Chapter 11
Business Plan and Industrial Development:
The Case of Family-Owned Food Processing SMEs in Tanzania

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ABSTRACT

Writing of business plans ensures performance of a business and contributes to enabling countries to achieve sustainable development goals (SDGs). The latter are intended, in part, to promote industrialization, and improved human living and working standards. This chapter identifies and analyses the importance of business plan for family-owned food processing small and medium enterprises (Fo-SMEs). It advocates for the establishment of an "integrated planning" strategy to link Fo-SMEs and government support system for business development. Business-planning forecasts industrial production based on consumers' demands. Integrated planning ensures sustainability of Fo-SMEs, farmers' economic growth, and consequent achievement of SDGs. Tanzania Fo-SMEs serve as a useful lesson for developing economies. Future studies should consider Fo-SMEs' succession planning framework.

INTRODUCTION

To achieve sustainable economic growth and eradicate poverty, the Governments of Tanzania broaden the economic growth base through improved manufacturing and crop processing. Food processing is one of the fast-growing manufacturing sub-sectors in Tanzania and is important in boosting farmers' incomes. Currently, the sector contributes 38.9 per cent of the value-added production and 36.9 per cent of total employment (URT, Economic Survey, 2018) (See Table 1).

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Table 1. Structure of Tanzania's manufacturing sector, 2018

ISIC (Rev 3)	Description	Value added		Employment	
		Tanzania shillings (million)	% of total	Number	% of total
151–4	Food processing	3,574,901	38.9%	113,052	36.9%
155	Beverages	1,911,174	20.8%	9,279	3.0%
160	Tobacco and cigarettes	767,867	8.4%	6,769	2.2%
171–2, 181	Textile weaving/tailoring apparel	434,041	4.7%	63,930	20.9%
191	Skins and skin products	28,855	0.3%	2,286	0.7%
201–202	Timber and timber products	162,536	1.8%	12,478	4.1%
210-221–222	Paper products, printing	167,430	1.8%	7,409	2.4%
241–2	Chemicals and pharmaceuticals	360,411	3.9	9,852	3.2%
251, 252	Rubber and plastic products	349,590	3.8	5,753	1.9%
261–9	Non-metallic products	622,101	6.7	12,434	4.1%
271–369	Others	814,399	8.8	62,938	20.6%
	Total manufacturing	**9,193,305**		**306,180**	

Source: URT, Economic Survey, 2018 (Percentages computed).

The manufacturing sector focuses on the processing of agricultural goods as determined by the volume of agricultural production (URT, 2010, 2008). Food-processing has a multiplier effect on the country's economy, particularly for rural farmers. The majority of Tanzanians, especially women, are rural smallholder farmers and are dependent on food industries as outlets for their crops (Osabuohien *et al.,* 2019). Among the efforts which continue to be made is the introduction of the Sustainable Industrial Development Policy (SIDP,1996) which empowers the private sector to play its effective role. The role of SIDP is to design and make available a plan for industrializing Tanzania to become semi-industrialized by 2025, expecting that national economy would reach a 40% mark of the Gross Domestic Product (GDP). Globally, most SMEs are family businesses (Daspit *et al*., 2015) and contribute about 70–90 per cent of the annual GDP of individual countries (Family Firm Institute, 2017).

On this perspective, the author asserts that the business plan's values cannot be underestimated by firms in developing countries that aim to transform their economies to middle-income economy from low-economy through industrialization consistent with SDG's-9. In developing countries, most manufacturing firms (including food processing firms) are privately-owned family (Beecroft *et al.* 2020; URT, 2016). Although research recognizes that business planning is important for the survival of these private firms, however, there is limited literature on the values of the business plan for the current generation of Family-owned food processing SMEs in developing economies. The variation in family firms across generations may have different effects on activity planning. Sonfield and Lussier (2004) observed that there is resistance to succession planning in the first generation family firms. A study by Cater &Schwab (2008) indicates a negative impact of strategic planning across generations. The issue of planning is, therefore, dynamic and requires the support of empirical literature. In essence, this informs the main point of enquiry in this publication, namely – "*what are the values of a business plan in Fo-SMEs?*

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