific trade, accommodation, food and beverages service policies. The sectors have been increasingly liberalised, more open to private sector participation and induced competitive market systems. However, the net effect of the sector performance and related business activities has not been significantly positive and impressive. It has been noted that low state of trade, accommodation and food service development is due to persistent, numerous, complex and dynamic constraints. It is also

revealed that, the first three major constraints accounted to about 64.79 percent of the interviewed firms.

***The First Major Problems are:*** difficulties related to access finance and *credit facilities* which cause high interest rates, lack of foreign exchange and high rates of exchange and consequences on working capital and liquidity. An average of 32.1 percent of the distributive trade, accommodation and food service firms perceived these constraints as the most problematic.

***The Second Major Constrains are:*** market problems i.e. insufficient domestic demand and intensified *competition* from both imports and local goods. An average of 19.4 percent of the interviewed firms considered this as a constraint to the distributive trade, accommodation, food and beverages service development in Tanzania.

***The Third Major Constraints are:*** related with human resources. An average of about 13.27 percent of the interviewed firms perceived that the human resource constraints in terms of inadequate skills, experiences and difficulties related to the cost of hiring and firing workers are other constraints.

***The Fourth Major Constraints are:*** problems with regulations, macro-and socio-economic problems, infrastructure constraints, institutional and business supporting institutions. The above findings suggest the need for simultaneous, consistent and efficient implementation of major development policies as the route to address the above distributive trade, accommodation and food service constrains and limitations and to attain economic transformation objectives set in a number of government policy documents, (Murray 1965).

## 8.2 Policy Recommendations

### 8.2.1 Major Socio-Economic Plans and Programmes

The study proposes Socio-Economic Plans and Programmes (SEPP), based on the current national policies, data and information gathered on the type of assistance desired by the distributive trade, accommodation and food service sectors.

The SEPP constitutes four specific strategic goals, financial assistance, favorable government laws and regulations, search for product markets and infrastructure. Indeed, these strategic goals are well articulated in a number of existing national sector policies and strategies. As such, SEPP seeks to address a wide range of economy-wide constraints

apparent in the fundamental premises for successful domestic trade policy. This feature extends to the instruments that are conventionally necessary for effective implementation.

### **8.2.2 Implementation Arrangements of SEPP**

The report proposes the need for the government to formulate a National Domestic Trade Policy (NDT). This is the mandate of the Ministry of Industry, Trade and Marketing. It is anticipated that, an independent department under the Ministry will be formed to cater for the implementation of the NDT and other related plans and programmes such as the SEPP.

## REFERENCES

1. European Central Bank (2011) “*Structural Features Of Distributive Trades and Their Impact on Prices in the Euro Area*” Occasional Paper NO 128 / SEPTEMBER 2011 Task Force of the Monetary Policy Committee of the European System of Central Banks.
2. European Central Bank (2011), *Structural Features of Distributive Trade and Their Impact on Prices in the Euro Area*, Occasional Paper Series, No. 128
3. European Communities (2001), *Distributive Trades in Europe*, Luxembourg.
4. Government of Nepal (2008), *Distributive Trade Survey of Nepal*, a Statistical Report, Central Bureau of Statistics
5. Herrnstein et al: “Intermediate Inputs and Sectoral Co-movement in the Business Cycle”. *Journal of Monetary Economics*, Vol. 40 (1997) pp 573 – 95
6. Juan Zhao (2008): *Research on the Financing of Small and Medium Enterprises*.
7. Mfaume, R and W. Leonard (2003) ‘Prevalence and Impact of Crime on Entrepreneurship and Small business in Dar es salaam city’ Research Report Mzumbe University – Agder University College.
8. Michl, T. R. ( ) *Macroeconomic Theory: A Short Course*.
9. Nellis, John, (2003). “Privatization in Africa: What Has Happened? What is to be done?” Center for Global Development, Working Paper No. 25, February 2003.
10. OTF Group. 2005. *Improving Competitiveness and Increasing Economic Growth in Tanzania: The Role of Information and Communication Technologies*. Washington, DC: infoDev / World Bank. Available at: <http://www.infodev.org/en/Publication.81.html>
11. Rubambey, G. C. (2005): *Policy, Regulatory and Supervisory Environment for Microfinance in Tanzania*. Bank of Tanzania

12. Shi, Qian (2002): Corporate Finance of the problem. Southwestern University of Finance and Economics.
13. The Federal Democratic Republic Of Ethiopia (2008), Report on Urban Distributive Trade Survey, Central Statistical Agency
14. Thomsen, Stephen (external consultant to the OECD/DAF), (2005). “Encouraging Public-Private Partnerships in the Utilities Sector: The Role of Development Assistance”. Overview study prepared for the NEPAD/OECD Investment Initiative conference on “Investment in African Development: Making it Happen”, Imperial Resort Beach Hotel Kama Hal, Entebbe, Uganda, 25 - 27 May 2005.
15. United Republic of Tanzania (2001), Poverty Reduction Strategy Paper (PRSP), Dar es Salaam Government Printer.
16. United Republic of Tanzania (2002): “*Small and Medium Enterprise Development Policy*”. Ministry of Industry Trade and Market, Dar es Salaam, Tanzania
17. United Republic of Tanzania (2003). National Trade Policy” .Ministry of Industry Trade and Market, Dar es Salaam, Tanzania
18. United Republic of Tanzania, (Economic Surveys (*various issues*)). Presidents Office Planning Commission, Dar es Salaam, Tanzania.

## ANNEX TABLES

Table 1: Number of Establishments by Activity, 2010

ISIC Rev. 4	Activity	Number
451	Sale of motor vehicles	12
452	Maintenance and repair of motor vehicles	148
453	Sale of motor vehicle parts and accessories	15
454	Sale, maintenance and repair of motorcycles and related parts and accessories	3
461	Wholesale on a fee or contract basis	19
462	Wholesale of agricultural raw materials and live animals	11
463	Wholesale of food, beverages and tobacco	19
464	Wholesale of household goods	6
465	Wholesale of machinery, equipment and supplies	18
466	Other specialized wholesale	27
469	Non-specialized wholesale trade	14
471	Retail sale in non-specialized stores	24
472	Retail sale of food, beverages and tobacco in specialized stores	38
473	Retail sale of automotive fuel in specialized stores	77
474	Retail sale of information and communications equipment in specialized stores	2
475	Retail sale of other household equipment in specialized stores	58
476	Retail sale of cultural and recreation goods in specialized stores	11
477	Retail sale of other goods in specialized stores	45
478	Retail sale via stalls and markets	12
479	Retail trade not in stores, stalls or markets	12
	<b>Total Distributive Trade</b>	<b>571</b>
551	Short term accommodation activities	449
552	Camping grounds, recreational vehicle parks and trailer parks	3
559	Other accommodation	4
561	Restaurants and mobile food service activities	76
562	Event catering and other food service activities	89
563	Beverage serving activities	226
	<b>Total Accommodation and Food Services</b>	<b>847</b>
	<b>TOTAL</b>	<b>1,418</b>

Table 2: Form of Ownership by Activity , 2010

(Number)

ISIC Rev.4	Activity	Private owned	Government owned	Jointly Private/Govern ment owned	Other	Total
451	Sale of motor vehicles	11			1	12
452	Maintenance and repair of motor vehicles	138	3	1	6	148
453	Sale of motor vehicle parts and accessories	14	1			15
454	Sale, maintenance and repair of motorcycles and related parts and accessories	2			1	3
461	Wholesale on a fee or contract basis	15		1	3	19
462	Wholesale of agricultural raw materials and live animals	7	1		3	11
463	Wholesale of food, beverages and tobacco	16		1	2	19
464	Wholesale of household goods	6				6
465	Wholesale of machinery, equipment and supplies	12	4		2	18
466	Other specialized wholesale	26			1	27
469	Non-specialized wholesale trade	14				14
471	Retail sale in non-specialized stores	18			6	24
472	Retail sale of food, beverages and tobacco in specialized stores	35	1		2	38
473	Retail sale of automotive fuel in specialized stores	72	1	1	3	77
474	Retail sale of information and communications equipment in specialized stores	2				2
475	Retail sale of other household equipment in specialized stores	52	1		5	58
476	Retail sale of cultural and recreation goods in specialized stores	8			3	11
477	Retail sale of other goods in specialized stores	40	3		2	45
478	Retail sale via stalls and markets	9	2	1		12
479	Retail trade not in stores, stalls or markets	8		1	3	12
	<b>Total Distributive Trade</b>	<b>505</b>	<b>17</b>	<b>6</b>	<b>43</b>	<b>571</b>
551	Short term accommodation activities	432	1		16	449
552	Camping grounds, recreational vehicle parks and trailer parks	2			1	3
559	Other accommodation	3	1			4
561	Restaurants and mobile food service activities	69	2	1	4	76
562	Event catering and other food service activities	82	2	1	4	89
563	Beverage serving activities	216	2	3	5	226
	<b>Total Accommodation, and Food Services</b>	<b>804</b>	<b>8</b>	<b>5</b>	<b>30</b>	<b>847</b>
	<b>Total</b>	<b>1,309</b>	<b>25</b>	<b>11</b>	<b>73</b>	<b>1,418</b>

**Table 3: Number of Persons Engaged in Establishments by December, 2010**

ISIC Rev. 4	Activity	Working Proprietors			Paid Employees			Unpaid Helpers			Total Persons Engaged		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
451	Sale of motor vehicles	17	3	<b>20</b>	181	151	<b>332</b>	14	-	<b>14</b>	212	154	<b>366</b>
452	Maintenance and repair of motor vehicles	258	25	<b>283</b>	1817	186	<b>2003</b>	1058	43	<b>1101</b>	3133	254	<b>3387</b>
453	Sale of motor vehicle parts and accessories	17	5	<b>22</b>	204	78	<b>282</b>	5	1	<b>6</b>	226	84	<b>310</b>
454	Sale, maintenance and repair of motorcycles and related parts and accessories	11	-	<b>11</b>	38	3	<b>41</b>	25	-	<b>25</b>	74	3	<b>77</b>
461	Wholesale on a fee or contract basis	82	14	<b>96</b>	1047	207	<b>1254</b>	14	1	<b>15</b>	1143	222	<b>1365</b>
462	Wholesale of agricultural raw materials and live animals	123	59	<b>182</b>	128	78	<b>206</b>	-	-	<b>-</b>	251	137	<b>388</b>
463	Wholesale of food, beverages and tobacco	50	8	<b>58</b>	656	149	<b>805</b>	1	3	<b>4</b>	707	160	<b>867</b>
464	Wholesale of household goods	17	3	<b>20</b>	207	128	<b>335</b>	-	-	<b>-</b>	224	131	<b>355</b>
465	Wholesale of machinery, equipment and supplies	38	12	<b>50</b>	612	247	<b>859</b>	2	11	<b>13</b>	652	270	<b>922</b>
466	Other specialized wholesale	62	27	<b>89</b>	1009	148	<b>1157</b>	136	31	<b>167</b>	1207	206	<b>1413</b>
469	Non-specialized wholesale trade	29	14	<b>43</b>	339	119	<b>458</b>	8	-	<b>8</b>	376	133	<b>509</b>
471	Retail sale in non-specialized stores	68	21	<b>89</b>	256	109	<b>365</b>	35	21	<b>56</b>	359	151	<b>510</b>
472	Retail sale of food, beverages and tobacco in specialized stores	33	21	<b>54</b>	459	265	<b>724</b>	15	17	<b>32</b>	507	303	<b>810</b>
473	Retail sale of automotive fuel in specialized stores	126	25	<b>151</b>	781	484	<b>1265</b>	16	3	<b>19</b>	923	512	<b>1435</b>
474	Retail sale of information and communications equipment in specialized stores	1	-	<b>1</b>	258	74	<b>332</b>	-	-	<b>-</b>	259	74	<b>333</b>
475	Retail sale of other household equipment in specialized stores	237	130	<b>367</b>	1126	256	<b>1382</b>	45	11	<b>56</b>	1408	397	<b>1805</b>
476	Retail sale of cultural and recreation goods in specialized stores	13	3	<b>16</b>	88	45	<b>133</b>	3	1	<b>4</b>	104	49	<b>153</b>
477	Retail sale of other goods in specialized stores	50	33	<b>83</b>	245	229	<b>474</b>	53	46	<b>99</b>	348	308	<b>656</b>
478	Retail sale via stalls and markets	18	2	<b>20</b>	704	211	<b>915</b>	8	1	<b>9</b>	730	214	<b>944</b>



Table 3 (Ctd): Number of Persons Engaged in Establishments by December, 2010

ISIC Rev. 4	Activity	Working Proprietors			Paid Employees			Unpaid Helpers			Total Persons Engaged		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
479	Retail trade not in stores, stalls or markets	224	4	<b>228</b>	79	32	<b>111</b>	32	6	<b>38</b>	335	42	<b>377</b>
	<b>Total Distributive Trade</b>	<b>1,474</b>	<b>409</b>	<b>1,883</b>	<b>10,234</b>	<b>3,199</b>	<b>13,433</b>	<b>1,470</b>	<b>196</b>	<b>1,666</b>	<b>13,178</b>	<b>3,804</b>	<b>16,982</b>
551	Short term accommodation activities	731	430	<b>1161</b>	5268	5149	<b>10417</b>	230	208	<b>438</b>	6229	5787	<b>12016</b>
552	Camping grounds, recreational vehicle parks and trailer parks	3	3	<b>6</b>	59	57	<b>116</b>	5	6	<b>11</b>	67	66	<b>133</b>
559	Other accommodation	3	5	<b>8</b>	49	24	<b>73</b>	0	0	<b>0</b>	52	29	<b>81</b>
561	Restaurants and mobile food service activities	66	32	<b>98</b>	552	561	<b>1113</b>	32	24	<b>56</b>	650	617	<b>1267</b>
562	Event catering and other food service activities	160	123	<b>283</b>	559	578	<b>1137</b>	64	48	<b>112</b>	783	749	<b>1532</b>
563	Beverage serving activities	242	107	<b>349</b>	1627	1896	<b>3523</b>	124	108	<b>232</b>	1993	2111	<b>4104</b>
	<b>Total Accommodation and Food Services</b>	<b>1,205</b>	<b>700</b>	<b>1,905</b>	<b>8,114</b>	<b>8,265</b>	<b>16,379</b>	<b>455</b>	<b>394</b>	<b>849</b>	<b>9,774</b>	<b>9,359</b>	<b>19,133</b>
	<b>TOTAL</b>	<b>2,679</b>	<b>1,109</b>	<b>3,788</b>	<b>18,348</b>	<b>11,464</b>	<b>29,812</b>	<b>1,925</b>	<b>590</b>	<b>2,515</b>	<b>22,952</b>	<b>13,163</b>	<b>36,115</b>

Table 4: Purchases of Goods by Activity ,2010

		(000' TShs)		
ISIC Rev. 4	Activity	Goods for Resale	Goods for Other Purposes	Purchases of Goods
451	Sale of motor vehicles	3,847,794	58,761	3,906,555
452	Maintenance and repair of motor vehicles	116,643,388	4,161,904	120,805,292
453	Sale of motor vehicle parts and accessories	11,729,883	1,483,494	13,213,377
454	Sale, maintenance and repair of motorcycles and related parts and accessories	44,706	1,411	46,117
461	Wholesale on a fee or contract basis	31,721,789	7,239,119	38,960,908
462	Wholesale of agricultural raw materials and live animals	12,767,399	1,278,688	14,046,087
463	Wholesale of food, beverages and tobacco	14,355,443	20,326,582	34,682,025
464	Wholesale of household goods	21,680,584	100,500	21,781,084
465	Wholesale of machinery, equipment and supplies	11,376,508	14,755,767	26,132,275
466	Other specialized wholesale	341,503,539	183,078,966	524,582,505
469	Non-specialized wholesale trade	31,664,585	26,087,683	57,752,268
471	Retail sale in non-specialized stores	2,396,993	105,794	2,502,787
472	Retail sale of food, beverages and tobacco in specialized stores	10,550,222	2,547,458	13,097,680
473	Retail sale of automotive fuel in specialized stores	316,779,023	14,294,393	331,073,416
474	Retail sale of information and communications equipment in specialized stores	3,485,771	-	3,485,771
475	Retail sale of other household equipment in specialized stores	76,708,584	4,724,459	81,433,043
476	Retail sale of cultural and recreation goods in specialized stores	1,027,427	406,781	1,434,208
477	Retail sale of other goods in specialized stores	18,371,916	122,490	18,494,406
478	Retail sale via stalls and markets	10,355,229	5,283,781	15,639,010
479	Retail trade not in stores, stalls or markets	2,245,901	2,946	2,248,847
	<b>Total Distributive Trade</b>	<b>1,039,256,684</b>	<b>286,060,977</b>	<b>1,325,317,661</b>
551	Short term accommodation activities	39,479,573	8,991,628	48,471,201
552	Camping grounds, recreational vehicle parks and trailer parks	293,507	87,356	380,863
559	Other accommodation	281,236	12,232	293,468
561	Restaurants and mobile food service activities	9,516,195	1,788,856	11,305,051
562	Event catering and other food service activities	5,356,550	604,666	5,961,216
563	Beverage serving activities	84,289,116	18,920,845	103,209,961
	<b>Total Accommodation and Food Services</b>	<b>139,216,177</b>	<b>30,405,583</b>	<b>169,621,760</b>
	<b>Total</b>	<b>1,178,472,861</b>	<b>316,466,560</b>	<b>1,494,939,421</b>

Table 5: Running Expenses and Other Costs ,2010

(000'TShs)

ISIC Rev. 4	Activity	Fuel for Use in the Business	Vehicle Registration & Business Licence Fees	Depreciation	Electricity
451	Sale of motor vehicles	592,260	27,374	414,869	121,889
452	Maintenance and repair of motor vehicles	705,325	437,834	948,916	893,932
453	Sale of motor vehicle parts and accessories	114,310	52,747	142,171	50,062
454	Sale, maintenance and repair of motorcycles and related parts and accessories	4,931	496	2,399	9,139
461	Wholesale on a fee or contract basis	7,764,838	521,435	2,003,017	442,767
462	Wholesale of agricultural raw materials and live animals	230,237	-	743,125	82,086
463	Wholesale of food, beverages and tobacco	1,468,144	33,214	4,051,716	379,632
464	Wholesale of household goods	147,377	14,595	337,599	124,359
465	Wholesale of machinery, equipment and supplies	272,409	81,115	731,272	88,444
466	Other specialized wholesale	2,667,619	135,642	15,454,387	933,976
469	Non-specialized wholesale trade	230,007	23,657	397,007	83,062
471	Retail sale in non-specialized stores	523,759	17,756	196,733	79,786
472	Retail sale of food, beverages and tobacco in specialized stores	323,978	16,607	1,285,849	252,648
473	Retail sale of automotive fuel in specialized stores	4,278,729	120,310	2,640,447	767,578
474	Retail sale of information and communications equipment in specialized stores	112,009	598	183,144	26,593
475	Retail sale of other household equipment in specialized stores	2,760,452	88,725	1,292,761	298,233
476	Retail sale of cultural and recreation goods in specialized stores	11,420	475	45,346	12,474
477	Retail sale of other goods in specialized stores	330,961	11,055	115,897	103,977
478	Retail sale via stalls and markets	1,363,649	37,133	1,244,438	148,165
479	Retail trade not in stores, stalls or markets	105,471	3,378	124,862	79,182
	<b>Total Distributive Trade</b>	<b>24,007,885</b>	<b>1,624,146</b>	<b>32,355,955</b>	<b>4,977,984</b>
551	Short term accommodation activities	4,328,083	431,587	9,858,964	4,265,150
552	Camping grounds, recreational vehicle parks and trailer parks	13,260	4,858	38,353	61,646
559	Other accommodation	35,552	1,947	120	38,960
561	Restaurants and mobile food service activities	303,730	17,585	249,689	224,202
562	Event catering and other food service activities	172,319	42,174	79,884	336,245
563	Beverage serving activities	7,198,348	179,872	1,807,736	1,745,853
	<b>Total Accommodation and Food Services</b>	<b>12,051,292</b>	<b>678,023</b>	<b>12,034,746</b>	<b>6,672,056</b>
	<b>Total</b>	<b>36,059,177</b>	<b>2,302,169</b>	<b>44,390,701</b>	<b>11,650,040</b>

Table 5 (Continued): Running Expenses and Other Costs, 2010

(000'TShs)

ISIC Rev. 4	Activity	Water Charges	Bank Charges	Interests Paid	Insurance
451	Sale of motor vehicles	8,084	12,129	59,778	43,291
452	Maintenance and repair of motor vehicles	65,052	136,199	292,523	354,071
453	Sale of motor vehicle parts and accessories	8,930	121,513	70,223	386,596
454	Sale, maintenance and repair of motorcycles and related parts and accessories	2	4,735	911	5,596
461	Wholesale on a fee or contract basis	30,628	1,382,543	289,277	1,621,056
462	Wholesale of agricultural raw materials and live animals	45,218	48,094	593,281	60,557
463	Wholesale of food, beverages and tobacco	1,228,132	73,353	164,300	182,176
464	Wholesale of household goods	18,408	26,658	520,768	117,999
465	Wholesale of machinery, equipment and supplies	29,485	143,620	162,795	142,631
466	Other specialized wholesale	15,156	1,394,840	882,574	630,741
469	Non-specialized wholesale trade	15,045	215,374	363,827	63,491
471	Retail sale in non-specialized stores	10,434	23,894	8,708	22,537
472	Retail sale of food, beverages and tobacco in specialized stores	32,538	76,532	248,146	73,835
473	Retail sale of automotive fuel in specialized stores	157,884	507,208	2,087,040	587,886
474	Retail sale of information and communications equipment in specialized stores	351	45,434	255,041	23,384
475	Retail sale of other household equipment in specialized stores	27,703	266,829	1,301,317	391,741
476	Retail sale of cultural and recreation goods in specialized stores	3,913	10,097	1,853	5,240
477	Retail sale of other goods in specialized stores	17,948	94,594	151,653	77,764
478	Retail sale via stalls and markets	22,565	72,116	135,332	173,289
479	Retail trade not in stores, stalls or markets	1,511	306,062	0	13,624
	<b>Total Distributive Trade</b>	<b>1,738,987</b>	<b>4,961,824</b>	<b>7,589,347</b>	<b>4,977,505</b>
551	Short term accommodation activities	1,006,238	767,117	3,852,792	792,296
552	Camping grounds, recreational vehicle parks and trailer parks	3,216	58,053	0	1,361
559	Other accommodation	9,860	2,866	5,277	4,412
561	Restaurants and mobile food service activities	88,723	35,839	55,309	17,021
562	Event catering and other food service activities	87,423	20,900	115,265	56,861
563	Beverage serving activities	256,626	53,260	135,437	438,247
	<b>Total Accommodation and Food Services</b>	<b>1,452,086</b>	<b>938,035</b>	<b>4,164,080</b>	<b>1,310,198</b>
	<b>Total</b>	<b>3,191,073</b>	<b>5,899,859</b>	<b>11,753,427</b>	<b>6,287,703</b>

Table 5 (Continued): Running Expenses and Other Costs, 2010

(000'TShs)

ISIC Rev. 4	Activity	Postage, Telephone	Advertisements	Rents Paid	Repair
451	Sale of motor vehicles	37,887	133,556	200,712	233,688
452	Maintenance and repair of motor vehicles	373,832	976,608	1,099,633	511,772
453	Sale of motor vehicle parts and accessories	78,588	39,799	216,369	152,668
454	Sale, maintenance and repair of motorcycles and related parts and accessories	8,543	6,176	2,103	1,174
461	Wholesale on a fee or contract basis	118,962	152,389	386,496	2,371,965
462	Wholesale of agricultural raw materials and live animals	45,473	4,958	176,497	81,586
463	Wholesale of food, beverages and tobacco	77,200	70,559	2,287,636	1,428,464
464	Wholesale of household goods	82,211	132,607	495,856	110,380
465	Wholesale of machinery, equipment and supplies	193,373	148,719	348,883	208,496
466	Other specialized wholesale	337,951	844,092	938,461	771,602
469	Non-specialized wholesale trade	124,366	78,190	185,635	232,310
471	Retail sale in non-specialized stores	65,865	30,926	142,439	101,995
472	Retail sale of food, beverages and tobacco in specialized stores	27,758	12,407	76,841	199,485
473	Retail sale of automotive fuel in specialized stores	660,321	254,838	533,600	1,220,852
474	Retail sale of information and communications equipment in specialized stores	5,319	36,822	136,054	59,197
475	Retail sale of other household equipment in specialized stores	299,602	763,038	1,696,691	1,298,148
476	Retail sale of cultural and recreation goods in specialized stores	14,461	4,517	45,393	28,605
477	Retail sale of other goods in specialized stores	91,707	178,246	419,184	142,500
478	Retail sale via stalls and markets	194,297	73,708	812,809	724,208
479	Retail trade not in stores, stalls or markets	27,587	7,818	100,455	48,627
	<b>Total Distributive Trade</b>	<b>2,865,303</b>	<b>3,949,973</b>	<b>10,301,747</b>	<b>9,927,722</b>
551	Short term accommodation activities	1,997,514	1,123,835	1,841,228	3,904,997
552	Camping grounds, recreational vehicle parks and trailer parks	8,900	47,780	7,234	34,493
559	Other accommodation	8,684	3,626	18,661	23,216
561	Restaurants and mobile food service activities	128,358	26,363	369,747	300,380
562	Event catering and other food service activities	72,768	51,071	239,490	128,454
563	Beverage serving activities	235,470	2,797,407	538,829	568,918
	<b>Total Accommodation and Food Services</b>	<b>2,451,694</b>	<b>4,050,082</b>	<b>3,015,189</b>	<b>4,960,458</b>
	<b>Total</b>	<b>5,316,997</b>	<b>8,000,055</b>	<b>13,316,936</b>	<b>14,888,180</b>

Table 5 (Continued): Running Expenses and Other Costs, 2010

(000'TShs)

ISIC Rev. 4	Activity	Tax	Audit fees	Other Costs	Total
451	Sale of motor vehicles	660,348	312,897	4,630,492	7,489,254
452	Maintenance and repair of motor vehicles	5,732,639	213,458	7,722,846	20,464,640
453	Sale of motor vehicle parts and accessories	166,619	16,780	1,367,900	2,985,275
454	Sale, maintenance and repair of motorcycles and related parts and accessories	6,630	3,750	1,292	57,877
461	Wholesale on a fee or contract basis	543,966	48,414	3,790,776	21,468,529
462	Wholesale of agricultural raw materials and live animals	18,208	21,970	382,157	2,533,447
463	Wholesale of food, beverages and tobacco	2,784,069	67,015	2,070,855	16,366,465
464	Wholesale of household goods	69,454	23,041	360,579	2,581,891
465	Wholesale of machinery, equipment and supplies	1,706,600	73,063	2,702,280	7,033,185
466	Other specialized wholesale	2,474,863	196,367	6,299,345	33,977,616
469	Non-specialized wholesale trade	816,818	34,226	1,022,317	3,885,332
471	Retail sale in non-specialized stores	277,389	21,364	761,199	2,284,784
472	Retail sale of food, beverages and tobacco in specialized stores	106,823	19,570	1,976,450	4,729,467
473	Retail sale of automotive fuel in specialized stores	1,075,105	399,053	5,824,341	21,115,192
474	Retail sale of information and communications equipment in specialized stores	40,011	14,850	734,190	1,672,997
475	Retail sale of other household equipment in specialized stores	1,541,256	440,494	2,916,227	15,383,217
476	Retail sale of cultural and recreation goods in specialized stores	11,541	3,770	154,355	353,460
477	Retail sale of other goods in specialized stores	209,764	44,944	840,046	2,830,240
478	Retail sale via stalls and markets	723,512	100,836	8,983,102	14,809,159
479	Retail trade not in stores, stalls or markets	12,378	14,670	385,973	1,231,598
	<b>Total Distributive Trade</b>	<b>18,977,993</b>	<b>2,070,532</b>	<b>52,926,722</b>	<b>183,253,625</b>
551	Short term accommodation activities	7,185,644	841,055	10,484,853	52,681,353
552	Camping grounds, recreational vehicle parks and trailer parks	11,104	21,332	53,966	365,556
559	Other accommodation	50,612	2,129	20,335	226,257
561	Restaurants and mobile food service activities	254,959	45,625	223,876	2,341,406
562	Event catering and other food service activities	112,267	18,344	673,256	2,206,721
563	Beverage serving activities	2,603,461	1,531,907	9,313,820	29,405,191
	<b>Total Accommodation and Food Services</b>	<b>10,218,047</b>	<b>2,460,392</b>	<b>20,770,106</b>	<b>87,226,484</b>
	<b>Total</b>	<b>29,196,040</b>	<b>4,530,924</b>	<b>73,696,828</b>	<b>270,480,109</b>

Table 6: Stocks/Inventory by Activity ,2010

(000' TShs)

ISIC Rev. 4	Activity	Opening Stocks	Closing Stocks	Change
451	Sale of motor vehicles	12,182,034	18,366,299	6,184,265
452	Maintenance and repair of motor vehicles	39,997,040	42,963,111	2,966,071
453	Sale of motor vehicle parts and accessories	3,593,308	6,400,100	2,806,792
454	Sale, maintenance and repair of motorcycles and related parts and accessories	8,222	117,973	109,751
461	Wholesale on a fee or contract basis	8,816,676	15,495,392	6,678,716
462	Wholesale of agricultural raw materials and live animals	3,228,496	3,878,564	650,068
463	Wholesale of food, beverages and tobacco	5,160,860	7,888,867	2,728,007
464	Wholesale of household goods	4,892,478	4,976,849	84,371
465	Wholesale of machinery, equipment and supplies	4,532,041	12,796,891	8,264,850
466	Other specialized wholesale	50,994,967	58,107,030	7,112,063
469	Non-specialized wholesale trade	12,400,080	12,901,500	501,420
471	Retail sale in non-specialized stores	778,142	2,094,138	1,315,996
472	Retail sale of food, beverages and tobacco in specialized stores	4,726,499	5,974,453	1,247,954
473	Retail sale of automotive fuel in specialized stores	22,974,059	26,283,996	3,309,937
474	Retail sale of information and communications equipment in specialized stores	1,408,117	10,424,935	9,016,818
475	Retail sale of other household equipment in specialized stores	18,575,667	25,887,992	7,312,325
476	Retail sale of cultural and recreation goods in specialized stores	349,470	598,134	248,664
477	Retail sale of other goods in specialized stores	8,500,759	6,031,776	-2,468,983
478	Retail sale via stalls and markets	2,813,908	3,801,226	987,318
479	Retail trade not in stores, stalls or markets	832,814	998,429	165,615
	<b>Total Distributive Trade</b>	<b>206,765,637</b>	<b>265,987,655</b>	<b>59,222,018</b>
551	Short term accommodation activities	67,541,226	62,646,283	-4,894,943
552	Camping grounds, recreational vehicle parks and trailer parks	20,782	165,578	144,796
559	Other accommodation	43,460	467,440	423,980
561	Restaurants and mobile food service activities	1,775,543	3,148,914	1,373,371
562	Event catering and other food service activities	1,454,640	3,296,547	1,841,907
563	Beverage serving activities	5,332,619	15,591,113	10,258,494
	<b>Total Accommodation and Food Services</b>	<b>76,168,270</b>	<b>85,315,875</b>	<b>9,147,605</b>
	<b>Total</b>	<b>282,933,907</b>	<b>351,303,530</b>	<b>68,369,623</b>

Table 7: Gross Revenue by Type by Activity, 2010

(000' TShs)

ISIC Rev. 4	Activity	Sales of Goods Bought for Resale	Sales of Accommodation	Sales of Food and Drinks	Total Sales
451	Sale of motor vehicles	6,927,971	13,590	-	6,941,561
452	Maintenance and repair of motor vehicles	149,326,298	1,580,229	566,777	151,473,304
453	Sale of motor vehicle parts and accessories	25,565,205	85,980	43,297	25,694,482
454	Sale, maintenance and repair of motorcycles and related parts and accessories	118,816	-	-	118,816
461	Wholesale on a fee or contract basis	43,385,078	79,725	1,244,547	44,709,350
462	Wholesale of agricultural raw materials and live animals	16,597,150	98,052	239,761	16,934,963
463	Wholesale of food, beverages and tobacco	48,362,541	689,544	5,540,104	54,592,189
464	Wholesale of household goods	27,779,260	-	-	27,779,260
465	Wholesale of machinery, equipment and supplies	34,713,453	278,830	-	34,992,283
466	Other specialized wholesale	550,220,711	960,000	-	551,180,711
469	Non-specialized wholesale trade	37,081,944	27,600,000	-	64,681,944
471	Retail sale in non-specialized stores	3,946,884	-	19,938	3,966,822
472	Retail sale of food, beverages and tobacco in specialized stores	19,134,995	633,419	2,049,889	21,818,303
473	Retail sale of automotive fuel in specialized stores	380,410,422	5,012,295	516	385,423,233
474	Retail sale of information and communications equipment in specialized stores	5,931,890	-	-	5,931,890
475	Retail sale of other household equipment in specialized stores	99,215,080	6,750	28,086	99,249,916
476	Retail sale of cultural and recreation goods in specialized stores	2,027,851	-	4,320	2,032,171
477	Retail sale of other goods in specialized stores	27,937,074	514,400	11,080	28,462,554
478	Retail sale via stalls and markets	27,572,395	-	65,372	27,637,767
479	Retail trade not in stores, stalls or markets	3,856,942	68,100	10,800	3,935,842
	<b>Total Distributive Trade</b>	<b>1,510,111,960</b>	<b>37,620,914</b>	<b>9,824,487</b>	<b>1,557,557,361</b>
551	Short term accommodation activities	23,443,722	63,363,931	46,383,382	133,191,035
552	Camping grounds, recreational vehicle parks and trailer parks	-	726,727	287,810	1,014,537
559	Other accommodation	115,807	239,126	259,960	614,893
561	Restaurants and mobile food service activities	10,664,088	932,754	7,732,496	19,329,338
562	Event catering and other food service activities	2,602,751	238,977	7,079,409	9,921,137
563	Beverage serving activities	112,999,233	5,588,656	22,286,562	140,874,451
	<b>Total Accommodation and Food Services</b>	<b>149,825,601</b>	<b>71,090,171</b>	<b>84,029,619</b>	<b>304,945,391</b>
	<b>Total</b>	<b>1,659,937,561</b>	<b>108,711,085</b>	<b>93,854,106</b>	<b>1,862,502,752</b>



Table 7 (Continued): Gross Revenue by Type by Activity, 2010

(000' TShs)					
ISIC Rev. 4	Activity	Agency Fees, Commission Receivable	Rent Receivable	Other Operating Incomes	Total Other Operating Income
451	Sale of motor vehicles	2,005	26,400	7,317,363	7,345,768
452	Maintenance and repair of motor vehicles	681,059	687,536	17,546,091	18,914,686
453	Sale of motor vehicle parts and accessories	-	80,237	770,847	851,084
454	Sale, maintenance and repair of motorcycles and related parts and accessories	-	801	10,645	11,446
461	Wholesale on a fee or contract basis	971,584	8,011,708	14,820,992	23,804,284
462	Wholesale of agricultural raw materials and live animals	1,231	156,618	251,293	409,142
463	Wholesale of food, beverages and tobacco	-	-	1,238,462	1,238,462
464	Wholesale of household goods	-	420,806	42,958	463,764
465	Wholesale of machinery, equipment and supplies	25,166	448,461	1,121,899	1,595,526
466	Other specialized wholesale	-	11,483,264	8,875,197	20,358,461
469	Non-specialized wholesale trade	10,888	252,585	952,200	1,215,673
471	Retail sale in non-specialized stores	1,099,932	40,961	1,934,926	3,075,819
472	Retail sale of food, beverages and tobacco in specialized stores	4,000	220,481	511,141	735,622
473	Retail sale of automotive fuel in specialized stores	50,923	171,379	4,094,796	4,317,098
474	Retail sale of information and communications equipment in specialized stores	-	1,167	-	1,167
475	Retail sale of other household equipment in specialized stores	7,284	124,221	2,779,048	2,910,553
476	Retail sale of cultural and recreation goods in specialized stores	-	18,818	86,575	105,393
477	Retail sale of other goods in specialized stores	28,065	21,720	208,182	257,967
478	Retail sale via stalls and markets	221,040	16,800	11,100,196	11,338,036
479	Retail trade not in stores, stalls or markets	-	1,730	124,935	126,665
	<b>Total Distributive Trade</b>	<b>3,103,177</b>	<b>22,185,693</b>	<b>73,787,746</b>	<b>99,076,616</b>
551	Short term accommodation activities	820,914	2,702,509	19,548,185	23,071,608
552	Camping grounds, recreational vehicle parks and trailer parks	-	-	-	-
559	Other accommodation	-	150,321	14,606	164,927
561	Restaurants and mobile food service activities	5,381	110,026	214,098	329,505
562	Event catering and other food service activities	205	178,631	693,530	872,366
563	Beverage serving activities	105,398	531,839	6,390,760	7,027,997
	<b>Total Accommodation and Food Services</b>	<b>931,898</b>	<b>3,673,326</b>	<b>26,861,179</b>	<b>31,466,403</b>
	<b>Total</b>	<b>4,035,075</b>	<b>25,859,019</b>	<b>100,648,925</b>	<b>130,543,019</b>

Table 7 (Continued): Gross Revenue by Type by Activity, 2010

(000' TShs)

ISIC Rev. 4	Activity	Interest Receivable	Share Dividend Receivable	Subsidies and Incentives from Government	Other non Operating Income	Total Non Operating Incomes
451	Sale of motor vehicles	-	-	-	109,911	109,911
452	Maintenance and repair of motor vehicles	1,194,715	-	-	4,882,128	6,076,843
453	Sale of motor vehicle parts and accessories	-	-	-	-	-
454	Sale, maintenance and repair of motorcycles and related parts and accessories	-	-	-	30,200	30,200
461	Wholesale on a fee or contract basis	450,620	-	-	1,088,163	1,538,783
462	Wholesale of agricultural raw materials and live animals	-	-	7,000	440,729	447,729
463	Wholesale of food, beverages and tobacco	-	-	-	13,877,505	13,877,505
464	Wholesale of household goods	-	63	-	5,994,734	5,994,797
465	Wholesale of machinery, equipment and supplies	48,171	308,400	6,504	438,316	801,391
466	Other specialized wholesale	-	12,000	-	6,803,559	6,815,559
469	Non-specialized wholesale trade	37,585	24,290	-	92,063	153,938
471	Retail sale in non-specialized stores	-	250	440,290	1,023,861	1,464,401
472	Retail sale of food, beverages and tobacco in specialized stores	-	-	11,557	2,138,684	2,150,241
473	Retail sale of automotive fuel in specialized stores	4,742	100	3,000	5,805,608	5,813,450
474	Retail sale of information and communications equipment in specialized stores	-	-	-	-	-
475	Retail sale of other household equipment in specialized stores	-	632	-	2,473,807	2,474,439
476	Retail sale of cultural and recreation goods in specialized stores	1,850	-	-	1,308	3,158
477	Retail sale of other goods in specialized stores	4,570	1,200	-	1,279,744	1,285,514
478	Retail sale via stalls and markets	-	-	-	754,268	754,268
479	Retail trade not in stores, stalls or markets	-	-	-	65,380	65,380
	<b>Total Distributive Trade</b>	<b>1,742,253</b>	<b>346,935</b>	<b>468,351</b>	<b>47,299,968</b>	<b>49,857,507</b>
551	Short term accommodation activities	53,845	24,071	5,737,053	15,584,236	21,399,205
552	Camping grounds, recreational vehicle parks and trailer parks	-	-	-	-	-
559	Other accommodation	-	-	-	-	-
561	Restaurants and mobile food service activities	-	1,000	615,808	237,527	854,335
562	Event catering and other food service activities	104,000	-	18,870	130,320	253,190
563	Beverage serving activities	25,604	10,000	-	890,144	925,748
	<b>Total Accommodation and Food Services</b>	<b>183,449</b>	<b>35,071</b>	<b>6,371,731</b>	<b>16,842,227</b>	<b>23,432,478</b>
	<b>Total</b>	<b>1,925,702</b>	<b>382,006</b>	<b>6,840,082</b>	<b>64,142,195</b>	<b>73,289,985</b>

Table 8: Net profit/Loss for the Year, 2010 by Activity

		(000' TShs)
ISIC Rev. 4	Activity	Net profit/(loss)
451	Sale of motor vehicles	7,131,624
452	Maintenance and repair of motor vehicles	12,649,168
453	Sale of motor vehicle parts and accessories	12,399,864
454	Sale, maintenance and repair of motorcycles and related parts and accessories	120,324
461	Wholesale on a fee or contract basis	13,095,589
462	Wholesale of agricultural raw materials and live animals	520,608
463	Wholesale of food, beverages and tobacco	18,033,935
464	Wholesale of household goods	8,721,915
465	Wholesale of machinery, equipment and supplies	8,961,618
466	Other specialized wholesale	15,314,212
469	Non-specialized wholesale trade	3,163,209
471	Retail sale in non-specialized stores	3,341,460
472	Retail sale of food, beverages and tobacco in specialized stores	4,737,628
473	Retail sale of automotive fuel in specialized stores	41,845,101
474	Retail sale of information and communications equipment in specialized stores	9,179,344
475	Retail sale of other household equipment in specialized stores	7,667,093
476	Retail sale of cultural and recreation goods in specialized stores	220,018
477	Retail sale of other goods in specialized stores	4,295,760
478	Retail sale via stalls and markets	4,273,676
479	Retail trade not in stores, stalls or markets	621,859
<b>Total Distributive Trade</b>		<b>176,294,005</b>
551	Short term accommodation activities	46,878,914
552	Camping grounds, recreational vehicle parks and trailer parks	89,690
559	Other accommodation	481,561
561	Restaurants and mobile food service activities	5,764,265
562	Event catering and other food service activities	3,415,243
563	Beverage serving activities	20,312,535
<b>Total Accommodation and Food Services</b>		<b>76,942,208</b>
<b>Total</b>		<b>253,236,213</b>

**Table 9: Investment Expenditure on Fixed Assets by Activity, 2010**

ISIC Rev. 4	Activity	Land and Buildings		Vehicles		Machinery, Furniture & Equipment		Other Office Equipment		Total Investment Expenditure	
		Additions	Disposal	Additions	Disposal	Additions	Disposal	Additions	Disposal	Additions	Disposal
451	Sale of motor vehicles	556,354	-	304,554	160,600	34,187	1,794,460	687,440	110,335	1,582,535	2,065,395
452	Maintenance and repair of motor vehicles	7,963,339	11,406,468	327,880	86,797	663,083	1,601,462	62,858	4,168,160	9,017,160	17,262,887
453	Sale of motor vehicle parts and accessories	106,500	-	110,689	-	38,183	42,694	19,937	390,407	275,309	433,101
454	Sale, maintenance and repair of motorcycles and related parts and accessories	173,381	-	10,500	250	8,061	-	-	-	191,942	250
461	Wholesale on a fee or contract basis	266,701	-	1,461,277	144,821	748,650	174,700	617,755	148,670	3,094,383	468,191
462	Wholesale of agricultural raw materials and live animals	319,638	-	328,022	292,843	67,487	-	8,455	102,276	723,602	395,119
463	Wholesale of food, beverages and tobacco	3,225,575	886,975	34,243	167,621	6,744,672	-	2,087,616	36,024	12,092,106	1,090,620
464	Wholesale of household goods	6,482,461	-	119,304	9,984	283,430	85,665	11,675	76,477	6,896,870	172,126
465	Wholesale of machinery, equipment and supplies	3,176,652	184,831	226,095	2,544,284	3,009,706	48,874	1,205,227	923,813	7,617,680	3,701,802
466	Other specialized wholesale	481,443	-	711,015	839,855	2,761,015	1,255,709	1,809,047	9,225,650	5,762,520	11,321,214
469	Non-specialized wholesale trade	5,267	1,025	130,687	5,000	85,479	25,000	794,427	870,561	1,015,860	901,586
471	Retail sale in non-specialized stores	1,716,387	-	462,303	100,532	1,059,682	29,188	2,937,465	788,116	6,175,837	917,836
472	Retail sale of food, beverages and tobacco in specialized stores	1,071,361	932,400	83,676	0	570,729	86,080	44,183	158,538	1,769,949	1,177,018
473	Retail sale of automotive fuel in specialized stores	1,383,112	114	4,007,330	5,353,633	2,664,240	162,930	1,231,290	4,340,018	9,285,972	9,856,695
474	Retail sale of information and communications equipment in specialized stores	458,801	575	323,945	11,218	738,085	-	108,796	454,187	1,629,627	465,980
475	Retail sale of other household equipment in specialized stores	254,566	-	472,451	15,199	1,301,090	178,453	375,392	181,720	2,403,499	375,372
476	Retail sale of cultural and recreation goods in specialized stores	12,088	-	2,000	-	46,568	3,182	66,439	16,096	127,095	19,278
477	Retail sale of other goods in specialized stores	1,742	9,000	15,139	2,163	50,269	46,191	166,880	108,408	234,030	165,762
478	Retail sale via stalls and markets	614,661	-	914,591	52,434	430,496	160,084	573,747	54,190	2,533,495	266,708
479	Retail trade not in stores, stalls or markets	25,300	-	6,296	249,174	8,977	-	2,876	27,581	43,449	276,755
	<b>Total Distributive Trade</b>	<b>28,295,329</b>	<b>13,421,388</b>	<b>10,051,997</b>	<b>10,036,408</b>	<b>21,314,089</b>	<b>5,694,672</b>	<b>12,811,505</b>	<b>22,181,227</b>	<b>72,472,920</b>	<b>51,333,695</b>
551	Short term accommodation activities	5,209,758	1,633,065	3,253,897	96,178	3,339,271	1,759,530	1,633,734	3,496,684	13,436,660	6,985,457
552	Camping grounds, recreational vehicle parks and trailer parks	-	-	-	-	2,380	114	5,707	1,895	8,087	2,009
559	Other accommodation	-	-	22,550	-	34,210	-	8,300	134,008	65,060	134,008
561	Restaurants and mobile food service activities	189,817	49,920	109,430	9,510	329,315	23,081	244,698	169,030	873,260	251,541
562	Event catering and other food service activities	46,943	105,940	19,090	16,500	106,528	6,218	176,163	96,593	348,724	225,251
563	Beverage serving activities	979,003	500	621,162	55,169	972,978	824,938	808,968	928,373	3,382,111	1,808,980
	<b>Total Accommodation and Food Services</b>	<b>6,425,521</b>	<b>1,789,425</b>	<b>4,026,129</b>	<b>177,357</b>	<b>4,784,682</b>	<b>2,613,881</b>	<b>2,877,570</b>	<b>4,826,583</b>	<b>18,113,902</b>	<b>9,407,246</b>
	<b>TOTAL</b>	<b>34,720,850</b>	<b>15,210,813</b>	<b>14,078,126</b>	<b>10,213,765</b>	<b>26,098,771</b>	<b>8,308,553</b>	<b>15,689,075</b>	<b>27,007,810</b>	<b>90,586,822</b>	<b>60,740,941</b>

Table 10: Frequency Distribution of Most Difficult Problems by Activity

(Number)

ISIC Rev.4	Activity	Type of Problem							
		1	2	3	4	5	6	7	8
451	Sale of motor vehicles	-	1	-	2	1	-	4	-
452	Maintenance and repair of motor vehicles	7	4	5	14	29	5	11	17
453	Sale of motor vehicle parts and accessories	2	-	-	2	1	1	2	-
454	Sale, maintenance and repair of motorcycles and related parts and accessories	-	-	-	1	-	1	-	-
461	Wholesale on a fee or contract basis	1	1	-	6	3	1	2	-
462	Wholesale of agricultural raw materials and live animals	-	1	1	-	1	1	2	-
463	Wholesale of food, beverages and tobacco	1	1	-	1	1	4	1	-
464	Wholesale of household goods	-	-	-	-	1	-	2	-
465	Wholesale of machinery, equipment and supplies	1	-	-	2	-	-	3	2
466	Other specialized wholesale	-	1	-	4	3	1	5	-
469	Non-specialized wholesale trade	-	1	-	1	4	-	-	-
471	Retail sale in non-specialized stores	1	-	1	-	3	-	2	4
472	Retail sale of food, beverages and tobacco in specialized stores	2	3	-	3	7	2	4	1
473	Retail sale of automotive fuel in specialized stores	2	9	3	8	3	3	5	2
474	Retail sale of information and communications equipment in specialized stores	-	-	-	-	-	-	-	-
475	Retail sale of other household equipment in specialized stores	2	2	-	8	9	1	11	5
476	Retail sale of cultural and recreation goods in specialized stores	-	-	1	-	1	-	1	1
477	Retail sale of other goods in specialized stores	2	2	1	1	11	-	7	2
478	Retail sale via stalls and markets	-	-	-	-	3	-	1	1
479	Retail trade not in stores, stalls or markets	1	-	-	2	3	1	1	1
	<b>Total Distributive Trade</b>	<b>22</b>	<b>26</b>	<b>12</b>	<b>55</b>	<b>84</b>	<b>21</b>	<b>64</b>	<b>36</b>
551	Short term accommodation activities	27	22	7	47	58	9	84	13
	Camping grounds, recreational vehicle parks and trailer parks	-	-	-	1	1	-	-	-
552		-	-	-	1	1	-	-	-
559	Other accommodation	-	1	-	-	1	-	1	-
561	Restaurants and mobile food service activities	3	6	1	9	19	4	8	1
562	Event catering and other food service activities	5	4	1	8	16	6	16	2
563	Beverage serving activities	6	18	3	24	30	9	30	9
	<b>Total Accommodation and Food Services</b>	<b>41</b>	<b>51</b>	<b>12</b>	<b>89</b>	<b>125</b>	<b>28</b>	<b>139</b>	<b>25</b>
	<b>Total</b>	<b>63</b>	<b>77</b>	<b>24</b>	<b>144</b>	<b>209</b>	<b>49</b>	<b>203</b>	<b>61</b>

**Code****No.****Type of Most Difficult Problems**

- 1 *Inadequate skills*
- 2 *Problem with workers*
- 3 *Lack of information/ consulting services*
- 4 *Harassment from government bodies*
- 5 *Shortage of working capital*
- 6 *Lack of clarity of regulations*
- 7 *Limited market*
- 8 *Lack of suitable working place*

Table 10 (Continued): Frequency Distribution of Most Difficult Problems by Activity

(Number)

ISIC Rev. 4	Activity	Type of Problem							Total
		9	10	11	12	13	14	96	
451	Sale of motor vehicles	2	-	-	-	1	-	1	12
452	Maintenance and repair of motor vehicles	-	2	1	1	9	15	28	148
453	Sale of motor vehicle parts and accessories	-	-	-	-	4	1	2	15
454	Sale, maintenance and repair of motorcycles and related parts and accessories	-	-	-	-	-	1	-	3
461	Wholesale on a fee or contract basis	-	-	-	-	1	1	3	19
462	Wholesale of agricultural raw materials and live animals	-	-	-	-	2	2	1	11
463	Wholesale of food, beverages and tobacco	-	-	-	-	3	3	4	19
464	Wholesale of household goods	-	-	-	1	1	-	1	6
465	Wholesale of machinery, equipment and supplies	-	-	-	-	7	-	3	18
466	Other specialized wholesale	1	-	1	-	5	2	4	27
469	Non-specialized wholesale trade	-	1	-	-	3	-	4	14
471	Retail sale in non-specialized stores	-	-	1	-	4	4	4	24
472	Retail sale of food, beverages and tobacco in specialized stores	-	3	-	-	4	2	7	38
473	Retail sale of automotive fuel in specialized stores	1	1	2	-	22	4	12	77
474	Retail sale of information and communications equipment in specialized stores	-	-	-	-	2	-	-	2
475	Retail sale of other household equipment in specialized stores	-	1	-	-	8	3	8	58
476	Retail sale of cultural and recreation goods in specialized stores	-	-	-	-	1	-	6	11
477	Retail sale of other goods in specialized stores	-	-	4	1	8	4	2	45
478	Retail sale via stalls and markets	-	-	-	-	2	1	4	12
479	Retail trade not in stores, stalls or markets	-	-	-	-	1	1	1	12
	<b>Total Distributive Trade</b>	<b>4</b>	<b>8</b>	<b>9</b>	<b>3</b>	<b>88</b>	<b>44</b>	<b>95</b>	<b>571</b>
551	Short term accommodation activities	4	6	8	-	41	21	102	449
552	Camping grounds, recreational vehicle parks and trailer parks	-	-	-	-	1	-	-	3
559	Other accommodation	-	-	-	-	1	-	-	4
561	Restaurants and mobile food service activities	3	2	1	-	6	3	10	76
562	Event catering and other food service activities	2	1	3	-	4	8	13	89
563	Beverage serving activities	3	5	6	1	14	21	47	226
	<b>Total Accommodation and Food Services</b>	<b>1</b>	<b>2</b>	<b>14</b>	<b>18</b>	<b>1</b>	<b>67</b>	<b>53</b>	<b>172</b>
	<b>Total</b>	<b>6</b>	<b>22</b>	<b>27</b>	<b>4</b>	<b>155</b>	<b>97</b>	<b>267</b>	<b>1418</b>

**Code**

<b>No.</b>	<b>Type of Most Difficult Problems</b>
9	Barriers to free movement of goods
10	Bureaucratic problems in obtaining licences
11	Shortage of goods (commodities)
12	Health problems
13	No problem
14	Lack of capital
96	Others

Table 11: Number of Establishments Needing Specified Assistance from the Government Most by Activity

(Number)

ISIC Rev. 4	Activity	Type of Assistance needed from the Government									Total
		1	2	3	4	5	6	7	8	9	
451	Sale of motor vehicles	1	-	4	3	4	-	-	-	-	12
452	Maintenance and repair of motor vehicles	10	6	11	51	26	-	20	9	15	148
453	Sale of motor vehicle parts and accessories	1	1	3	4	4	-	2	-	-	15
454	Sale, maintenance and repair of motorcycles and related parts and accessories	-	-	2	1	-	-	-	-	-	3
461	Wholesale on a fee or contract basis	2	-	2	3	7	-	1	2	2	19
462	Wholesale of agricultural raw materials and live animals	-	-	5	2	2	-	-	1	1	11
463	Wholesale of food, beverages and tobacco	4	-	2	5	3	-	-	3	2	19
464	Wholesale of household goods	-	1	-	2	2	-	1	-	-	6
465	Wholesale of machinery, equipment and supplies	3	-	2	4	6	-	1	1	1	18
466	Other specialized wholesale	1	-	3	9	9	-	3	-	2	27
469	Non-specialized wholesale trade	4	1	-	2	2	1	-	-	4	14
471	Retail sale in non-specialized stores	2	3	2	8	3	-	5	-	1	24
472	Retail sale of food, beverages and tobacco in specialized stores	1	2	3	12	9	1	3	2	5	38
473	Retail sale of automotive fuel in specialized stores	13	1	4	14	22	3	7	2	11	77
474	Retail sale of information and communications equipment in specialized stores	-	-	-	1	1	-	-	-	-	2
475	Retail sale of other household equipment in specialized stores	3	3	8	10	16	2	6	1	9	58
476	Retail sale of cultural and recreation goods in specialized stores	1	-	3	4	-	1	-	-	2	11
477	Retail sale of other goods in specialized stores	3	-	5	20	8	2	4	2	1	45
478	Retail sale via stalls and markets	1	1	1	4	1	2	-	-	2	12
479	Retail trade not in stores, stalls or markets	-	-	1	6	1	-	2	1	1	12
	<b>Total Distributive Trade</b>	<b>50</b>	<b>19</b>	<b>61</b>	<b>165</b>	<b>126</b>	<b>12</b>	<b>55</b>	<b>24</b>	<b>59</b>	<b>571</b>
551	Short term accommodation activities	49	6	74	104	83	6	50	24	53	449
552	Camping grounds, recreational vehicle parks and trailer parks	-	-	1	1	1	-	-	-	-	3
559	Other accommodation	1	-	-	1	1	1	-	-	-	4
561	Restaurants and mobile food service activities	7	2	6	23	16	1	8	5	8	76
562	Event catering and other food service activities	5	2	9	29	13	4	9	4	14	89
563	Beverage serving activities	13	5	23	85	47	9	10	9	25	226
	<b>Total Accommodation and Food Services</b>	<b>75</b>	<b>15</b>	<b>113</b>	<b>243</b>	<b>161</b>	<b>21</b>	<b>77</b>	<b>42</b>	<b>100</b>	<b>847</b>
	<b>TOTAL</b>	<b>125</b>	<b>34</b>	<b>174</b>	<b>408</b>	<b>287</b>	<b>33</b>	<b>132</b>	<b>66</b>	<b>159</b>	<b>1418</b>

## Code

## No. Type of Assistance needed from the Government

- 1 Access to working place (road, transport)
- 2 Access to rented building/structure (availability)
- 3 Assistance in finding markets
- 4 Better access to bank loans
- 5 Favourable government rules and regulations
- 6 Guarantee on property rights
- 7 Improved availability of government services
- 8 Technical training for employees
- 9 Others

Table 12 :Main Economic Indicators by Activity , 2010

ISIC Rev. 4	Activity	(Number)		(000 TShs)				Value added (%) of Gross output
		Number of Establishments	Total Employees	Compensation of Employees	Compensation per Employees	Gross Output	Value Added	
451	Sale of motor vehicles	12	332	1,814,049	5,464	16,674,950	9,185,696	55
452	Maintenance and repair of motor vehicles	148	2,003	25,511,804	12,737	58,625,612	38,160,972	65
453	Sale of motor vehicle parts and accessories	15	282	753,842	2,673	16,138,981	13,153,706	82
454	Sale, maintenance and repair of motorcycles and related parts and accessories	3	41	45,895	1,119	224,096	166,219	74
461	Wholesale on a fee or contract basis	19	1,254	3,206,107	2,557	37,770,225	16,301,696	43
462	Wholesale of agricultural raw materials and live animals	11	206	1,179,760	5,727	4,395,815	1,862,368	42
463	Wholesale of food, beverages and tobacco	19	805	2,953,738	3,669	37,754,138	21,387,673	57
464	Wholesale of household goods	6	335	1,237,302	3,693	12,541,108	9,959,217	79
465	Wholesale of machinery, equipment and supplies	18	859	3,526,972	4,106	19,521,775	12,488,590	64
466	Other specialized wholesale	27	1,157	6,027,461	5,210	60,884,289	26,906,673	44
469	Non-specialized wholesale trade	14	458	1,752,166	3,826	8,800,707	4,915,375	56
471	Retail sale in non-specialized stores	24	365	1,694,007	4,641	7,320,251	5,035,467	69
472	Retail sale of food, beverages and tobacco in specialized stores	38	724	2,187,345	3,021	12,854,440	8,124,973	63
473	Retail sale of automotive fuel in specialized stores	77	1,265	3,220,009	2,545	67,790,302	46,675,110	69
474	Retail sale of information and communications equipment in specialized stores	2	332	611,763	1,843	11,464,104	9,791,107	85
475	Retail sale of other household equipment in specialized stores	58	1,382	4,086,280	2,957	30,514,190	15,130,973	50
476	Retail sale of cultural and recreation goods in specialized stores	11	133	381,700	2,870	955,178	601,718	63
477	Retail sale of other goods in specialized stores	45	474	1,916,646	4,044	9,042,646	6,212,406	69
478	Retail sale via stalls and markets	12	915	5,795,544	6,334	25,078,379	10,269,220	41
479	Retail trade not in stores, stalls or markets	12	111	191,198	1,723	2,044,655	813,057	40
	<b>Total Distributive Trade</b>	<b>571</b>	<b>13,433</b>	<b>68,093,588</b>	<b>5,069</b>	<b>440,395,841</b>	<b>257,142,216</b>	<b>58</b>
551	Short term accommodation activities	449	10,417	23,948,597	2,299	124,295,704	71,614,351	58
552	Camping grounds, recreational vehicle parks and trailer parks	3	116	323,224	2,786	778,470	412,914	53
559	Other accommodation	4	73	202,514	2,774	910,332	684,075	75
561	Restaurants and mobile food service activities	76	1,113	1,723,827	1,549	10,581,498	8,240,092	78
562	Event catering and other food service activities	89	1,137	1,305,420	1,148	6,927,384	4,720,663	68
563	Beverage serving activities	226	3,523	6,159,003	1,748	55,876,729	26,471,538	47
	<b>Total Accommodation and Food Services</b>	<b>847</b>	<b>16,379</b>	<b>33,662,585</b>	<b>2,055</b>	<b>199,370,117</b>	<b>112,143,633</b>	<b>56</b>
	<b>Total</b>	<b>1,418</b>	<b>29,812</b>	<b>101,756,173</b>	<b>3,413</b>	<b>639,765,958</b>	<b>369,285,849</b>	<b>61.11</b>



Table 13: Persons Engaged by Activity, 2010

		(Number)			
ISIC Rev.4	Activity	Working Proprietors	Paid Employees	Unpaid Helpers	Total Persons Engaged
451	Sale of motor vehicles	20	332	14	366
452	Maintenance and repair of motor vehicles	283	2,003	1,101	3,387
453	Sale of motor vehicle parts and accessories	22	282	6	310
454	Sale, maintenance and repair of motorcycles and related parts and accessories	11	41	25	77
461	Wholesale on a fee or contract basis	96	1,254	15	1,365
462	Wholesale of agricultural raw materials and live animals	182	206	0	388
463	Wholesale of food, beverages and tobacco	58	805	4	867
464	Wholesale of household goods	20	335	0	355
465	Wholesale of machinery, equipment and supplies	50	859	13	922
466	Other specialized wholesale	89	1,157	167	1,413
469	Non-specialized wholesale trade	43	458	8	509
471	Retail sale in non-specialized stores	89	365	56	510
472	Retail sale of food, beverages and tobacco in specialized stores	54	724	32	810
473	Retail sale of automotive fuel in specialized stores	151	1,265	19	1,435
474	Retail sale of information and communications equipment in specialized stores	1	332	0	333
475	Retail sale of other household equipment in specialized stores	367	1,382	56	1,805
476	Retail sale of cultural and recreation goods in specialized stores	16	133	4	153
477	Retail sale of other goods in specialized stores	83	474	99	656
478	Retail sale via stalls and markets	20	915	9	944
479	Retail trade not in stores, stalls or markets	228	111	38	377
	<b>Total Distributive Trade</b>	<b>1,883</b>	<b>13,433</b>	<b>1,666</b>	<b>16,982</b>
551	Short term accommodation activities	1,161	10,417	438	12,016
552	Camping grounds, recreational vehicle parks and trailer parks	6	116	11	133
559	Other accommodation	8	73	0	81
561	Restaurants and mobile food service activities	98	1,113	56	1,267
562	Event catering and other food service activities	283	1,137	112	1,532
563	Beverage serving activities	349	3,523	232	4,104
	<b>Total Accommodation and Food Services</b>	<b>1,905</b>	<b>16,379</b>	<b>849</b>	<b>19,133</b>
	<b>Total</b>	<b>3,788</b>	<b>29,812</b>	<b>2,515</b>	<b>36,115</b>

Table 14: Compensation of Employees by Activity ,2010

		(000 Tsh)						
ISIC Rev. 4	Activity	Wages & Salaries	Payment in Kind	Employer's Contribution	Other Payments	Total Payments	Number of Employees	Average Compensation per employees
451	Sale of motor vehicles	1,451,274	119,144	243,282	349	1,814,049	332	5,464
452	Maintenance and repair of motor vehicles	22,986,691	1,610,200	591,577	323,336	25,511,804	2,003	12,737
453	Sale of motor vehicle parts and accessories	553,825	106,440	64,044	29,533	753,842	282	2,673
454	Sale, maintenance and repair of motorcycles and related parts and accessories	35,040	7,978	1,994	883	45,895	41	1,119
461	Wholesale on a fee or contract basis	2,572,408	207,148	285,351	141,200	3,206,107	1,254	2,557
462	Wholesale of agricultural raw materials and live animals	1,050,797	32,815	77,015	19,133	1,179,760	206	5,727
463	Wholesale of food, beverages and tobacco	1,923,487	397,191	421,355	211,705	2,953,738	805	3,669
464	Wholesale of household goods	836,389	212,355	125,965	62,593	1,237,302	335	3,693
465	Wholesale of machinery, equipment and supplies	2,937,773	131,645	334,930	122,624	3,526,972	859	4,106
466	Other specialized wholesale	4,044,362	1,248,088	492,551	242,460	6,027,461	1,157	5,210
469	Non-specialized wholesale trade	1,529,929	59,527	130,061	32,649	1,752,166	458	3,826
471	Retail sale in non-specialized stores	1,202,682	270,069	118,298	102,958	1,694,007	365	4,641
472	Retail sale of food, beverages and tobacco in specialized stores	1,330,331	380,468	154,278	322,268	2,187,345	724	3,021
473	Retail sale of automotive fuel in specialized stores	2,492,221	298,225	355,662	73,901	3,220,009	1,265	2,545
474	Retail sale of information and communications equipment in specialized stores	555,942	30	55,431	360	611,763	332	1,843
475	Retail sale of other household equipment in specialized stores	3,537,028	111,691	387,819	49,742	4,086,280	1,382	2,957
476	Retail sale of cultural and recreation goods in specialized stores	310,028	32,787	27,293	11,592	381,700	133	2,870
477	Retail sale of other goods in specialized stores	1,466,412	299,069	127,644	23,521	1,916,646	474	4,044
478	Retail sale via stalls and markets	4,186,717	71,897	419,643	1,117,287	5,795,544	915	6,334
479	Retail trade not in stores, stalls or markets	155,683	20,773	6,455	8,287	191,198	111	1,723
	<b>Total Distributive Trade</b>	<b>55,159,019</b>	<b>5,617,540</b>	<b>4,420,648</b>	<b>2,896,381</b>	<b>68,093,588</b>	<b>13,433</b>	<b>5069</b>
551	Short term accommodation activities	18,717,212	2,926,327	1,590,427	714,631	23,948,597	10,417	2,299
552	Camping grounds, recreational vehicle parks and trailer parks	285,188	13,430	21,944	2,662	323,224	116	2,786
559	Other accommodation	130,564	17,582	5,468	48,900	202,514	73	2,774
561	Restaurants and mobile food service activities	1,307,183	257,028	127,804	31,812	1,723,827	1,113	1,549
562	Event catering and other food service activities	924,936	267,765	74,778	37,941	1,305,420	1,137	1,148
563	Beverage serving activities	4,659,608	1,032,173	269,516	197,706	6,159,003	3,523	1,748
	<b>Total Accommodation and Food Services</b>	<b>26,024,691</b>	<b>4,514,305</b>	<b>2,089,937</b>	<b>1,033,652</b>	<b>33,662,585</b>	<b>16,379</b>	<b>2055</b>
	<b>Total</b>	<b>81,183,710</b>	<b>10,131,845</b>	<b>6,510,585</b>	<b>3,930,033</b>	<b>101,756,173</b>	<b>29,812</b>	<b>3,413</b>

Table 15: Gross Output by Activity, 2010

		(000 Tsh)					
ISIC Rev. 4	Activity	Total Sales	Other Revenue	Total Revenue	Purchase for resale	Change in stocks	Gross Output
451	Sale of motor vehicles	6,941,561	7,455,679	14,397,240	3,906,555	6,184,265	16,674,950
452	Maintenance and repair of motor vehicles	151,473,304	24,991,529	176,464,833	120,805,292	2,966,071	58,625,612
453	Sale of motor vehicle parts and accessories	25,694,482	851,084	26,545,566	13,213,377	2,806,792	16,138,981
454	Sale, maintenance and repair of motorcycles and related parts and accessories	118,816	41,646	160,462	46,117	109,751	224,096
461	Wholesale on a fee or contract basis	44,709,350	25,343,067	70,052,417	38,960,908	6,678,716	37,770,225
462	Wholesale of agricultural raw materials and live animals	16,934,963	856,871	17,791,834	14,046,087	650,068	4,395,815
463	Wholesale of food, beverages and tobacco	54,592,189	15,115,967	69,708,156	34,682,025	2,728,007	37,754,138
464	Wholesale of household goods	27,779,260	6,458,561	34,237,821	21,781,084	84,371	12,541,108
465	Wholesale of machinery, equipment and supplies	34,992,283	2,396,917	37,389,200	26,132,275	8,264,850	19,521,775
466	Other specialized wholesale	551,180,711	27,174,020	578,354,731	524,582,505	7,112,063	60,884,289
469	Non-specialized wholesale trade	64,681,944	1,369,611	66,051,555	57,752,268	501,420	8,800,707
471	Retail sale in non-specialized stores	3,966,822	4,540,220	8,507,042	2,502,787	1,315,996	7,320,251
472	Retail sale of food, beverages and tobacco in specialized stores	21,818,303	2,885,863	24,704,166	13,097,680	1,247,954	12,854,440
473	Retail sale of automotive fuel in specialized stores	385,423,233	10,130,548	395,553,781	331,073,416	3,309,937	67,790,302
474	Retail sale of information and communications equipment in specialized stores	5,931,890	1,167	5,933,057	3,485,771	9,016,818	11,464,104
475	Retail sale of other household equipment in specialized stores	99,249,916	5,384,992	104,634,908	81,433,043	7,312,325	30,514,190
476	Retail sale of cultural and recreation goods in specialized stores	2,032,171	108,551	2,140,722	1,434,208	248,664	955,178
477	Retail sale of other goods in specialized stores	28,462,554	1,543,481	30,006,035	18,494,406	-2,468,983	9,042,646
478	Retail sale via stalls and markets	27,637,767	12,092,304	39,730,071	15,639,010	987,318	25,078,379
479	Retail trade not in stores, stalls or markets	3,935,842	192,045	4,127,887	2,248,847	165,615	2,044,655
	<b>Total Distributive Trade</b>	<b>1,557,557,361</b>	<b>148,934,123</b>	<b>1,706,491,484</b>	<b>1,325,317,661</b>	<b>59,222,018</b>	<b>440,395,841</b>
551	Short term accommodation activities	133,191,035	44,470,813	177,661,848	48,471,201	-4,894,943	124,295,704
552	Camping grounds, recreational vehicle parks and trailer parks	1,014,537	-	1,014,537	380,863	144,796	778,470
559	Other accommodation	614,893	164,927	779,820	293,468	423,980	910,332
561	Restaurants and mobile food service activities	19,329,338	1,183,840	20,513,178	11,305,051	1,373,371	10,581,498
562	Event catering and other food service activities	9,921,137	1,125,556	11,046,693	5,961,216	1,841,907	6,927,384
563	Beverage serving activities	140,874,451	7,953,745	148,828,196	103,209,961	10,258,494	55,876,729
	<b>Total Accommodation and Food Services</b>	<b>304,945,391</b>	<b>54,898,881</b>	<b>359,844,272</b>	<b>169,621,760</b>	<b>9,147,605</b>	<b>199,370,117</b>
	<b>Total</b>	<b>1,862,502,752</b>	<b>203,833,004</b>	<b>2,066,335,756</b>	<b>1,494,939,421</b>	<b>68,369,623</b>	<b>639,765,958</b>

Table 16: Intermediate Consumption - Other Costs, 2010

(000' Tsh)

ISIC Rev. 4	Activity	Utilities	License fees	Finance Charges	Taxes	Other Expenses	Total
451	Sale of motor vehicles	722,233	27,374	628,807	660,348	5,450,492	7,489,254
452	Maintenance and repair of motor vehicles	1,664,309	437,834	2,095,884	5,732,639	10,533,974	20,464,640
453	Sale of motor vehicle parts and accessories	173,302	52,747	811,481	166,619	1,781,126	2,985,275
454	Sale, maintenance and repair of motorcycles and related parts and accessories	14,072	496	17,095	6,630	19,584	57,877
461	Wholesale on a fee or contract basis	8,238,233	521,435	3,727,786	543,966	8,437,109	21,468,529
462	Wholesale of agricultural raw materials and live animals	357,541	0	900,399	18,208	1,257,299	2,533,447
463	Wholesale of food, beverages and tobacco	3,075,908	33,214	2,774,480	2,784,069	7,698,794	16,366,465
464	Wholesale of household goods	290,144	14,595	1,184,322	69,454	1,023,376	2,581,891
465	Wholesale of machinery, equipment and supplies	390,338	81,115	870,992	1,706,600	3,984,140	7,033,185
466	Other specialized wholesale	3,616,751	135,642	4,042,983	2,474,863	23,707,377	33,977,616
469	Non-specialized wholesale trade	328,114	23,657	862,553	816,818	1,854,190	3,885,332
471	Retail sale in non-specialized stores	613,979	17,756	218,942	277,389	1,156,718	2,284,784
472	Retail sale of food, beverages and tobacco in specialized stores	609,164	16,607	494,924	106,823	3,501,949	4,729,467
473	Retail sale of automotive fuel in specialized stores	5,204,191	120,310	4,114,787	1,075,105	10,600,799	21,115,192
474	Retail sale of information and communications equipment in specialized stores	138,953	598	474,763	40,011	1,018,672	1,672,997
475	Retail sale of other household equipment in specialized stores	3,086,388	88,725	4,097,072	1,541,256	6,569,776	15,383,217
476	Retail sale of cultural and recreation goods in specialized stores	27,807	475	66,353	11,541	247,284	353,460
477	Retail sale of other goods in specialized stores	452,886	11,055	788,139	209,764	1,368,396	2,830,240
478	Retail sale via stalls and markets	1,534,379	37,133	1,294,382	723,512	11,219,753	14,809,159
479	Retail trade not in stores, stalls or markets	186,164	3,378	434,811	12,378	594,867	1,231,598
	<b>Total Distributive Trade</b>	<b>30,724,856</b>	<b>1,624,146</b>	<b>29,900,955</b>	<b>18,977,993</b>	<b>102,025,675</b>	<b>183,253,625</b>
551	Short term accommodation activities	9,599,471	431,587	8,094,488	7,185,644	27,370,163	52,681,353
552	Camping grounds, recreational vehicle parks and trailer parks	78,122	4,858	87,980	11,104	183,492	365,556
559	Other accommodation	84,372	1,947	33,345	50,612	55,981	226,257
561	Restaurants and mobile food service activities	616,655	17,585	523,541	254,959	928,666	2,341,406
562	Event catering and other food service activities	595,987	42,174	450,860	112,267	1,005,433	2,206,721
563	Beverage serving activities	9,200,827	179,872	2,697,680	2,603,461	14,723,351	29,405,191
	<b>Total Accommodation and Food Services</b>	<b>20,175,434</b>	<b>678,023</b>	<b>11,887,894</b>	<b>10,218,047</b>	<b>44,267,086</b>	<b>87,226,484</b>
	<b>Total</b>	<b>50,900,290</b>	<b>2,302,169</b>	<b>41,788,849</b>	<b>29,196,040</b>	<b>146,292,761</b>	<b>270,480,109</b>

Table 17: Selected Items by Size of Establishments, 2010

Item	Distributive Trade				Accommodation and Food Services			
	10 - 49	50 -99	100+	Total	10 - 49	50 - 99	100+	Total
Number of Establishments	513	30	28	<b>571</b>	790	42	15	<b>847</b>
Total person Engaged	8,842	2,025	6,115	<b>16,982</b>	12,804	2,813	3,516	<b>19,133</b>
Paid Employees	6,621	1,731	5,081	<b>13,433</b>	10,865	2,603	2,911	<b>16,379</b>
Working Proprietors	1,186	160	537	<b>1,883</b>	1,167	186	552	<b>1,905</b>
Unpaid Helpers	1,035	134	497	<b>1,666</b>	772	24	53	<b>849</b>
Compensation of Employees	20,936,058	5,506,709	41,650,821	<b>68,093,588</b>	15,676,864	7,684,664	10,301,057	<b>33,662,585</b>
Wages and Salaries	16,617,721	3,962,027	34,579,271	<b>55,159,019</b>	11,649,009	6,519,594	7,856,088	<b>26,024,691</b>
Payments in Kind	1,938,098	765,732	2,913,710	<b>5,617,540</b>	2,760,705	422,925	1,330,675	<b>4,514,305</b>
Contribution of employers	1,674,224	533,641	2,212,783	<b>4,420,648</b>	868,072	489,909	731,956	<b>2,089,937</b>
Other payments	706,015	245,309	1,945,057	<b>2,896,381</b>	399,078	252,236	382,338	<b>1,033,652</b>
Gross Output	213,455,621	33,449,871	193,490,349	<b>440,395,841</b>	100,382,662	39,820,430	59,167,025	<b>199,370,117</b>
Operating Costs	73,984,960	18,710,165	90,558,500	<b>183,253,625</b>	29,678,304	22,912,197	34,635,983	<b>87,226,484</b>
Value Added	139,470,661	14,739,706	102,931,849	<b>257,142,216</b>	70,704,358	16,908,233	24,531,042	<b>112,143,633</b>
Opening Stocks	98,636,759	23,456,351	84,672,527	<b>206,765,637</b>	69,675,037	4,257,451	2,235,782	<b>76,168,270</b>
Closing Stocks	129,944,387	29,551,943	106,491,325	<b>265,987,655</b>	67,019,519	8,707,752	9,588,604	<b>85,315,875</b>
Change in stocks	31,307,628	6,095,592	21,818,798	<b>59,222,018</b>	-2,655,518	4,450,301	7,352,822	<b>9,147,605</b>
Expenditure on Housing	10,796,861	683,282	30,236,574	<b>41,716,717</b>	6,285,248	1,398,819	530,879	<b>8,214,946</b>
“ Vehicles	11,228,951	5,698,582	3,160,872	<b>20,088,405</b>	3,455,919	468,799	278,768	<b>4,203,486</b>
“ Machinery	14,908,534	1,832,750	10,267,477	<b>27,008,761</b>	3,955,266	1,333,634	2,109,663	<b>7,398,563</b>
“ Other equipment	14,496,657	5,336,014	15,160,061	<b>34,992,732</b>	5,871,026	823,705	1,009,422	<b>7,704,153</b>
Net Expend on fixed assets	51,431,003	13,550,628	58,824,984	<b>123,806,615</b>	19,567,459	4,024,957	3,928,732	<b>27,521,148</b>

**Table 18: Percentage Distribution of Selected Items by the Size of the Establishment, 2010**

Item	Distributive Trade				Accommodation and Food Services			
	10 - 49	50 - 99	100+	Total	10 - 49	50 -99	100+	Total
Number of Establishments	89.84	5.25	4.90	<b>100.00</b>	93.27	4.96	1.77	<b>100.00</b>
Total Person Engaged	52.07	11.92	36.01	<b>100.00</b>	66.92	14.70	18.38	<b>100.00</b>
Paid Employees	49.29	12.89	37.82	<b>100.00</b>	66.33	15.89	17.77	<b>100.00</b>
Working Proprietors	62.98	8.50	28.52	<b>100.00</b>	61.26	9.76	28.98	<b>100.00</b>
Unpaid Helpers	62.12	8.04	29.83	<b>100.00</b>	90.93	2.83	6.24	<b>100.00</b>
Compensation of Employees	30.75	8.09	61.17	<b>100.00</b>	46.57	22.83	30.60	<b>100.00</b>
Wages and Salaries	30.13	7.18	62.69	<b>100.00</b>	44.76	25.05	30.19	<b>100.00</b>
Payment in Kind	34.50	13.63	51.87	<b>100.00</b>	61.15	9.37	29.48	<b>100.00</b>
Contribution of employers	37.87	12.07	50.06	<b>100.00</b>	41.54	23.44	35.02	<b>100.00</b>
Other payment	24.38	8.47	67.15	<b>100.00</b>	38.61	24.40	36.99	<b>100.00</b>
Gross Output	48.47	7.59	43.94	<b>100.00</b>	54.24	5.73	40.03	<b>100.00</b>
Operation Costs	40.37	10.21	49.42	<b>100.00</b>	34.02	26.27	39.71	<b>100.00</b>
Value Added	50.35	19.97	29.68	<b>100.00</b>	63.05	15.08	21.87	<b>100.00</b>
Opening Stocks	47.70	11.34	40.95	<b>100.00</b>	91.48	5.59	2.94	<b>100.00</b>
Closing Stocks	48.85	11.11	40.04	<b>100.00</b>	78.55	10.21	11.24	<b>100.00</b>
Change	52.86	10.29	36.84	<b>100.00</b>	-29.03	48.65	80.38	<b>100.00</b>
Housing	25.88	1.64	72.48	<b>100.00</b>	76.51	17.03	6.46	<b>100.00</b>
Vehicles	55.90	28.37	15.73	<b>100.00</b>	82.22	11.15	6.63	<b>100.00</b>
Machinery	55.20	6.79	38.02	<b>100.00</b>	53.46	18.03	28.51	<b>100.00</b>
Other equipmwnt	41.43	15.25	43.32	<b>100.00</b>	76.21	10.69	13.10	<b>100.00</b>
Net Expend on fixed assets	41.54	10.94	47.51	<b>100.00</b>	71.10	14.62	14.28	<b>100.00</b>

**Table 19: Number of Establishments by Activity and Size of the Establishment, 2010**

ISIC Rev.4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	11	-	1	12
452	Maintenance and repair of motor vehicles	141	5	2	148
453	Sale of motor vehicle parts and accessories	13	2	-	15
454	Sale, maintenance and repair of motorcycles and related parts and accessories	3	-	-	3
461	Wholesale on a fee or contract basis	15	1	3	19
462	Wholesale of agricultural raw materials and live animals	10	-	1	11
463	Wholesale of food, beverages and tobacco	15	2	2	19
464	Wholesale of household goods	3	2	1	6
465	Wholesale of machinery, equipment and supplies	13	1	4	18
466	Other specialized wholesale	20	4	3	27
469	Non-specialized wholesale trade	11	2	1	14
471	Retail sale in non-specialized stores	22	2	-	24
472	Retail sale of food, beverages and tobacco in specialized stores	36	1	1	38
473	Retail sale of automotive fuel in specialized stores	74	3	-	77
474	Retail sale of information and communications equipment in specialized stores	0	0	2	2
475	Retail sale of other household equipment in specialized stores	49	5	4	58
476	Retail sale of cultural and recreation goods in specialized stores	11	-	-	11
477	Retail sale of other goods in specialized stores	45	-	-	45
478	Retail sale via stalls and markets	10	-	2	12
479	Retail trade not in stores, stalls or markets	11	-	1	12
	<b>Total Distributive Trade</b>	<b>513</b>	<b>30</b>	<b>28</b>	<b>571</b>
551	Short term accommodation activities	407	30	12	449
552	Camping grounds, recreational vehicle parks and trailer parks	1	2	-	3
559	Other accommodation	4	-	-	4
561	Restaurants and mobile food service activities	72	4	-	76
562	Event catering and other food service activities	86	3	-	89
563	Beverage serving activities	220	3	3	226
	<b>Total Accommodation and Food Services</b>	<b>790</b>	<b>42</b>	<b>15</b>	<b>847</b>
	<b>Total</b>	<b>1,303</b>	<b>72</b>	<b>43</b>	<b>1,418</b>

**Table 20: Number of Persons Engaged by Activity and Size of the Establishment, 2010**

<b>ISIC Rev.4</b>	<b>Activity</b>	<b>10 - 49</b>	<b>50 - 99</b>	<b>100+</b>	<b>Total</b>
451	Sale of motor vehicles	156	-	210	366
452	Maintenance and repair of motor vehicles	2,412	330	645	3,387
453	Sale of motor vehicle parts and accessories	192	118	0	310
454	Sale, maintenance and repair of motorcycles and related parts and accessories	77	-	0	77
461	Wholesale on a fee or contract basis	267	82	1,016	1,365
462	Wholesale of agricultural raw materials and live animals	247	0	141	388
463	Wholesale of food, beverages and tobacco	276	150	441	867
464	Wholesale of household goods	39	118	198	355
465	Wholesale of machinery, equipment and supplies	313	80	529	922
466	Other specialized wholesale	358	283	772	1,413
469	Non-specialized wholesale trade	216	136	157	509
471	Retail sale in non-specialized stores	364	146	0	510
472	Retail sale of food, beverages and tobacco in specialized stores	640	68	102	810
473	Retail sale of automotive fuel in specialized stores	1,260	175	0	1,435
474	Retail sale of information and communications equipment in specialized stores	0	0	333	333
475	Retail sale of other household equipment in specialized stores	816	339	650	1,805
476	Retail sale of cultural and recreation goods in specialized stores	153	0	0	153
477	Retail sale of other goods in specialized stores	656	0	0	656
478	Retail sale via stalls and markets	203	0	741	944
479	Retail trade not in stores, stalls or markets	197	0	180	377
	<b>Total Distributive Trade</b>	<b>8,842</b>	<b>2,025</b>	<b>6,115</b>	<b>16,982</b>
551	Short term accommodation activities	7,211	2,085	2,720	12,016
552	Camping grounds, recreational vehicle parks and trailer parks	12	121	0	133
559	Other accommodation	81	0	0	81
561	Restaurants and mobile food service activities	1,044	223	0	1,267
562	Event catering and other food service activities	1,329	203	0	1,532
563	Beverage serving activities	3,127	181	796	4,104
	<b>Total Accommodation and Food Services</b>	<b>12,804</b>	<b>2,813</b>	<b>3,516</b>	<b>19,133</b>
	<b>Total</b>	<b>21,646</b>	<b>4,838</b>	<b>9,631</b>	<b>36,115</b>



**Table 21: Number of Employees by Activity and Size of the Establishment, 2010**

ISIC Rev.4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	123	-	209	332
452	Maintenance and repair of motor vehicles	1,524	226	253	2,003
453	Sale of motor vehicle parts and accessories	168	114	-	282
454	Sale, maintenance and repair of motorcycles and related parts and accessories	41	-	-	41
461	Wholesale on a fee or contract basis	166	80	1,008	1,254
462	Wholesale of agricultural raw materials and live animals	206	-	-	206
463	Wholesale of food, beverages and tobacco	234	130	441	805
464	Wholesale of household goods	22	117	196	335
465	Wholesale of machinery, equipment and supplies	275	80	504	859
466	Other specialized wholesale	288	222	647	1,157
469	Non-specialized wholesale trade	173	130	155	458
471	Retail sale in non-specialized stores	239	126	-	365
472	Retail sale of food, beverages and tobacco in specialized stores	554	68	102	724
473	Retail sale of automotive fuel in specialized stores	1,096	169	-	1,265
474	Retail sale of information and communications equipment in specialized stores	-	-	332	332
475	Retail sale of other household equipment in specialized stores	618	269	495	1,382
476	Retail sale of cultural and recreation goods in specialized stores	133	-	-	133
477	Retail sale of other goods in specialized stores	474	-	-	474
478	Retail sale via stalls and markets	176	-	739	915
479	Retail trade not in stores, stalls or markets	111	-	-	111
	<b>Total Distributive Trade</b>	<b>6,621</b>	<b>1,731</b>	<b>5,081</b>	<b>13,433</b>
551	Short term accommodation activities	6,230	1,973	2,214	10,417
552	Camping grounds, recreational vehicle parks and trailer parks	10	106	-	116
559	Other accommodation	73	-	-	73
561	Restaurants and mobile food service activities	899	214	-	1,113
562	Event catering and other food service activities	1,006	131	-	1,137
563	Beverage serving activities	2,647	179	697	3,523
	<b>Total Accommodation and Food Services</b>	<b>10,865</b>	<b>2,603</b>	<b>2,911</b>	<b>16,379</b>
	<b>Total</b>	<b>17,486</b>	<b>4,334</b>	<b>7,992</b>	<b>29,812</b>

Table 22: Compensation of Employees by Activity and Size of the Establishment, 2010

(000' TShs)

ISIC Rev.4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	256,976	-	1,557,073	1,814,049
452	Maintenance and repair of motor vehicles	3,605,891	429,877	21,476,036	25,511,804
453	Sale of motor vehicle parts and accessories	499,512	254,330	-	753,842
454	Sale, maintenance and repair of motorcycles and related parts and accessories	45,895	-	-	45,895
461	Wholesale on a fee or contract basis	906,662	83,600	2,215,845	3,206,107
462	Wholesale of agricultural raw materials and live animals	740,260	-	439,500	1,179,760
463	Wholesale of food, beverages and tobacco	328,409	119,679	2,505,650	2,953,738
464	Wholesale of household goods	211,075	475,314	550,913	1,237,302
465	Wholesale of machinery, equipment and supplies	2,108,259	782,139	636,574	3,526,972
466	Other specialized wholesale	707,223	1,645,495	3,674,743	6,027,461
469	Non-specialized wholesale trade	663,862	200,764	887,540	1,752,166
471	Retail sale in non-specialized stores	1,076,715	617,292	-	1,694,007
472	Retail sale of food, beverages and tobacco in specialized stores	1,579,738	136,780	470,827	2,187,345
473	Retail sale of automotive fuel in specialized stores	2,831,015	388,994	-	3,220,009
474	Retail sale of information and communications equipment in specialized stores	-	-	611,763	611,763
475	Retail sale of other household equipment in specialized stores	2,111,294	372,445	1,602,541	4,086,280
476	Retail sale of cultural and recreation goods in specialized stores	381,700	-	-	381,700
477	Retail sale of other goods in specialized stores	1,916,646	-	-	1,916,646
478	Retail sale via stalls and markets	773,728	-	5,021,816	5,795,544
479	Retail trade not in stores, stalls or markets	191,198	-	-	191,198
	<b>Total Distributive Trade</b>	<b>20,936,058</b>	<b>5,506,709</b>	<b>41,650,821</b>	<b>68,093,588</b>
551	Short term accommodation activities	10,111,278	6,008,329	7,828,990	23,948,597
552	Camping grounds, recreational vehicle parks and trailer parks	10,668	312,556	-	323,224
559	Other accommodation	202,514	-	-	202,514
561	Restaurants and mobile food service activities	1,260,153	463,674	-	1,723,827
562	Event catering and other food service activities	1,217,652	87,768	-	1,305,420
563	Beverage serving activities	2,874,599	812,337	2,472,067	6,159,003
	<b>Total Accommodation and Food Services</b>	<b>15,676,864</b>	<b>7,684,664</b>	<b>10,301,057</b>	<b>33,662,585</b>
	<b>Total</b>	<b>36,612,922</b>	<b>13,191,373</b>	<b>51,951,878</b>	<b>101,756,173</b>

Table 23: Wages and Salaries by Activity and Size of the Establishment, 2010

(000' TShs)

ISIC Rev.4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	196,397	-	1,254,877	1,451,274
452	Maintenance and repair of motor vehicles	3,089,286	349,943	19,547,462	22,986,691
453	Sale of motor vehicle parts and accessories	330,330	223,495	-	553,825
454	Sale, maintenance and repair of motorcycles and related parts and accessories	35,040	-	-	35,040
461	Wholesale on a fee or contract basis	714,641	76,000	1,781,767	2,572,408
462	Wholesale of agricultural raw materials and live animals	654,797	-	396,000	1,050,797
463	Wholesale of food, beverages and tobacco	281,208	109,949	1,532,330	1,923,487
464	Wholesale of household goods	205,770	222,476	408,143	836,389
465	Wholesale of machinery, equipment and supplies	1,768,726	645,317	523,730	2,937,773
466	Other specialized wholesale	503,531	1,134,786	2,406,045	4,044,362
469	Non-specialized wholesale trade	573,769	172,970	783,190	1,529,929
471	Retail sale in non-specialized stores	848,058	354,624	-	1,202,682
472	Retail sale of food, beverages and tobacco in specialized stores	861,855	76,021	392,455	1,330,331
473	Retail sale of automotive fuel in specialized stores	2,205,774	286,447	-	2,492,221
474	Retail sale of information and communications equipment in specialized stores	-	-	555,942	555,942
475	Retail sale of other household equipment in specialized stores	1,783,626	309,999	1,443,403	3,537,028
476	Retail sale of cultural and recreation goods in specialized stores	310,028	-	-	310,028
477	Retail sale of other goods in specialized stores	1,466,412	-	-	1,466,412
478	Retail sale via stalls and markets	632,790	-	3,553,927	4,186,717
479	Retail trade not in stores, stalls or markets	155,683	-	-	155,683
	<b>Total Distributive Trade</b>	<b>16,617,721</b>	<b>3,962,027</b>	<b>34,579,271</b>	<b>55,159,019</b>
551	Short term accommodation activities	7,443,130	5,152,703	6,121,379	18,717,212
552	Camping grounds, recreational vehicle parks and trailer parks	9,279	275,909	-	285,188
559	Other accommodation	130,564	-	-	130,564
561	Restaurants and mobile food service activities	943,615	363,568	-	1,307,183
562	Event catering and other food service activities	843,714	81,222	-	924,936
563	Beverage serving activities	2,278,707	646,192	1,734,709	4,659,608
	<b>Total Accommodation and Food Services</b>	<b>11,649,009</b>	<b>6,519,594</b>	<b>7,856,088</b>	<b>26,024,691</b>
	<b>Total</b>	<b>28,266,730</b>	<b>10,481,621</b>	<b>42,435,359</b>	<b>81,183,710</b>

**Table 24: Gross Output by Activity and Size of the Establishment, 2010****(000 TShs)**

ISIC Rev. 4	Activity				
		10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	9,896,835	-	6,778,115	16,674,950
452	Maintenance and repair of motor vehicles	16,479,347	1,963,870	40,182,395	58,625,612
453	Sale of motor vehicle parts and accessories	14,178,058	1,960,923	-	16,138,981
454	Sale, maintenance and repair of motorcycles and related parts and accessories	224,096	-	-	224,096
461	Wholesale on a fee or contract basis	14,657,887	870,070	22,242,268	37,770,225
462	Wholesale of agricultural raw materials and live animals	3,127,464	-	1,268,351	4,395,815
463	Wholesale of food, beverages and tobacco	3,600,816	564,104	33,589,218	37,754,138
464	Wholesale of household goods	517,812	2,181,197	9,842,099	12,541,108
465	Wholesale of machinery, equipment and supplies	12,035,510	2,049,256	5,437,009	19,521,775
466	Other specialized wholesale	19,855,144	14,780,746	26,248,399	60,884,289
469	Non-specialized wholesale trade	5,264,666	268,069	3,267,972	8,800,707
471	Retail sale in non-specialized stores	5,401,466	1,918,785	-	7,320,251
472	Retail sale of food, beverages and tobacco in specialized stores	8,298,930	695,934	3,859,576	12,854,440
473	Retail sale of automotive fuel in specialized stores	63,951,332	3,838,970	-	67,790,302
474	Retail sale of information and communications equipment in specialized stores	-	-	11,464,104	11,464,104
475	Retail sale of other household equipment in specialized stores	17,508,749	2,357,947	10,647,494	30,514,190
476	Retail sale of cultural and recreation goods in specialized stores	955,178	-	-	955,178
477	Retail sale of other goods in specialized stores	9,042,646	-	-	9,042,646
478	Retail sale via stalls and markets	6,422,630	-	18,655,749	25,078,379
479	Retail trade not in stores, stalls or markets	2,037,055	-	7,600	2,044,655
	<b>Total Distributive Trade</b>	<b>213,455,621</b>	<b>33,449,871</b>	<b>193,490,349</b>	<b>440,395,841</b>
551	Short term accommodation activities	65,350,365	30,256,014	28,689,325	124,295,704
552	Camping grounds, recreational vehicle parks and trailer parks	90,996	687,474	-	778,470
559	Other accommodation	910,332	-	-	910,332
561	Restaurants and mobile food service activities	7,945,698	2,635,800	-	10,581,498
562	Event catering and other food service activities	6,428,332	499,052	-	6,927,384
563	Beverage serving activities	19,656,939	5,742,090	30,477,700	55,876,729
	<b>Total Accommodation and Food Services</b>	<b>100,382,662</b>	<b>39,820,430</b>	<b>59,167,025</b>	<b>199,370,117</b>
	<b>Total</b>	<b>313,838,283.00</b>	<b>73,270,301.00</b>	<b>252,657,374.00</b>	<b>639,765,958</b>

Table 25: Operating Costs by Activity and Size of the Establishment, 2010

(000' TShs)

ISIC Rev.4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	2,287,413	-	5,201,841	7,489,254
452	Maintenance and repair of motor vehicles	4,592,991	1,282,031	14,589,618	20,464,640
453	Sale of motor vehicle parts and accessories	1,529,745	1,455,530	-	2,985,275
454	Sale, maintenance and repair of motorcycles and related parts and accessories	57,877	-	-	57,877
461	Wholesale on a fee or contract basis	11,051,098	766,470	9,650,961	21,468,529
462	Wholesale of agricultural raw materials and live animals	1,998,515	-	534,932	2,533,447
463	Wholesale of food, beverages and tobacco	827,681	417,359	15,121,425	16,366,465
464	Wholesale of household goods	245,171	1,140,735	1,195,985	2,581,891
465	Wholesale of machinery, equipment and supplies	3,775,431	73,522	3,184,232	7,033,185
466	Other specialized wholesale	4,690,176	9,767,502	19,519,938	33,977,616
469	Non-specialized wholesale trade	2,447,773	55,970	1,381,589	3,885,332
471	Retail sale in non-specialized stores	1,760,202	524,582	-	2,284,784
472	Retail sale of food, beverages and tobacco in specialized stores	2,418,076	408,056	1,903,335	4,729,467
473	Retail sale of automotive fuel in specialized stores	19,623,627	1,491,565	-	21,115,192
474	Retail sale of information and communications equipment in specialized stores	-	-	1,672,997	1,672,997
475	Retail sale of other household equipment in specialized stores	9,235,531	1,326,843	4,820,843	15,383,217
476	Retail sale of cultural and recreation goods in specialized stores	353,460	-	-	353,460
477	Retail sale of other goods in specialized stores	2,830,240	-	-	2,830,240
478	Retail sale via stalls and markets	3,030,175	-	11,778,984	14,809,159
479	Retail trade not in stores, stalls or markets	1,229,778	-	1,820	1,231,598
	<b>Total Distributive Trade</b>	<b>73,984,960</b>	<b>18,710,165</b>	<b>90,558,500</b>	<b>183,253,625</b>
551	Short term accommodation activities	21,359,887	17,547,255	13,774,211	52,681,353
552	Camping grounds, recreational vehicle parks and trailer parks	74,231	291,325	-	365,556
559	Other accommodation	226,257	-	-	226,257
561	Restaurants and mobile food service activities	1,496,488	844,918	-	2,341,406
562	Event catering and other food service activities	1,841,075	365,646	-	2,206,721
563	Beverage serving activities	4,680,366	3,863,053	20,861,772	29,405,191
	<b>Total Accommodation and Food Services</b>	<b>29,678,304</b>	<b>22,912,197</b>	<b>34,635,983</b>	<b>87,226,484</b>
	<b>Total</b>	<b>103,663,264</b>	<b>41,622,362</b>	<b>125,194,483</b>	<b>270,480,109</b>

Table 26: Value Added by Activity and Size of the Establishment, 2010

(000 TShs.)

ISIC Rev. 4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	7,609,422	-	1,576,274	9,185,696
452	Maintenance and repair of motor vehicles	11,886,356	681,839	25,592,777	38,160,972
453	Sale of motor vehicle parts and accessories	12,648,313	505,393	-	13,153,706
454	Sale, maintenance and repair of motorcycles and related parts and accessories	166,219	-	-	166,219
461	Wholesale on a fee or contract basis	3,606,789	103,600	12,591,307	16,301,696
462	Wholesale of agricultural raw materials and live animals	1,128,949	-	733,419	1,862,368
463	Wholesale of food, beverages and tobacco	2,773,135	146,745	18,467,793	21,387,673
464	Wholesale of household goods	272,641	1,040,462	8,646,114	9,959,217
465	Wholesale of machinery, equipment and supplies	8,260,079	1,975,734	2,252,777	12,488,590
466	Other specialized wholesale	15,164,968	5,013,244	6,728,461	26,906,673
469	Non-specialized wholesale trade	2,816,893	212,099	1,886,383	4,915,375
471	Retail sale in non-specialized stores	3,641,264	1,394,203	-	5,035,467
472	Retail sale of food, beverages and tobacco in specialized stores	5,880,854	287,878	1,956,241	8,124,973
473	Retail sale of automotive fuel in specialized stores	44,327,705	2,347,405	-	46,675,110
474	Retail sale of information and communications equipment in specialized stores	-	-	9,791,107	9,791,107
475	Retail sale of other household equipment in specialized stores	8,273,218	1,031,104	5,826,651	15,130,973
476	Retail sale of cultural and recreation goods in specialized stores	601,718	-	-	601,718
477	Retail sale of other goods in specialized stores	6,212,406	-	-	6,212,406
478	Retail sale via stalls and markets	3,392,455	-	6,876,765	10,269,220
479	Retail trade not in stores, stalls or markets	807,277	-	5,780	813,057
	<b>Total Distributive Trade</b>	<b>139,470,661</b>	<b>14,739,706</b>	<b>102,931,849</b>	<b>257,142,216</b>
551	Short term accommodation activities	43,990,478	12,708,759	14,915,114	71,614,351
552	Camping grounds, recreational vehicle parks and trailer parks	16,765	396,149	-	412,914
559	Other accommodation	684,075	-	-	684,075
561	Restaurants and mobile food service activities	6,449,210	1,790,882	-	8,240,092
562	Event catering and other food service activities	4,587,257	133,406	-	4,720,663
563	Beverage serving activities	14,976,573	1,879,037	9,615,928	26,471,538
	<b>Total Accommodation and Food Services</b>	<b>70,704,358</b>	<b>16,908,233</b>	<b>24,531,042</b>	<b>112,143,633</b>
	<b>Total</b>	<b>210,175,019</b>	<b>31,647,939</b>	<b>127,462,891</b>	<b>369,285,849</b>

Table 27: Net Expenditure on Fixed Asset by Activity and Size of the Establishment, 2010

(000 TShs.)

ISIC Rev. 4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	1,582,535	-	-	1,582,535
452	Maintenance and repair of motor vehicles	754,831	358,265	7,904,064	9,017,160
453	Sale of motor vehicle parts and accessories	74,036	201,273	-	275,309
454	Sale, maintenance and repair of motorcycles and related parts and accessories	191,942	-	-	191,942
461	Wholesale on a fee or contract basis	2,745,561	-	348,822	3,094,383
462	Wholesale of agricultural raw materials and live animals	434,068	-	289,534	723,602
463	Wholesale of food, beverages and tobacco	1,048,352	9,631	11,034,123	12,092,106
464	Wholesale of household goods	46,116	254,487	6,596,267	6,896,870
465	Wholesale of machinery, equipment and supplies	6,403,514	-	1,214,166	7,617,680
466	Other specialized wholesale	3,131,766	641,702	1,989,052	5,762,520
469	Non-specialized wholesale trade	774,766	1,140	239,954	1,015,860
471	Retail sale in non-specialized stores	2,392,738	3,783,099	-	6,175,837
472	Retail sale of food, beverages and tobacco in specialized stores	1,664,549	105,400	-	1,769,949
473	Retail sale of automotive fuel in specialized stores	8,816,502	469,470	-	9,285,972
474	Retail sale of information and communications equipment in specialized stores	-	-	1,629,627	1,629,627
475	Retail sale of other household equipment in specialized stores	1,882,072	463,594	57,833	2,403,499
476	Retail sale of cultural and recreation goods in specialized stores	127,095	-	-	127,095
477	Retail sale of other goods in specialized stores	234,030	-	-	234,030
478	Retail sale via stalls and markets	830,527	-	1,702,968	2,533,495
479	Retail trade not in stores, stalls or markets	43,449	-	-	43,449
	<b>Total Distributive Trade</b>	<b>33,178,449</b>	<b>6,288,061</b>	<b>33,006,410</b>	<b>72,472,920</b>
551	Short term accommodation activities	9,932,288	2,108,062	1,396,310	13,436,660
552	Camping grounds, recreational vehicle parks and trailer parks	-	8,087	-	8,087
559	Other accommodation	65,060	-	-	65,060
561	Restaurants and mobile food service activities	589,036	284,224	-	873,260
562	Event catering and other food service activities	348,274	450	-	348,724
563	Beverage serving activities	1,667,712	489,434	1,224,965	3,382,111
	<b>Total Accommodation and Food Services</b>	<b>12,602,370</b>	<b>2,890,257</b>	<b>2,621,275</b>	<b>18,113,902</b>
	<b>Total</b>	<b>45,780,819</b>	<b>9,178,318</b>	<b>35,627,685</b>	<b>90,586,822</b>

**Table 28: Percentage Distribution of Establishments by Activity and Size of the Establishment, 2010****(Percentage)**

ISIC Rev.4	Activity				
		10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	91.67	0.00	8.33	100.00
452	Maintenance and repair of motor vehicles	95.27	3.38	1.35	100.00
453	Sale of motor vehicle parts and accessories	86.67	13.33	0.00	100.00
454	Sale, maintenance and repair of motorcycles and related parts and accessories	100.00	0.00	0.00	100.00
461	Wholesale on a fee or contract basis	78.95	5.26	15.79	100.00
462	Wholesale of agricultural raw materials and live animals	90.91	0.00	9.09	100.00
463	Wholesale of food, beverages and tobacco	78.95	10.53	10.53	100.00
464	Wholesale of household goods	50.00	33.33	16.67	100.00
465	Wholesale of machinery, equipment and supplies	72.22	5.56	22.22	100.00
466	Other specialized wholesale	74.07	14.81	11.11	100.00
469	Non-specialized wholesale trade	78.57	14.29	7.14	100.00
471	Retail sale in non-specialized stores	91.67	8.33	0.00	100.00
472	Retail sale of food, beverages and tobacco in specialized stores	94.74	2.63	2.63	100.00
473	Retail sale of automotive fuel in specialized stores	96.10	3.90	0.00	100.00
474	Retail sale of information and communications equipment in specialized stores	0.00	0.00	100.00	100.00
475	Retail sale of other household equipment in specialized stores	84.48	8.62	6.90	100.00
476	Retail sale of cultural and recreation goods in specialized stores	100.00	0.00	0.00	100.00
477	Retail sale of other goods in specialized stores	100.00	0.00	0.00	100.00
478	Retail sale via stalls and markets	83.33	0.00	16.67	100.00
479	Retail trade not in stores, stalls or markets	91.67	0.00	8.33	100.00
	<b>Total Distributive Trade</b>	<b>89.84</b>	<b>5.25</b>	<b>4.90</b>	<b>100.00</b>
551	Short term accommodation activities	90.65	6.68	2.67	100.00
552	Camping grounds, recreational vehicle parks and trailer parks	33.33	66.67	0.00	100.00
559	Other accommodation	100.00	0.00	0.00	100.00
561	Restaurants and mobile food service activities	94.74	5.26	0.00	100.00
562	Event catering and other food service activities	96.63	3.37	0.00	100.00
563	Beverage serving activities	97.35	1.33	1.33	100.00
	<b>Total Accommodation and Food Services</b>	<b>93.27</b>	<b>4.96</b>	<b>1.77</b>	<b>100.00</b>



**Table 29: Percentage Distribution of Persons Engaged by Activity and Size of the Establishment, 2010**

		(Percentage)			
ISIC Rev.4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	42.62	0.00	57.38	100.00
452	Maintenance and repair of motor vehicles	71.21	9.74	19.04	100.00
453	Sale of motor vehicle parts and accessories	61.94	38.06	0.00	100.00
454	Sale, maintenance and repair of motorcycles and related parts and accessories	100.00	0.00	0.00	100.00
461	Wholesale on a fee or contract basis	19.56	6.01	74.43	100.00
462	Wholesale of agricultural raw materials and live animals	63.66	0.00	36.34	100.00
463	Wholesale of food, beverages and tobacco	31.83	17.30	50.87	100.00
464	Wholesale of household goods	10.99	33.24	55.77	100.00
465	Wholesale of machinery, equipment and supplies	33.95	8.68	57.38	100.00
466	Other specialized wholesale	25.34	20.03	54.64	100.00
469	Non-specialized wholesale trade	42.44	26.72	30.84	100.00
471	Retail sale in non-specialized stores	71.37	28.63	0.00	100.00
472	Retail sale of food, beverages and tobacco in specialized stores	79.01	8.40	12.59	100.00
473	Retail sale of automotive fuel in specialized stores	87.80	12.20	0.00	100.00
474	Retail sale of information and communications equipment in specialized stores	0.00	0.00	100.00	100.00
475	Retail sale of other household equipment in specialized stores	45.21	18.78	36.01	100.00
476	Retail sale of cultural and recreation goods in specialized stores	100.00	0.00	0.00	100.00
477	Retail sale of other goods in specialized stores	100.00	0.00	0.00	100.00
478	Retail sale via stalls and markets	21.50	0.00	78.50	100.00
479	Retail trade not in stores, stalls or markets	52.25	0.00	47.75	100.00
	<b>Total Distributive Trade</b>	<b>52.07</b>	<b>11.92</b>	<b>36.01</b>	<b>100.00</b>
551	Short term accommodation activities	60.01	17.35	22.64	100.00
552	Camping grounds, recreational vehicle parks and trailer parks	9.02	90.98	0.00	100.00
559	Other accommodation	100.00	0.00	0.00	100.00
561	Restaurants and mobile food service activities	82.40	17.60	0.00	100.00
562	Event catering and other food service activities	86.75	13.25	0.00	100.00
563	Beverage serving activities	76.19	4.41	19.40	100.00
	<b>Total Accommodation and Food Services</b>	<b>66.92</b>	<b>14.70</b>	<b>18.38</b>	<b>100.00</b>

**Table 30: Percentage Distribution of Compensation of Employees by Activity and Size of the Establishment, 2010**

		(Percentage)			
ISIC Rev.4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	14.17	0.00	85.83	100.00
452	Maintenance and repair of motor vehicles	14.13	1.69	84.18	100.00
453	Sale of motor vehicle parts and accessories	66.26	33.74	0.00	100.00
454	Sale, maintenance and repair of motorcycles and related parts and accessories	100.00	0.00	0.00	100.00
461	Wholesale on a fee or contract basis	28.28	2.61	69.11	100.00
462	Wholesale of agricultural raw materials and live animals	62.75	0.00	37.25	100.00
463	Wholesale of food, beverages and tobacco	11.12	4.05	84.83	100.00
464	Wholesale of household goods	17.06	38.42	44.53	100.00
465	Wholesale of machinery, equipment and supplies	59.78	22.18	18.05	100.00
466	Other specialized wholesale	11.73	27.30	60.97	100.00
469	Non-specialized wholesale trade	37.89	11.46	50.65	100.00
471	Retail sale in non-specialized stores	63.56	36.44	0.00	100.00
472	Retail sale of food, beverages and tobacco in specialized stores	72.22	6.25	21.53	100.00
473	Retail sale of automotive fuel in specialized stores	87.92	12.08	0.00	100.00
474	Retail sale of information and communications equipment in specialized stores	0.00	0.00	100.00	100.00
475	Retail sale of other household equipment in specialized stores	51.67	9.11	39.22	100.00
476	Retail sale of cultural and recreation goods in specialized stores	100.00	0.00	0.00	100.00
477	Retail sale of other goods in specialized stores	100.00	0.00	0.00	100.00
478	Retail sale via stalls and markets	13.35	0.00	86.65	100.00
479	Retail trade not in stores, stalls or markets	100.00	0.00	0.00	100.00
	<b>Total Distributive Trade</b>	<b>30.75</b>	<b>8.09</b>	<b>61.17</b>	<b>100.00</b>
551	Short term accommodation activities	42.22	25.09	32.69	100.00
552	Camping grounds, recreational vehicle parks and trailer parks	3.30	96.70	0.00	100.00
559	Other accommodation	100.00	0.00	0.00	100.00
561	Restaurants and mobile food service activities	73.10	26.90	0.00	100.00
562	Event catering and other food service activities	93.28	6.72	0.00	100.00
563	Beverage serving activities	46.67	13.19	40.14	100.00
	<b>Total Accommodation and Food Services</b>	<b>46.57</b>	<b>22.83</b>	<b>30.60</b>	<b>100.00</b>

**Table 31: Percentage Distribution of Gross Output by Activity and Size of the Establishment, 2010**

		(Percentage)			
ISIC Rev.4	Activity	10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	59.35	0.00	40.65	100.00
452	Maintenance and repair of motor vehicles	28.11	3.35	68.54	100.00
453	Sale of motor vehicle parts and accessories	87.85	12.15	0.00	100.00
454	Sale, maintenance and repair of motorcycles and related parts and accessories	100.00	0.00	0.00	100.00
461	Wholesale on a fee or contract basis	38.81	2.30	58.89	100.00
462	Wholesale of agricultural raw materials and live animals	71.15	0.00	28.85	100.00
463	Wholesale of food, beverages and tobacco	9.54	1.49	88.97	100.00
464	Wholesale of household goods	4.13	17.39	78.48	100.00
465	Wholesale of machinery, equipment and supplies	61.65	10.50	27.85	100.00
466	Other specialized wholesale	32.61	24.28	43.11	100.00
469	Non-specialized wholesale trade	59.82	3.05	37.13	100.00
471	Retail sale in non-specialized stores	73.79	26.21	0.00	100.00
472	Retail sale of food, beverages and tobacco in specialized stores	64.56	5.41	30.03	100.00
473	Retail sale of automotive fuel in specialized stores	94.34	5.66	0.00	100.00
474	Retail sale of information and communications equipment in specialized stores	0.00	0.00	100.00	100.00
475	Retail sale of other household equipment in specialized stores	57.38	7.73	34.89	100.00
476	Retail sale of cultural and recreation goods in specialized stores	100.00	0.00	0.00	100.00
477	Retail sale of other goods in specialized stores	100.00	0.00	0.00	100.00
478	Retail sale via stalls and markets	25.61	0.00	74.39	100.00
479	Retail trade not in stores, stalls or markets	99.63	0.00	0.37	100.00
	<b>Total Distributive Trade</b>	<b>48.47</b>	<b>7.60</b>	<b>43.94</b>	<b>100.00</b>
551	Short term accommodation activities	52.58	24.34	23.08	100.00
552	Camping grounds, recreational vehicle parks and trailer parks	11.69	88.31	0.00	100.00
559	Other accommodation	100.00	0.00	0.00	100.00
561	Restaurants and mobile food service activities	75.09	24.91	0.00	100.00
562	Event catering and other food service activities	92.80	7.20	0.00	100.00
563	Beverage serving activities	35.18	10.28	54.54	100.00
	<b>Total Accommodation and Food Services</b>	<b>50.35</b>	<b>19.97</b>	<b>29.68</b>	<b>100.00</b>

**Table 32: Percentage Distribution of Value Added by Activity and Size of the Establishment, 2010**

ISIC Rev.4	Activity	(Percentage)			
		10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	82.84	0.00	17.16	100.00
452	Maintenance and repair of motor vehicles	31.15	1.79	67.07	100.00
453	Sale of motor vehicle parts and accessories	96.16	3.84	0.00	100.00
454	Sale, maintenance and repair of motorcycles and related parts and accessories	100.00	0.00	0.00	100.00
461	Wholesale on a fee or contract basis	22.13	0.64	77.24	100.00
462	Wholesale of agricultural raw materials and live animals	60.62	0.00	39.38	100.00
463	Wholesale of food, beverages and tobacco	12.97	0.69	86.35	100.00
464	Wholesale of household goods	2.74	10.45	86.82	100.00
465	Wholesale of machinery, equipment and supplies	66.14	15.82	18.04	100.00
466	Other specialized wholesale	56.36	18.63	25.01	100.00
469	Non-specialized wholesale trade	57.31	4.32	38.38	100.00
471	Retail sale in non-specialized stores	72.31	27.69	0.00	100.00
472	Retail sale of food, beverages and tobacco in specialized stores	72.38	3.54	24.08	100.00
473	Retail sale of automotive fuel in specialized stores	94.97	5.03	0.00	100.00
474	Retail sale of information and communications equipment in specialized stores	0.00	0.00	100.00	100.00
475	Retail sale of other household equipment in specialized stores	54.68	6.81	38.51	100.00
476	Retail sale of cultural and recreation goods in specialized stores	100.00	0.00	0.00	100.00
477	Retail sale of other goods in specialized stores	100.00	0.00	0.00	100.00
478	Retail sale via stalls and markets	33.04	0.00	66.96	100.00
479	Retail trade not in stores, stalls or markets	99.29	0.00	0.71	100.00
	<b>Total Distributive Trade</b>	<b>54.24</b>	<b>5.73</b>	<b>40.03</b>	<b>100.00</b>
551	Short term accommodation activities	61.43	17.75	20.83	100.00
552	Camping grounds, recreational vehicle parks and trailer parks	4.06	95.94	0.00	100.00
559	Other accommodation	100.00	0.00	0.00	100.00
561	Restaurants and mobile food service activities	78.27	21.73	0.00	100.00
562	Event catering and other food service activities	97.17	2.83	0.00	100.00
563	Beverage serving activities	56.58	7.10	36.33	100.00
	<b>Total Accommodation and Food Services</b>	<b>63.05</b>	<b>15.08</b>	<b>21.87</b>	<b>100.00</b>

**Table 33: Percentage Distribution of Net Expenditure on Fixed Assets by Activity and Size the Establishment, 2010**

ISIC Rev.4	Activity	(Percentage)			
		10 - 49	50 - 99	100+	Total
451	Sale of motor vehicles	100.00	0.00	0.00	100.00
452	Maintenance and repair of motor vehicles	8.37	3.97	87.66	100.00
453	Sale of motor vehicle parts and accessories	26.89	73.11	0.00	100.00
454	Sale, maintenance and repair of motorcycles and related parts and accessories	100.00	0.00	0.00	100.00
461	Wholesale on a fee or contract basis	88.73	0.00	11.27	100.00
462	Wholesale of agricultural raw materials and live animals	59.99	0.00	40.01	100.00
463	Wholesale of food, beverages and tobacco	8.67	0.08	91.25	100.00
464	Wholesale of household goods	0.67	3.69	95.64	100.00
465	Wholesale of machinery, equipment and supplies	84.06	0.00	15.94	100.00
466	Other specialized wholesale	54.35	11.14	34.52	100.00
469	Non-specialized wholesale trade	76.27	0.11	23.62	100.00
471	Retail sale in non-specialized stores	38.74	61.26	0.00	100.00
472	Retail sale of food, beverages and tobacco in specialized stores	94.05	5.95	0.00	100.00
473	Retail sale of automotive fuel in specialized stores	94.94	5.06	0.00	100.00
474	Retail sale of information and communications equipment in specialized stores	0.00	0.00	100.00	100.00
475	Retail sale of other household equipment in specialized stores	78.31	19.29	2.41	100.00
476	Retail sale of cultural and recreation goods in specialized stores	100.00	0.00	0.00	100.00
477	Retail sale of other goods in specialized stores	100.00	0.00	0.00	100.00
478	Retail sale via stalls and markets	32.78	0.00	67.22	100.00
479	Retail trade not in stores, stalls or markets	100.00	0.00	0.00	100.00
	<b>Total Distributive Trade</b>	<b>45.78</b>	<b>8.68</b>	<b>45.54</b>	<b>100.00</b>
551	Short term accommodation activities	73.92	15.69	10.39	100.00
552	Camping grounds, recreational vehicle parks and trailer parks	0.00	100.00	0.00	100.00
559	Other accommodation	100.00	0.00	0.00	100.00
561	Restaurants and mobile food service activities	67.45	32.55	0.00	100.00
562	Event catering and other food service activities	99.87	0.13	0.00	100.00
563	Beverage serving activities	49.31	14.47	36.22	100.00
	<b>Total Accommodation and Food Services</b>	<b>69.57</b>	<b>15.96</b>	<b>14.47</b>	<b>100.00</b>

**Table 34: Average Compensation of Paid Employees per Month by Activity and Size of the Establishment, 2010 (10+ Persons engaged)****(000 'TShs. )**

ISIC Rev.4	Activity				
		10-49	50-99	100+	Total Average
451	Sale of motor vehicles	174.10	-	620.84	455.33
452	Maintenance and repair of motor vehicles	197.17	158.51	7073.79	1061.40
453	Sale of motor vehicle parts and accessories	247.77	185.91	-	222.77
454	Sale, maintenance and repair of motorcycles and related parts and accessories	93.28	-	-	93.28
461	Wholesale on a fee or contract basis	455.15	87.08	183.19	213.06
462	Wholesale of agricultural raw materials and live animals	299.46	-	-	477.25
463	Wholesale of food, beverages and tobacco	116.95	76.72	473.48	305.77
464	Wholesale of household goods	799.53	338.54	234.23	307.79
465	Wholesale of machinery, equipment and supplies	638.87	814.73	105.25	342.16
466	Other specialized wholesale	204.64	617.68	473.31	434.13
469	Non-specialized wholesale trade	319.78	128.69	477.17	318.81
471	Retail sale in non-specialized stores	375.42	408.26	0.00	386.76
472	Retail sale of food, beverages and tobacco in specialized stores	237.63	167.62	384.66	251.77
473	Retail sale of automotive fuel in specialized stores	215.25	191.81	0.00	212.12
474	Retail sale of information and communications equipment in specialized stores	-	-	153.55	153.55
475	Retail sale of other household equipment in specialized stores	284.69	115.38	269.79	246.40
476	Retail sale of cultural and recreation goods in specialized stores	239.16	-	-	239.16
477	Retail sale of other goods in specialized stores	336.96	-	-	336.96
478	Retail sale via stalls and markets	366.35	-	566.29	527.83
479	Retail trade not in stores, stalls or markets	143.54	-	-	143.54
551	Short term accommodation activities	135.25	253.77	294.68	191.58
552	Camping grounds, recreational vehicle parks and trailer parks	88.90	245.72	-	232.20
559	Other accommodation	231.18	-	-	231.18
561	Restaurants and mobile food service activities	116.81	180.56	-	129.07
562	Event catering and other food service activities	100.87	55.83	-	95.68
563	Beverage serving activities	90.50	378.18	295.56	145.69

**Table 35: Value Added as a Percent of Gross Output by Activity and Size of the Establishment, 2010****(Percentage)**

<b>ISIC Rev.4</b>	<b>Activity</b>	<b>10-49</b>	<b>50-99</b>	<b>100+</b>	<b>Total</b>
451	Sale of motor vehicles	76.89	-	23.26	55.09
452	Maintenance and repair of motor vehicles	72.13	34.72	63.69	65.09
453	Sale of motor vehicle parts and accessories	89.21	25.77	-	81.50
454	Sale, maintenance and repair of motorcycles and related parts and accessories	74.17	-	-	74.17
461	Wholesale on a fee or contract basis	24.61	11.91	56.61	43.16
462	Wholesale of agricultural raw materials and live animals	36.10	-	57.82	42.37
463	Wholesale of food, beverages and tobacco	77.01	26.01	54.98	56.65
464	Wholesale of household goods	52.65	47.70	87.85	79.41
465	Wholesale of machinery, equipment and supplies	68.63	96.41	41.43	63.97
466	Other specialized wholesale	76.38	33.92	25.63	44.19
469	Non-specialized wholesale trade	53.51	79.12	57.72	55.85
471	Retail sale in non-specialized stores	67.41	72.66	-	68.79
472	Retail sale of food, beverages and tobacco in specialized stores	70.86	41.37	50.69	63.21
473	Retail sale of automotive fuel in specialized stores	69.31	61.15	-	68.85
474	Retail sale of information and communications equipment in specialized stores	-	-	85.41	85.41
475	Retail sale of other household equipment in specialized stores	47.25	43.73	54.72	49.59
476	Retail sale of cultural and recreation goods in specialized stores	63.00	-	-	63.00
477	Retail sale of other goods in specialized stores	68.70	-	-	68.70
478	Retail sale via stalls and markets	52.82	-	36.86	40.95
479	Retail trade not in stores, stalls or markets	39.63	-	76.05	39.76
551	Short term accommodation activities	67.31	42.00	51.99	57.62
552	Camping grounds, recreational vehicle parks and trailer parks	18.42	57.62	-	53.04
559	Other accommodation	75.15	0.00	-	75.15
561	Restaurants and mobile food service activities	81.17	67.94	-	77.87
562	Event catering and other food service activities	71.36	26.73	-	68.14
563	Beverage serving activities	76.19	32.72	31.55	47.37

**Table 36: Number of Persons Engaged by Activity and Sex, 2010**

ISIC Rev.4	Activity	Male	Female	Total
451	Sale of motor vehicles	212	154	366
452	Maintenance and repair of motor vehicles	3,133	254	3,387
453	Sale of motor vehicle parts and accessories	226	84	310
454	Sale, maintenance and repair of motorcycles and related parts and accessories	74	3	77
461	Wholesale on a fee or contract basis	1,143	222	1,365
462	Wholesale of agricultural raw materials and live animals	251	137	388
463	Wholesale of food, beverages and tobacco	707	160	867
464	Wholesale of household goods	224	131	355
465	Wholesale of machinery, equipment and supplies	652	270	922
466	Other specialized wholesale	1,207	206	1,413
469	Non-specialized wholesale trade	376	133	509
471	Retail sale in non-specialized stores	359	151	510
472	Retail sale of food, beverages and tobacco in specialized stores	507	303	810
473	Retail sale of automotive fuel in specialized stores	923	512	1,435
474	Retail sale of information and communications equipment in specialized stores	259	74	333
475	Retail sale of other household equipment in specialized stores	1,408	397	1,805
476	Retail sale of cultural and recreation goods in specialized stores	104	49	153
477	Retail sale of other goods in specialized stores	348	308	656
478	Retail sale via stalls and markets	730	214	944
479	Retail trade not in stores, stalls or markets	335	42	377
	<b>Total Distributive Trade</b>	<b>13,178</b>	<b>3,804</b>	<b>16,982</b>
551	Short term accommodation activities	6,229	5,787	12,016
552	Camping grounds, recreational vehicle parks and trailer parks	67	66	133
559	Other accommodation	52	29	81
561	Restaurants and mobile food service activities	650	617	1,267
562	Event catering and other food service activities	783	749	1,532
563	Beverage serving activities	1,993	2,111	4,104
	<b>Total Accommodation and Food Services</b>	<b>9,774</b>	<b>9,359</b>	<b>19,133</b>
	<b>Total</b>	<b>22,952</b>	<b>13,163</b>	<b>36,115</b>



**Table 37: Number of Female Persons Engaged by Activity and size of the Establishment, 2010**

<b>ISIC Rev.4</b>	<b>Activity</b>	<b>10 – 49</b>	<b>50 – 99</b>	<b>100+</b>	<b>Total</b>
451	Sale of motor vehicles	21	-	133	154
452	Maintenance and repair of motor vehicles	186	22	46	254
453	Sale of motor vehicle parts and accessories	67	17	-	84
454	Sale, maintenance and repair of motorcycles and related parts and accessories	3	-	-	3
461	Wholesale on a fee or contract basis	61	4	157	222
462	Wholesale of agricultural raw materials and live animals	105	-	32	137
463	Wholesale of food, beverages and tobacco	78	21	61	160
464	Wholesale of household goods	6	39	86	131
465	Wholesale of machinery, equipment and supplies	95	48	127	270
466	Other specialized wholesale	100	60	46	206
469	Non-specialized wholesale trade	42	51	40	133
471	Retail sale in non-specialized stores	112	39	-	151
472	Retail sale of food, beverages and tobacco in specialized stores	282	9	12	303
473	Retail sale of automotive fuel in specialized stores	456	56	-	512
474	Retail sale of information and communications equipment in specialized stores	-	-	74	74
475	Retail sale of other household equipment in specialized stores	173	82	142	397
476	Retail sale of cultural and recreation goods in specialized stores	49	-	-	49
477	Retail sale of other goods in specialized stores	308	-	-	308
478	Retail sale via stalls and markets	56	-	158	214
479	Retail trade not in stores, stalls or markets	40	-	2	42
	<b>Total Distributive Trade</b>	<b>2,240</b>	<b>448</b>	<b>1,116</b>	<b>3,804</b>
551	Short term accommodation activities	3,878	870	1,039	5,787
552	Camping grounds, recreational vehicle parks and trailer parks	5	61	-	66
559	Other accommodation	29	-	-	29
561	Restaurants and mobile food service activities	541	76	-	617
562	Event catering and other food service activities	699	50	-	749
563	Beverage serving activities	1,977	65	69	2,111
	<b>Total Accommodation and Food Services</b>	<b>7,129</b>	<b>1,122</b>	<b>1,108</b>	<b>9,359</b>
	<b>Total</b>	<b>9,369</b>	<b>1,570</b>	<b>2,224</b>	<b>13,163</b>

**Table 38: Female Persons Engaged as Percent of Total Persons Engaged by Activity and Size of the Establishment, 2010**

ISIC Rev.4	Activity	(Percentage)			
		10-49	50-99	100+	Total
451	Sale of motor vehicles	13.46	0.00	63.33	42.08
452	Maintenance and repair of motor vehicles	7.71	6.67	7.13	7.50
453	Sale of motor vehicle parts and accessories	34.90	14.41	0.00	27.10
454	Sale, maintenance and repair of motorcycles and related parts and accessories	3.90	0.00	0.00	3.90
461	Wholesale on a fee or contract basis	22.85	4.88	15.45	16.26
462	Wholesale of agricultural raw materials and live animals	42.51	0.00	22.70	35.31
463	Wholesale of food, beverages and tobacco	28.26	14.00	13.83	18.45
464	Wholesale of household goods	15.38	33.05	43.43	36.90
465	Wholesale of machinery, equipment and supplies	30.35	60.00	24.01	29.28
466	Other specialized wholesale	27.93	21.20	5.96	14.58
469	Non-specialized wholesale trade	19.44	37.50	25.48	26.13
471	Retail sale in non-specialized stores	30.77	26.71	0.00	29.61
472	Retail sale of food, beverages and tobacco in specialized stores	44.06	13.24	11.76	37.41
473	Retail sale of automotive fuel in specialized stores	36.19	32.00	0.00	35.68
474	Retail sale of information and communications equipment in specialized stores	0.00	0.00	22.22	22.22
475	Retail sale of other household equipment in specialized stores	21.20	24.19	21.85	21.99
476	Retail sale of cultural and recreation goods in specialized stores	32.03	0.00	0.00	32.03
477	Retail sale of other goods in specialized stores	46.95	0.00	0.00	46.95
478	Retail sale via stalls and markets	27.59	0.00	21.32	22.67
479	Retail trade not in stores, stalls or markets	20.30	0.00	1.11	11.14
551	Short term accommodation activities	53.78	41.73	38.20	48.16
552	Camping grounds, recreational vehicle parks and trailer parks	41.67	50.41	0.00	49.62
559	Other accommodation	35.80	0.00	0.00	35.80
561	Restaurants and mobile food service activities	51.82	34.08	0.00	48.70
562	Event catering and other food service activities	52.60	24.63	0.00	48.89
563	Beverage serving activities	63.22	35.91	8.67	51.44

**Table 39: Number and Percentage of Establishments by as Most Difficult Problem, 2010**

Type of Problem	Distributive Trade		Accommodation and Food Services		Total	
	Number	Percent	Number	Percent	Number	Percent
Inadequate skills	22	3.85	41	4.84	63	4.44
Problems with workers	26	4.55	51	6.02	77	5.43
Lack of information/consulting services	12	2.10	12	1.42	24	1.69
Harassment from government bodies	55	9.63	89	10.51	144	10.16
Shortage of working capital	84	14.71	125	14.76	209	14.74
Lack of clarity of regulations	21	3.68	28	3.31	49	3.46
Limited market	64	11.21	139	16.41	203	14.32
Lack of suitable working place	36	6.30	25	2.95	61	4.30
Barriers to free movement of goods	4	0.70	12	1.42	16	1.13
Bureaucratic problems in obtaining licences	8	1.40	14	1.65	22	1.55
Shortage of goods (commodities)	9	1.58	18	2.13	27	1.90
Health problems	3	0.53	1	0.12	4	0.28
No problem	88	15.41	67	7.91	155	10.93
Lack of capital	44	7.71	53	6.26	97	6.84
Other	95	16.64	172	20.31	267	18.83
<b>Total</b>	<b>571</b>	<b>100.00</b>	<b>847</b>	<b>100.00</b>	<b>1418</b>	<b>100.00</b>

**Table 40: Number of Establishments by Most Difficult Problem and Ownership, 2010**

Type of Problem	Distributive Trade					Accommodation and Food Services				
	Wholly Private Owned	Wholly Government Owned	Joint Government and Private	Other	Total	Wholly Private Owned	Wholly Government Owned	Joint Government and Private	Other	Total
Inadequate skills	16	4	1	1	22	40	1	-	-	41
Problems with workers	26	-	-	-	26	48	-	1	2	51
Lack of information/consulting services	10	-	-	2	12	12	-	-	-	12
Harassment from government bodies	53	1	-	1	55	80	1	1	7	89
Shortage of working capital	73	-	1	10	84	117	1	-	7	125
Lack of clarity of regulations	20	-	-	1	21	27	-	-	1	28
Limited market	55	-	-	9	64	135	-	-	4	139
Lack of suitable working place	33	-	-	3	36	23	-	-	2	25
Barriers to free movement of goods	4	-	-	-	4	12	-	-	-	12
Bureaucratic problems in obtaining licences	8	-	-	-	8	14	-	-	-	14
Shortage of goods (commodities)	9	-	-	-	9	18	-	-	-	18
Health problems	2	-	-	1	3	1	-	-	-	1
No problem	78	6	1	3	88	63	3	-	1	67
Lack of capital	35	-	-	9	44	49	0	2	2	53
Other	83	6	3	3	95	165	2	1	4	172
<b>Total</b>	<b>505</b>	<b>17</b>	<b>6</b>	<b>43</b>	<b>571</b>	<b>804</b>	<b>8</b>	<b>5</b>	<b>30</b>	<b>847</b>

## **National Bureau of Statistics**

Director General    P.O. Box 796 Dar es Salaam

General Office    P.O. Box 796 Dar es Salaam

Fax:    +255 22 2130852

E-mail:    [dg@nbs.go.tz](mailto:dg@nbs.go.tz),

[Website [www.nbs.go.tz](http://www.nbs.go.tz)]

Telephone +255 22 2122724

Telephone +255 22 2122722/3

### **Vision**

To be a preferable source of official statistics in Tanzania

### **Mission**

To facilitate informed decision-making process, through provision of relevant, timely and reliable user-driven statistical information, coordinating statistical activities and promoting the adherence to statistical methodologies and standards