Determination of Business Formalisation Among Barbershop Owners in Dodoma Municipality, Tanzania

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This study aimed to assess the determinants of business formalization specifically barbershop owners in Dodoma Municipality. The study sampled 100 respondents through simple random sampling. Data were gathered through household survey, interview and documentary review. Descriptive statistics, multiple response and binary logistic regression were employed in data analysis. Findings showed social economic characteristics, awareness of owners in formalization and external environmental factors were the key determinants that influence formalization of barbershop business at p<0.05. Findings also showed that, median age of respondents was 33 years, with seven median years of experience, 13 years spent schooling, male were 72% (72) while 28% (28) were female. The findings also revealed that, registration procedures, income increase, business protected by-law, tax affordability, and loan accessibility determined awareness of barbershop owners on business formalization with (pvalue<0.05). Moreover, reducing number of taxes 46% (46), access to loan 63% (63), conducive environment 59% (59), government support 47% (47), training 22% (22) and reducing bureaucracy in registration 62% (62) were imperative factors to facilitate informal businesses to formality among barbershop businesses. The study concluded that formalization of barbershop business can be stimulated by providing business education, improving access to registration procedures, reducing hash tax by allowing tax reforms and creation of conducive business environment. The study recommends that there should be empowerment programme to barbershop owners, on a micro enterprise segment for the informal and formal sectors that is clearly identified as a priority area in promoting growth and reduction of informal businesses.