

Recent Publications

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- * *The Growth of Micro and Small Cluster Based Furniture Manufacturing Firms and their implications for Poverty Reduction in Tanzania*

Manufacturing Firms need Support to Grow

The construction of industrial clusters, is needed to support the pro-poor growth of manufacturing firms in Tanzania. Specific programmes are required in order to enhance firm growth in different furniture industrial clusters, reveals a study which was published as a research report by REPOA in June 2012.

The study, titled *'The Growth of Micro and Small, Cluster-Based Furniture-Manufacturing Firms and their Implications for Poverty Reduction in Tanzania'* calls for support in furniture industrial cluster growth by providing specific programmes to improve firm-level management and product quality.

Some of the challenges faced by firm owners and workers were identified as insufficient business skills, poor infrastructure within the industrial clusters, technological backwardness, and insufficient raw materials among others.

"Achieving an advanced furniture manufacturing sub-sector means that furniture firms must grow," said Edwin Mhede, the author of the study, "this growth depends on improving firm-level management of furniture manufacturing operations and product quality to meet the local, regional, and international market demands."

The study examined the growth of micro and small furniture-manufacturing firms that operate in three industrial clusters in Dar es Salaam - Keko, Buguruni-Malapa, and Mbezi Beach kwa Komba - as well as the role of clusters in fostering furniture manufacturing enterprise growth, and the connection between this growth and reductions in poverty among enterprise owners and workers.

Findings from the study showed that on average, the furniture manufacturing firms that were studied grew in terms of payments to the firm owners and workers. Firms were also found to benefit from being located within a cluster, and were aware of the benefits.

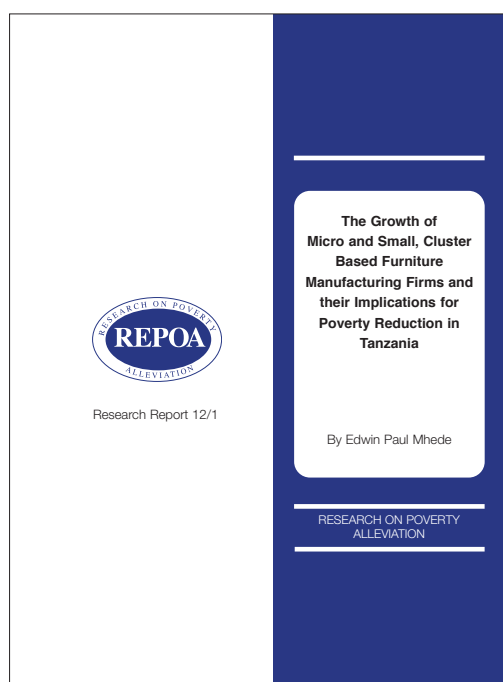
There was, however, a lack of increase in employment numbers throughout the timeframe of the study, although 62 percent of the interviewed firm owners reported improvements in their standard of living over time.

"Out of the three clusters, owners of firms in the Mbezi Beach kwa Komba furniture cluster were the most likely to perceive standard of living improvements followed by those in Buguruni-Malapa and Keko," said Mhede.

On the other hand, workers employed in the furniture firms in the Buguruni-Malapa cluster were found to be the most likely to see standard of living improvements followed by those working in Keko and Mbezi Beach kwa Komba.

The study further recommends the initiation of business incubators and the construction of industrial clusters, parks, and zones as some of the means by which clusters may be initiated to support the pro-poor growth of manufacturing firms in Tanzania.

"This will encourage those furniture manufacturing firms that have successfully started improving product quality, marketing, and management to relocate to formal industrial areas," stated Madete, "The government should also attract industries producing similar and related products into these industrial clusters."



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