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Impact of Structural Firm characteristics on Business Performance of SMEs: Evidence from agribusiness firms in Dar es salaam, Tanzania

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Abstract

This study attempts to determine the relation between Structural Firm characteristics and business performance of agribusiness SMEs in Dar es salaam, Tanzania. The aim is to determine how firm size, age and ownership correlates with business performance in agribusiness SMEs and predict its performance variations. The study is based on field data collected by mailed questionnaires from 60 agribusiness SMEs in Dar es Salaam, Tanzania and analyzed quantitatively by Pearson product moment correlation and multiple regression by SPSS. The findings suggest that, in Tanzania's context, age has a significant moderate positive correlation with business performance of SMEs while firm size and ownership have insignificant and weak negative correlation with business performance. Furthermore; age, firm size and ownership when regressed simultaneously by multiple regressions are found to be, significant moderate predictors of business performance variations.

Keywords: Firm characteristics; Structural firm characteristics; Agribusiness SMEs; Business performance; Organizational performance; Firm performance

Introduction

Poverty alleviation and improvement of economic growth are the incumbent economic agendas in most developing countries [1]. Likewise, Tanzania have given agribusiness sector the first priority in poverty alleviation and economic growth as it appears to be the back bone of the economy and source of majority livelihood [2,3]. Just like any other developing country, Small and Medium Enterprises (SMEs), have been adopted after 1980s economic reforms to partner with government in poverty alleviation and economic growth. 95% of all businesses in Tanzania are SMEs [4]. However its full potential is yet to be realized due to poor performance of agribusiness SMEs sector in Dar es salaam, Tanzania [5,6]. Entry into business is not a problem to SMEs in Tanzania, but its development is very slow both in size and market coverage [7]. According to Dalberg [8], nearly half of all SMEs start-ups in developing countries, fail within 5 years of establishment, whereas only a few of them grows to become large firms. In other words it is very difficult to find enough old small and medium sized firms in Tanzania and when you find them, they are usually stagnant and underperforming. More over firm ownership in Tanzania is not certain; one owner hardly stays for five years before selling it out to another owner due to failure to realize expected profit. Most firm owners are also chief executive officers (CEOs) hampering firm performance due to lack of experience and training in business leadership and management. Experience elsewhere show that, no matter how committed they might be to the development of the firm, unprofessional and inexperienced firm owner-CEOs do not help their firms to perform better than when a professional and experienced CEOs are hired [9,10]. In other words Owner-CEOs can be very effective only when they are well experienced and trained in business management and leadership and not by mere default due to their sense of ownership and motivation to excel. There has been a big debate on what really cause SMEs underperformance in Tanzania [1]. Least do researchers think about firm characteristics to have any relation with firm performance. For example to the time this research was conducted, our literature search found only one study by Kipesha [11] on the link between firm size and business performance of microfinance institutions in Tanzania, while no study was found to have covered other firm characteristics not to speak of agribusiness SMEs which had no single study done in any industry. This study thus attempts to bridge knowledge gap on the relation between firm characteristics and business performance of agribusiness SMEs in Dar es salaam, Tanzania. Dar es salaam was chosen because consist of more than 50% of agribusiness SMEs in Tanzania and almost every business is connected to it due to its strategic position as the main commercial city and gateway to international trade through airport and harbor [7].

Conceptualization of Key Terms

Structural firm characteristics

Firm characteristics are conceptualized differently by various studies depending on the criteria used to define it. However, most studies seem to agree in the position that firm characteristics are related with firm resources and organizational objectives [12]. Firm resources and objectives can be analyzed using three criteria namely structure, market and capital related firm characteristics [1]. Structural firm characteristics includes, firm size, ownership and age. Moreover, Market related variables include industry type, environmental uncertainty and market environment while Capital-related variables consist of liquidity and capital intensity [1,12]. Most studies have focused into structural related criteria of firm characteristics because it is more related with organizational performance than the rest [11]. However, it is misleading to argue that market and capital related firm characteristics do not influence firm performance rather to our view, choice of what dimension of firm characteristics to cover is more of the focus and clarity purpose than the advocated reasons. Likewise this study focuses into structural criteria of firm performance which includes firm age, size and ownership.

Firm, size reflects how large an enterprise is in infrastructure and employment terms. In Tanzania, firm size is conceptualized in terms of number of employees and firm capital investment. Most of

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the existing studies on structural firm characteristics are consistent with Tanzanian conceptualization of firm size. Some of such studies includes; Söderbom et al. [13], Pervan et al. [14], Dogan et al. [15], Hui et al. [16] and Kipesha [11].

Firm age is conceptualized as the number of years since the firm was listed in the registration authority database [17] Some of previous studies shares Shumway's position about firm age conceptualization includes; Pastor et al. [18]; Fama et al. [19]; Chu et al. [20]; Loderer et al. [21]. However, Firm age as used in this study refers to the number of years since when the firm was established and started to operate in the business market. We refrain to adopt Shumway [17] conceptualization because in Tanzania's context, most of agribusiness SMEs are not registered yet recognized by the government. It is estimated that over 50% of all SMEs in Tanzania, are under informal sector and have long operated under black market until 200's when a policy was set to recognize them [22].

Agribusiness SMEs

Agribusiness literary means' doing agricultural activities commercially which is basically a deviation from traditional agriculture, which is meant to produce food for consumption to profitable agriculture. Traditional agriculture is not meant for business but even when business is involved, it is usually in the form of raw agricultural products [3]. Agribusiness in Tanzania means doing business in relation to agricultural activities and its output [23]. In Tanzania's context agribusiness is more of trading in agricultural activities and products than mere production of agricultural produce. In other words agribusiness does not mean production of agricultural produce rather it is more about how the entire agricultural supply chain is commercialized. Agriculture Tanzania's context thus includes; livestock, fishing, farming and forestry [24,25]. It is important to define Small and Medium Enterprises (SMEs), before we can conceptualize agribusiness SMEs. According to URT [5], in Tanzania's context, SMEs are defined as the one with employees between 5 and 99 as well as capital investment in machinery of between 2500 and 400,000 USD. Agribusiness SMEs thus refers to small and medium enterprises which: engage in commercial farming; provide the inputs (for e.g. Seed, chemicals etc.), process the agro output (for example Milk, grain, meat etc.), manufacture agro products such as textiles, bakeries etc.), transport and sell the agro products and buy and sell agro products in retail and export forms [2,25,26].

Business performance

Business performance of the organization is one of the recurrent themes in organizational and business management [27]. Performance is the key interest of every business manager or owner thus attracts much attention of the organizational management researchers and policy makers [28]. Business performance of the organization can be conceptualized as the firm's ability to create acceptable outcomes and actions [29]. Most of the previous studies in different parts of the word seem to be in consensus with this conceptualization because, used similar indicators to measure business performance irrespective of the nomenclature they employed [30]. Example of studies under this conception includes; Meyer and Cull et al. [30,31]. According to Ginsbert and Venkatraman [27], "there are three different levels of performance within organizations". They are distinguished as the financial performance, business performance and organization effectiveness, although the latter has been subsequently termed as organizational performance [28]. This seems to be a unique conceptualization as it deviates from most of the previous studies on this topic. Most of the studies reviewed, used business performance, firm performance and organizational performance interchangeably suggesting that there are no conceptualization differences between the three concepts. Studies like; Yang [32]; Arshad et al. [33] and Arief et al. [34] are in support of this conceptualization. The term business performance as used in this study entails ability of the firm to produce acceptable outcome in accordance with the organizational goal. This study looks at business performance in terms of the organizational outcome that is to say, when there is significant improvement of organizational output it implies efficiency of the entire organizational system. Along this line of thinking, the tem business performance, organizational performance and firm performance are used interchangeably to mean the same thing.

Review of Literature

Firm characteristics and business performance of SMEs

The determinants of organizational performance have long been of central interest to strategic management researchers [1,35]. Most of previous studies on the determinants of firm performance are far from associating firm characteristics with Organizational performance, may be due to underestimation of its impact on business performance of the organization [36]. Most of previous which had taken firm characteristics into consideration when exploring the determinants of business performance of the organizations found that structural related firm characteristics had a direct relation with firm performance than market and capital related firm characteristics [1,12]. It is thus not surprising to see that, structural related firm characteristics dominate in the existing literature on. For example 87% of the studies reviewed within the scope of literature search set by this study focused into structural firm characteristics. Likewise, this study attempts to determine relation between Structural firm characteristics (firm's age, size and ownership) and business performance of agribusiness SMEs in Dar es salaam, Tanzania. To the time this study was conducted, one study only was found to have covered the impact of firm age and size on organizational performance of microfinance Institutions. Nevertheless no study was found within our scope of literature search to have covered firm ownership as a component of structural related firm characteristics as well as other dimensions of firm characteristics like capital and market. However, numerous studies have been done elsewhere and found contradicting results on the relation between firm characteristics and business performance of SMEs. For example some studies like Majumda [37]; Vijayakumar et al. [14] found strong positive and significant correlation between firm size and organizational performance. Likewise, age of the organization was found to have a moderate positive correlation with business performance irrespective of the geographical context and nature of industry covered by particular firms. In all these organizations, age and size of the firm were found to be significant predictors of business performance although strength of the prediction varied accordingly. On the other hand some studies like; Amato et al. [38] and Kipesha [11] found strong negative and significant correlation between firm size and organizational performance measured in terms of firm profitability while age had a positive correlation with firm performance. A different result was reported by Dogan [15], which found weak positive and significant correlation between firm size and business performance of the organization while age had negative though significant correlation with firm performance. Moreover, Loderer et al. [21], studied the performance of certain selected organizations across time and discovered that, its performance declined across time although they didn't prove scientifically how firm aging was linked to performance decline in the organization. Few studies have reported about the relation between firm ownership and business performance in SMEs in which managers who also owns the organizations are said to have influenced higher firm performance and growth than non-firm

owner-managers and leader [1]. Some previous studies found that Firm's owner-managers had higher propensity to acquire new business and expand existing business as well as showing extra commitment to the survival of organizations than non-firm's owner-managers [9]. The variation of findings in the existing literature on the relation between structural firm characteristics and business performance of SMEs suggests absence of findings concession. In other words one cannot generalize the findings of one study into wider context thus the findings of each study are generalizable in its own context. Although enough studies have been done elsewhere, little is known about the relation between structural related firm characteristics and business performance of agribusiness SMEs in Dar es salaam, Tanzania. This study thus attempts to bridge that knowledge gap.

Research hypothesis

Based on the existing literature on the impact of structural firm characteristics on business performance in agribusiness SMEs in Dar es salaam, Tanzania and the objectives of the study discussed in the previous subsection, this study tested the following hypotheses:

ι. There is a strong positive correlation between firm's age and business performance of agribusiness SMEs in Dar es salaam, Tanzania

ιι. There is a significant correlation between firm's age and business performance of agribusiness SMEs in Dar es salaam, Tanzania

ιιι. There is a weak negative correlation between firm's size and business performance of agribusiness SMEs in Dar es salaam, Tanzania

ιϖ. There is a significant correlation between firm's size and business performance of agribusiness SMEs in Dar es salaam, Tanzania

ϖ. There is a moderate positive correlation between firm ownership and business performance of agribusiness SMEs in Dar es salaam, Tanzania

ϖι. There is a significant correlation between firm ownership and business performance of agribusiness SMEs in Dar es salaam, Tanzania

ϖιι. Structural firm characteristics is a moderate predictor of business performance of agribusiness SMEs in Dar es salaam, Tanzania

ϖιιι. Structural firm characteristics are a significant predictor(s) of business performance of agribusiness SMEs in Tanzania

Theoretical and conceptual framework

This study used a theoretical and conceptual framework adopted from Kisengo et al. [1]. In these model structural firm characteristics is considered to be the composition of three attributes which are firm's age, size and ownership as shown in Figure 1.

Research Methodology

Research design

Field survey research methodology by mailed questionnaire was used by this study to collect data from CEOs of 100 SMEs, who were sampled purposively based on their willingness to participate in the study after a brief telephone interviews were conducted. In other words only those respondents who agreed willingly to participate in the study were selected to constitute the sample. This Design was found suitable because the study covered 100 SMEs scattered all over the country, which could otherwise require a lot of resources and time beyond the researcher's capacity [39]. However 72 self-administered questionnaires were successfully returned in which only 60 qualified for further analysis while the rest were discarded due to incompleteness. Data analysis was thus based on 60 questionnaires which qualified for further analysis.

Research method

This study employed quantitative research method in which data collected by mailed questionnaires were analyzed using quantitative statistical tools namely; Pearson product moment correlation and multiple regressions by SPSS. This method was chosen based on the fact that, the nature of the phenomenon being researched was found to be well established and known thus required a deductive approach [40]. The findings are thus presented quantitatively in tables and figures and discussion is made for interpretation and clarity purposes.

Instruments' reliability

This study used structural firm performance questionnaire? (SPQ) and Output based business performance questionnaire (OPQ) adopted from Kisengo et al. [1] and FCDT [41] respectively. Reliability tests for all tools were conducted using Cronbach's Alpha and loaded above 0.7 suggesting that both have high internal consistency. For example Cronbach's Alpha for SPQ and OPQ were 0.786 and 0.708 respectively implying that both instruments used were reliable.

Measures

Structural firm characteristics: Literature reports a wide range of indicators which are used to measure structural firm characteristics. Some studies use age and firm size as proxies for structural firm characteristics while others use firm ownership in addition to firm age and size. This study use age, size and firm ownership as independent variables and thus predictors of business performance. Firm size indicators as used in previous studies includes; Total assets, total sales and number of employees [42]. Example of previous studies which have measured size, using these indicators includes; Friend et al.[43]; Gönenç et al. [44]; Deesomsak [45] Padron [46] and Saliha et al. [47]. Based on Tanzania's context of firm categorization by size, this study used number of employees and firm capital size to measure the size of the firm.

Previous studies have used number of years from when the firm was registered to measure firm age, because in the context of particular studies a firm is not recognized unless it is registered by respective authorities. In Tanzania's context just like other sub-Saharan African countries by 2005, less than 50% of SMEs were registered while the rest operated in black market [22]. To date the situation has not changed much thus most of the previous studies from these countries diverged from the age measure mainstream indicator to using the number of years from when the firm was established or appeared in the business market. However, this study used registered agribusiness SMEs thus firm's age was measured by number of years from when the firm was registered and started to operate in the business market.

Ownership of the firm was measured by looking at how the respondents rated indicators of firm ownership in a 5 point likert scale ranging from 1(not important) to 5 (most important). The indicators of firm ownership adopted from previous studies included, CEO's commitment to growth of the firm, CEO's firm ownership experience, personal investment in the firm, and clear broader business idea. Previous studies such as Duchesneau et al. [48]; Smallbone et al. [9];

Palia et al. [49] and Kisengo et al. [1] found strong evidence on the link between these indicators of firm ownership with business performance of particular organizations. The measures are vested in the assumption that the combination between firm ownership and management has higher impact on business performance of the particular firm than when the two are separated [1].

Business performance measure: Various studies on performance determinants agree that business performance has a lot to do with ability to create acceptable outcomes and actions [29-31]. According to Pervan et al. [14], the best way to measure business performance which is associated with structural firm characteristics is by looking at firm profitability as indicators of performance which is measured by Return on Assets (ROA). This position is shared by most previous studies on the relation between firm characteristics and organizational performance such as Loderer et al. [21]. On the other hand, Banchuenvijit et al. [42] suggests a broad set of business performance measures in relation to structural firm characteristics by bringing in 'financial performance measure' which is said to capture business performance variable measured by return on assets (ROA), return on sales (ROS) and return on equity (ROE). Hui et al. [16] have gone even broader to consider the entire organizational output as the measure of business performance of organization, which is measured by Growth in sales, Growth in market shares, Quality of products and services offered, Growth of returns on assets (ROA), Growth of return on investment (ROI), Growth of return in equity (ROE), Growth of return on sales, Growth on exports and Growth in the size of the firm. Organizational output based performance approach is consistently used in literature thus enjoying the status of standard measure of business performance as indicated in figure 1. Other previous studies which shares this position on the use of organizational output indicators to measure business performance of SMEs includes: TatKeh et al. [50]; Gathenya et al. [51] and Simeyo et al. [52]. According to them, the first criterion of Business performance measure is using financial or non-financial indicators of organizational output while the second criterion is using objective or subjective measures of organizational output [51]. Generally existing literature points out serious impediments facing researchers who wish to use objective measure of business performance in SMEs. Such impediments include reluctance of most SMEs to give financial performance related information to outsiders and absence of reliable performance databases at the organizational level [52]. Most studies have thus opted to perceptual performance measures approach in which managers are told to rate business performance output of their firms as to whether they are within the organizational established standards or not. Likewise this study used standard business performance output indicators (Figure 1) used by Tanzanian SMEs to measure business performance at firm level [41].

Findings

Findings are based on the field data from 60 mailed questionnaires analyzed quantitatively using Pearson product moment correlation and multiple regressions by SPSS. Pearson Product moment correlation was used to determine the strength, direction and significance of the correlation between structural firm characteristics and business performance of agribusiness SMEs in Dar es salaam, Tanzania while multiple regressions was used to determine the strength and significance of the predictor(s) in the regression model involving age size and ownership of the firm. The findings are presented serially as per hypotheses tested: Pearson product moment correlation is used to test the first six hypotheses while multiple regression tests the remaining two hypotheses.

Analysis tools' output interpretation criteria

There is a wide range of interpretation criteria for the Pearson product moment correlation and multiple regression output. Pearson product moment correlation confident, range between -1 as perfect strong negative correlation and 1, as perfect positive correlation. For Coefficient of determination (R^2), range between 0 and 1 where 0 is perfect weak prediction and 1 is perfect strong correlation. However, literature suggests varying interpretation from one study to the other. According to Lane Pearson correlation coefficient can be interpreted as weak, moderate and strong as indicated in Table 1. 0, implies no association, 0.01 to 0.30 implies weak correlation, 0.31 to 0.54 and 0.55 to 1.00 for moderate and strong correlation respectively.

Moreover, Lane uses the same interpretation for regression output in relation to predictor's strength. For example, in the coefficient of determination interpretation, 0, implies no prediction, 0.01 to 0.30 implies weak prediction, 0.31 to 0.54 and 0.55 to 1.00 for moderate and strong prediction respectively. However regression output does not include negative values as it ranges from 0 to 1.This study uses Lane approach to interpret both Pearson product moment correlation and regression outputs.

The findings are presented serially as per hypotheses tested: Pearson product moment correlation is used to test the first six hypotheses while multiple regression tests the remaining two hypotheses.

H1: There is a strong positive correlation between firm's age and business performance of agribusiness SMEs in Dar es salaam, Tanzania

As summarized in Table 2, using Pearson product moment correlation data analysis by SPSS, this study found varying correlations between various proxies of structural firm characteristics and business performance of agribusiness SMEs in Dar es salaam, Tanzania. To start with, Pearson correlation coefficient is found to be 0.55 for the correlation between age and business performance. Thus, there is a strong positive correlation between firm's age and business performance of agribusiness, SMEs in Dar es salaam. However, the correlation coefficient between age and firm size is as weak as 0.002 while that of age and firm ownership is 0.37. From this result the first hypothesis that, "there is a strong positive correlation between firm's age and business performance of agribusiness SMEs in Dar es salaam, Tanzania" is supported.

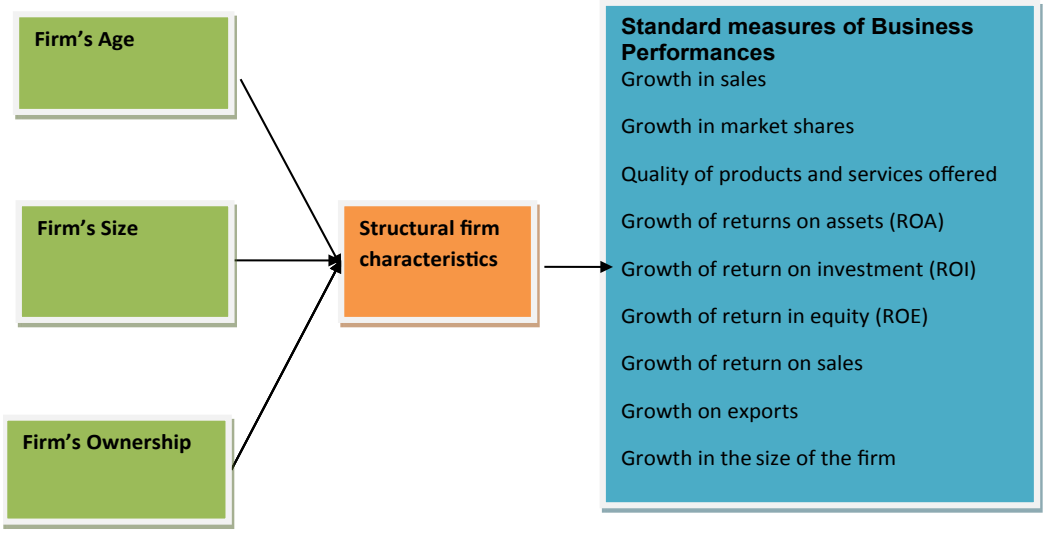
H2: There is a significant correlation between firm's age and business performance of agribusiness SMEs in Dar es salaam, Tanzania

The correlation between firm age and business performance is significant because it has a P-value of 0.000 (Table 2) which is basically less than 0.001, significance level (2 tails). On the other hand the correlation between firm age and size as well as that of firm age and ownership is insignificant with as high P-values as 0.989 and 0.779 respectively. Generally the second hypothesis that, "there is a significant correlation between firm's age and business performance of agribusiness SMEs in Dar es salaam, Tanzania" is supported.

Strength of Correlation	Positive correlation	Negative correlation
No correlation	0	0
Small or Weak	0.01 to 0.30	-0.01 to -0.30
Medium or Moderate	0.31 to 0.54	-0.31 to -0.50
Large or Strong	0.55 to 1.00	-0.55 to -1.00

Source: Adopted from Lane, 2007.

Table 1: Interpretation of Pearson correlation coefficient.



Source: Authors based on Kisengo & Kombo, (2012) and FCDT, (2012) conceptualization of structural firm characteristics.

Figure 1: The relation between Structural firm characteristics and business performance of SMEs.

Correlations					
		Age	**Size**	**Ownership**	**Performance**
Age	Pearson Correlation	1	0.002	0.037	0.549**
	Sig. (2-tailed)		0.989	0.779	0.000
	N	60	60	60	60
Size	Pearson Correlation	0.002	1	0.513**	-0.115
	Sig. (2-tailed)	0.989		0.000	0.383
	N	60	60	60	60
Ownership	Pearson Correlation	0.037	0.513**	1	-0.041
	Sig. (2-tailed)	0.779	.000		0.756
	N	60	60	60	60
Performance	Pearson Correlation	0.549**	-0.115	-0.041	1
	Sig. (2-tailed)	0.000	0.383	0.756	
	N	60	60	60	60
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Author based on research conducted in Tanzania between February and July 2015.

Table 2: Correlation between structural firm characteristics and business performance of agribusiness SMEs in Dar es salaam, Tanzania.

H3: There is a weak negative correlation between firm's size and business performance of agribusiness SMEs in Dar es salaam, Tanzania

As shown in Table 2, the Pearson correlation coefficient for firm size and business performance is found to be -0.115 implying a weak negative correlation between firm size and business performance. However, the correlation between firm size and age is as weak as 0.002 (Pearson correlation coefficient) while that of firm size and ownership is found t to be moderate with a correlation coefficient of 0.513 if we are to accept Lane (2007). These findings thus support the third hypothesis that "there is a weak negative correlation between firm's size and business performance of agribusiness SMEs in Dar es salaam, Tanzania".

H4: There is a significant correlation between firm's size and business performance of agribusiness SMEs in Dar es salaam, Tanzania

The P-value for the correlation between firm size and business performance of agribusiness SMEs is found to be 0.383 which is less than 0.01, level of significance (2 tails). This means that the correlation between firm size and business performance of agribusiness SMEs in Dar es salaam is not significant thus the fourth hypothesis is not supported. However, the correlation between firm size and firm ownership is significant with a p-value of 0.000 although that of firm size and age is 0.989 thus insignificant as per 0.02 level pf significance (2 tails).

H5: There is a moderate positive correlation between firm ownership and business performance of agribusiness SMEs in Dar es salaam, Tanzania

Correlation coefficient for firm ownership and business performance in Table 2 is found to be -0.41 thus the hypothesis that "there is a moderate positive correlation between firm ownership and business performance of agribusiness SMEs in Tanzania" is not supported. The findings show that, although the correlation is moderate but there is an existence of negative correlation between firm ownership and business performance of agribusiness SMEs in Dar es salaam, Tanzania.

H6: There is a significant correlation between firm ownership and business performance of agribusiness SMEs in Dar es salaam, Tanzania

Pearson product moment correlation output summarized in Table 2, indicates that, the p-value of the correlation between firm ownership and business performance is 0.756 which is far higher than 0.01, significance level (2 tails) implying that there is no significant correlation between firm ownership and business performance of agribusiness SMEs in Dar es salaam, Tanzania. In other words the hypothesis that "there is a significant correlation between firm ownership and business performance of agribusiness SMEs in Dar es salaam, Tanzania" is not supported.

H7: Structural firm characteristics is a moderate predictor of business performance of agribusiness SMEs in Dar es salaam, Tanzania

As shown in Table 3, firm age, size and ownership (structural firm characteristics) are regressed against business performance of SMEs hence the following regression equation is developed:

BP=1.166+0.714(A)-0.108(S)-0.04(O)

Where BP=Business performance

A=Firm's age

S= Firm's size

O= firms ownership

At 95% level of confidence, p value of the regression model is 0.000, 0.383 and 0.756 for age, size and ownership variables respectively implying that, at 0.05 level of significance, there is a big possibility that the population slope for age is significantly different from zero therefore 'age' variable within this regression model is capable of predicting variations of the dependent variable than firm age and size.

The coefficient for determination for the regression model represented by the equation BP=1.166+0.714(A)-0.108(S)-0.04(O) is reported in Table 4 to be, 0.34 implying that, firm age, size and ownership explain 34% of the variations in the performance of agribusiness SMEs in Dar es salaam, Tanzania. If we are to take, Lane, (2007) into consideration, then it can be concluded that, structural firm characteristics is a moderate predictor of business performance variations of agribusiness SMEs in in Dar es salaam, Tanzania, thus the seventh hypothesis is support.

H8: Structural firm characteristics are significant predictor(s) of business performance of agribusiness SMEs in Tanzania

As shown in Table 5, firm ownership, age and size as predictors in the regression model BP=1.166+0.714(A)-0.108(S)-0.04(O) are significant. In other words structural firm characteristics are a significant predictor of performance variations of agribusiness SMEs in Dar es salaam, Tanzania, thus the eighth hypothesis is supported. However, when the said predictors are not regressed together, all age of the firm only is found to be a significant predictor of performance variations in agribusiness SMEs.

Conclusion

Main findings reported and concluded in this subsection, are based on the conclusions drawn after testing each of the eight hypotheses. Starting with Pearson product moment correlation output we found the following results; **first**, a strong positive correlation between firm's age and business performance of agribusiness, SMEs in Dar es Salaam, this is consistent with previous studies elsewhere such as Amato et al. [38] and Kipesha [11]**. Second;** The correlation between firm age and business performance of agribusiness SMEs is significant consistent with previous studies elsewhere such as; Kisengo et al. and Pervan et al. [1,14]. **Third,** we found a weak negative correlation between firm's size and business performance of agribusiness SMEs in Dar es salaam, Tanzania. These findings seem to deviate from most of the studies elsewhere such as Majumdar et al. and Pervan et al. [14,37]. However, the findings are consistent with Kipesha [11] who found a weak negative correlation between firm size and business performance of microfinance institutions in Tanzania. From these findings is wealthy to note that in Tanzanian context, firm size do not contribute much in business success of SMEs. **Fourth**; this study found a significant correlation between firm size and business performance of agribusiness SMEs in Tanzania. Although it is outside the scope of this study we find wealthy to report some findings in relation to the correlation between firm age and size as well as firm's ownership. This study found that, firm size had a positive moderate correlation with firm ownership while its correlation with firm age was negative. A point to note here is that, in Tanzania's context age of the firm does not affect the size of the firm consistent with some previous studies from Tanzania, which reported about stagnancy of the surviving SMEs after about 3 out of 5 have failed within the first five years of establishment [7]. On the other hand firm ownership in Tanzanian context contribute into firm size expansion may be due to what Kisengo & Kombo [1] calls exceptional commitment of owner-mangers to the firm expansion. However, increase in firm size does not necessarily suggest presence of good performance of the firm as it may be caused by capital expansion by loan from the bank and not from the firm profitability. **Fifth;** the study also found negative moderate correlation between firm ownership and business performance, implying that, in Tanzanian context firm ownership does not influence business performance of agribusiness SMEs although it affects its expansion (size) of the firm when there is no distinction between ownership and management [1]. And **finally,** the study found insignificant correlation between firm ownership and business performance of agribusiness SMEs. Based on these findings were therefore conclude that age has a significant and strong positive correlation with business performance of agribusiness SMEs in Dar es salaam, Tanzania while the correlation between firm size and business performance is significantly weak yet positive. On the other hand, in Tanzania's context there is an insignificant and moderate negative correlation between firm ownership and business performance of agribusiness SMEs in Dar es salaam, Tanzania.

Moreover, from the multiple regressions Analysis we found two main findings in relation to the seventh and eighth hypotheses**. Firstly**; this study found structural firm characteristics to be a moderate predictor of business performance variation of agribusiness SMEs in in Dar es salaam, Tanzania. In other words this study found that when firm age, size and ownership are regressed together against business performance they can moderately predict performance variation although when taken separately as individual predictors they appear so weak and often insignificant in the exception of firm age. **Secondly;** we found that, structural firm characteristics is a significant predictor of agribusiness SMEs in Dar es salaam, Tanzania. We can thus conclude that, in Tanzania's context, structural firm characteristics such as age, size and ownership is a significant moderate predictor of business performance in agribusiness SMEs in Dar es salaam, Tanzania.

Due to focus and clarity purposes this study did not cover capital and market related characteristics of the firm in Tanzania's context, thus less is known about it in the existing literature, we encourage further studies to research on those dimensions of firm characteristics so as to bridge the said pending knowledge gap.

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.166	0.684		1.705	0.094	1.005	5.094
	Age	0.714	0.144	0.549	4.965	0.000	0.065	5.501
	Size	-0.108	0.121	-0.115	-0.887	0.383	-0.587	0.369
	Ownership	-0.004	0.215	-0.041	-0.020	0.756	0.001	0.584
a. Dependent Variable: Performance								

Source: Author based on research conducted in Tanzania between February and July 2015.

Table 3: Regression model.

Model Summary				
Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.561[a]	0.315	0.278	0.75696
a. Predictors: (Constant), Ownership, Age, Size				

Source: Author based on research conducted in Tanzania between February and July 2015.

Table 4: Coefficient of determination.

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.763	3	4.921	8.588	0.000[a]
	Residual	32.087	56	0.573		
	Total	46.850	59			
a. Predictors: (Constant), Ownership, Age, Size						
b. Dependent Variable: Performance						

Source: Author based on research conducted in Tanzania between February and July 2015.

Table 5: Significance of the predictors.

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