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Impact of Entrepreneurial Activities Done by Mererani Mining Surrounding Communities to their Household Welfare

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ABSTRACT

The existing situation in Mererani does affect members of the surrounding communities, specifically women, children, elders and people with disability, it poses a critical question whether entrepreneurial activities done around Mererani have an impact to the surrounding communities' welfares. A study was conducted purposely to find out the impact of entrepreneurial activities on household welfare among the mine surrounding communities in Simanjiro by using a direct measure of household welfare, money-metric measures/ income or consumption, and asset indices.A sample of 128 entrepreneurs were sampled for the study from the sampling frame of 693 entrepreneurs in Mererani township authority area.Both quantitative and qualitative information were gathered by using interview, observations and review of available documents related to the subject matter. Data were analyzed using descriptive statistics. Findings show that the level of income of respondents' after joining entrepreneurial activities purposely to be able to measure the impact of entrepreneurial activities done by surrounding communities in Mererani in relation to household welfare.Therefore the study concludes that the majority of Mererani mines surrounding communities are low income earners. The study recommends respondents to use the income they get from entrepreneurial activities to buy shares of different companies in the stock marketand join the social security funds because currently these institutions allow private individuals to contribute.

Keywords: Entrepreneurial Activity, household welfare, community, Mining area, Tanzania

Introduction

Entrepreneurial activity is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets (Seymour and Ahmad, 2008). Mining surrounding communities generate their livelihoods from the industry by engaging directly in mining activities and or by opening parallel auxiliary activities that benefit from the booming population in the area (Bond, 2012). Evidence exists that entrepreneurial activities around mining areas benefits the society and household, for example in terms of job creation or economic growth, asset acquisition, and increased ability to provide basic services for survive (Carree and Thurik, 2010). An establishment of mining activity in Mererani has made the area significant for entrepreneurial activities as a result of migration of people from different parts of Tanzania who came to work in the mining or to offer services to miners surround the area.

Globally there has been effort to increase household welfare in mining areas. Study by Bond, (2012) noted that, mining companies need, as much as their legal license, from the Central Government but for them to get a sustainable profit a "social license" to operate is very important. This social license would be the result of work undertaken in an attempt to improve the welfare of the surrounding the community. The government of Tanzania through 2009 mining policy insists that investors in mining sector are supposed to improve household welfare through corporate social responsibility whereby service levy of 0.3% of annual turnover of mining companies supposed to be paid to the local authorities and be used for the purpose of improving the household welfare in communities (URT, 2009).

It is expected that people engaging in entrepreneurial activities around mining areas would have an improved household welfare in terms of owning assets and having sustainable income that will enable them to pay school and health bills for them and their families, having quick access to financial services and other social services. (IMF, 2012). However, household welfare in Mererani is questionable despite the mining and entrepreneurial activities that has been taking place. The population and Housing Census 2012 revealed that Simanjiro district have 43.7% illiteracy rate, 68 % of house are grass roofed; 96% of the population depend on firewood as a source of energy .The mean monthly household incomes in Simanjiro where Mererani Tanzanite mine is located is 32 305 TZS which is still much lower than income among urban households which range from TZS 98 063 to 108 053 (URT, 2012). Study by Rukonge (2006) noted that there is a dire need of water in Mererani, and community members pay about 300 TZS for a 20 litre container. This might be very expensive although it is an important service to the community members. The existing situation in Mererani does affect members of the surrounding communities, specifically women, children, elders and people with disability, it poses a critical question whether entrepreneurial activities done around Mererani have an impact to the surrounding communities' welfares. Therefore, this study was conducted purposely to find out the impact of entrepreneurial activities on household welfare among the mine surrounding communities in Simanjiro by using a direct measure of household welfare, money-metric measures/ income or consumption, and asset indices.

2.0 Research Methodology

2.1 Research Design

A research design provides a framework for the collection and analysis of data, it establishes the structure that connects the research questions to the gathering of empirical data, and ultimately, to the conclusions drawn (Kothari, 2009). This study employed a cross-sectional survey research design. The design involved collecting data from a single point at a time on the impact on household welfare through entrepreneurial activities done by the surrounding Mererani mining communities. This type of study design utilizes different groups of people who differ in the variable of interest, but share other characteristics such as socioeconomic status, educational background, and ethnicity. The design is considered as the most appropriate for descriptive purposes and determination of relationship between variables.

2.2 Description of the Study Area

Mererani Town is a multiethnic mining area, composed of a conglomerate of people from Tanzania and neighboring countries (Lange, 2006). Mererani is located 150 kilometers from Orkesmet, the Simanjiro District Headquarters, 70 kilometers from Arusha and Moshi Municipalities. The original inhabitants of Mererani are Maasai and Meru. However, due to immigration, immigrants are estimated to occupy a big portion of the population (URT, 2012). Mererani consists of five villages which are Songambele A, Songambele B, Zaire, Kazamoyo and Endiyamutu. Mererani is the only place in the world that put Tanzania on the map of Tanzanite producer. There is almost every tribe presented in the area such as Wachaga, Waarusha, Wameru and Maasai who score highest percentage in the area. The presence of mining activities and entrepreneurial activities in Mererani has influenced the researcher to conduct this study in the area. The study assumed that the views of respondents in Mererani will presents the views of other mining areas surround communities in Tanzania.

2.3 Sample size and Sampling techniques

2.3.1 Research sample selection

A total of 128 entrepreneurs were sampled for the study from the sampling frame of 693 entrepreneurs in Mererani township authority area. The total number of Entrepreneurs was obtained from the register of Township Executive Officer (TEO). The researcher calculated the required sample (n) depending on the total number of the entrepreneurs (N) in each village using Boyd *et al*. (1981) formula for known population.

n*= C/100 x N*

Where:

C= figure greater than or equal to five percent of village household population.

N*= the total number of households in the villages.*

n*= the number of selected households.*

Four villages were selected from two wards (Mererani and Endiyamtu) from which a representative sample was selected .A total of 128 respondents were identified from Songambele (34), Zaire (30), Kazamoyo (34), and Endiyamutu (30).

Table 1: The number of respondents from ward and village

Ward	Village	Total number of entrepreneurs (N)	Percent of entrepreneurs involved in the study	Number of entrepreneurs involved in study(n)
Mererani	Songambele	226	15	34
	Zaire	200	15	30
Endiyamuu	Kazamoyo	342	10	34
	Endiyamutu	195	15	30
Total		**693**	**55**	**128**

Source: Mererani Township Authority (2017)

2.3.2 Sampling techniques

Both non-probability and probability sampling procedures were used in this study. Probability sampling (simple random sampling) was used to select respondents in each village for the study. A list of respondents (entrepreneurs) were obtained from Mererani township authority office in which entrepreneurs were randomly selected from lists provided whereby each name were written in an individual piece of paper and the pieces were placed in a box (lottery technique) then names of entrepreneurs to be interviewed were picked whereby each respondent had the chance of being included. Random sampling is an appropriate strategy, when one wants to generalize from the sample studied to a large population (Saunders *et al.*, 2009). Non probability (purposive) sampling was used to select 13 key informants, which include two ward Councilors, one township executive officer, one district business registration officer, one division officer, two ward executive officer, four village chairperson and two leaders of Mererani business owners association. The reason for their inclusion is the fact that as leaders and officers, they are sufficiently place to know better the subject matter of this study, especially on issues related to policies and entrepreneurial activities. They are also well informed and experienced in all issues related

entrepreneurial activities done around. This technique is useful when sample element and locations are chosen to fulfill certain criteria or characteristics or have attributes under study (Saunders *et al.*, 2009).

2.4 Data Collection Methods

This study used several methods of data collection. The researchers opted to use different methods in order to ensure validity and reliability, suitability and adequacy of data. The researcher also, assumed that, no single technique is necessarily superior to any other while a combination of two or three methods would make data highly reliable. Data were gathered from both primary and secondary sources. Both quantitative and qualitative information were gathered by using interview, observations and review of available documents related to the subject matter.

2.4.1 Interview

An interview is a data collection technique that involves oral questioning of respondents (Saunders *et al.*, 2009). In research interview is a prominent data collection strategy in both qualitative and quantitative research (Bryman, 2008). For the case of getting more detailed and accuracy information interviews is also suggested to be used in the study. In this study therefore, face to face interview was used whereby structured questionnaire which included both closed and opened ended questions were used. Structured questionnaires were used to guide the interviews with respondents during collection of quantitative primary data. Questionnaires were prepared based on the study research objectives. Qualitative data were gathered by using face to face interviews with 13 key informants. To ensure validity and credibility of the collected data the interview were recorded by writing them down and tape-recording the responses in relation to the study specific objectives.

2.4.3Review of documents

This method was used to complement on the first-hand information obtained through interview. Available documents were reviewed in which reports and other relevant information from various documents such as Published and unpublished documents, books, journals and official reports from different sources supplied required data.

2.4.3 Observation

Observation is the systematic description of events, behaviors, and artifacts in the social setting chosen for study (Kawulich, 2005). Observations enable the researcher to describe existing situations using the five senses, providing a "written photograph" of the situation under study. Observations enable the researcher to observe events that informants may be unable or unwilling to share when doing so would be impolitic, impolite, or insensitive, and observe situations informants have described in interviews, thereby making them aware of distortions or inaccuracies in description provided by those informants (Kawulich, 2005). In this study therefore researcher spent enough time in the field where he managed to observe the entrepreneurial activities conducted by Mererani mines surrounding communities, and accessed social services .Observations also enabled the researcher get a holistic understanding of other phenomena under study.

3.5 Data Analysis

The collected data were coded, summarized, and analyzed by using Statistical Packages for Social Sciences (SPSS) computer software in conformity with objectives of the study. SPSS has been applied because it takes data from almost any type of file and uses them to generate tabulated reports, charts, perform descriptive statistics and conduct complex statistical analysis (Collins, 2005). Frequency distribution tables were generated to summarize the data. A descriptive analysis used to analyze the collected quantitative data. The researcher provided a detailed description of the phenomena and provides their significant relationship based on the study objectives. Content analysis was used in analyzing qualitative data whereby data were transcribed into text and analyzed based on content and meaning of the text. Since the study have four objectives, data collected for each objective were analyzed accordingly.

For the identification of household asset owned by the communities surrounding the mining area, respondents were asked to mention assets they owned before and after engaging in entrepreneurial activities. List of asset was prepared and tested during the pre – test exercise to establish commonly owned asset. The responses were assessed, coded and analyzed descriptively using multiple responses. In analyzing levels of income among households of mining surrounding communities, respondents were asked about their estimated monthly income as emanate from activities done around mining, there after median was calculated and used as benchmark. The respondents with income above the median was called high income earners and respondents with income below the median was termed as low income earners. Also respondents were asked to disclose if they had any other income for example from relatives etc purposely to differentiate income obtained from entrepreneurial activities done around and other sources. In order to come up with the impact of entrepreneurial activities done around mining respondents were asked to disclose their income before joining entrepreneurial activities and after then T – test was done to measuredifference between.

3.0 Results and Discussion

3.1 Income Levels for Households Surrounding Mererani Mining Area

This part contains the findings and discussions on income of respondents before and after starting entrepreneurial activities. Also the findings and discussions on levels of income among household of mining surrounding communities has been discussed in this part.

4.3.1 Household income per month before involvement in entrepreneurship at Mererani Mining area

Respondents were asked about their income per month before starting entrepreneurial activities. The findings showed that the mean monthly income was TZS 150 546.9; with the minimum of 60 000 TZS and maximum of TZS 800 000. The findings further indicated that the majority of the respondents (28.1%) had income of TZS 100 000 per month. This implies that even before engaging in entrepreneurial activities surrounding mining communities had an income. This study found out that although income of respondents before engaging in entrepreneurial activities was not that much large, its average mean was higher than the current monthly mean income for Simanjiro District which is 32 305 TZS (URT, 2012).

4.3.2 Communities income after engaging in entrepreneurial activities

It was important to find out the level of income of respondents' after joining entrepreneurial activities purposely to be able to measure the impact of entrepreneurial activities done by surrounding communities in Mererani in relation to household welfare.

Respondents were requested to expose their monthly income as emanate from doing entrepreneurial activities in Mererani Tanzanite mining area. The findings showed that the minimum income was 200000 TZS and the maximum income was 2 million TZS. The mean monthly income among surrounding communities who performs entrepreneurial activities was 497 734 and the median was 400 000 TZS. The findings also indicate that the majority of respondents (13.3 %) had monthly income of 400 000 TZS. The findings imply that mining surrounding communities who are involved entrepreneurial activities managed to get and increased their income through entrepreneurial. This study noted that the increase in average monthly income among mining surrounding communities who engage in entrepreneurial activities in Mererani is due to the recent improvement of road infrastructures from Kilimanjaro international airport to Mererani as it has simplified the movement of people and their products which leads to an improved services provision. Also the recent establishment of three banks branches in Mererani has contributed to the rise of average income as the banks provides financial advice and loans to mining surrounding communities who do entrepreneurial activities.

The study found that mean monthly income among mining surrounding communities who do entrepreneurial activities in Mererani was 497 734 TZS ,higher than the monthly mean income (32 305 TZS) of Simanjiro district as reported by the 2012 National Population and Housing census (URT, 2012).

The researcher wanted to know whether entrepreneurs had income from other sources for example from sponsors or relatives out of their current activities. The findings indicated that none had such income sources.

The fact that mean, median, minimum and maximum income of respondents before engaging in entrepreneurial activities are higher than the mean, median, minimum and maximum income of respondents after starting entrepreneurial activities, implies that there are positive impact of entrepreneurial activities on the household welfare to surrounding communities. To validate the above statement T- test was done in SPSS computer software purposely to measure the difference between income of respondents before and after starting entrepreneurial activities. The findings show that the P- value was statistically significant at 0.000, t-value=-15.062 with degree of freedom 127. Due to the mean of the two income (before and after entering entrepreneurial activities) and the direction of t value which is negative, it can be concluded that there is a statistically significant improvement in average income of surrounding communities households from 150 546.9 TZS to 497 734.4 TZS. Therefore one can say and conclude that entrepreneurial activities have impacted on the welfare of communities surrounding Mererani mines as far as income is concern.

Table 2 : Paired Samples Test T- Test; The impact of entrepreneurial activities done by mining surrounding communities to their income

		Paired Differences					t	df	Sig.(2tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Income before Income after	-347187.500	260783.005	23050.179	-392799.644	-301575.356	-15.062	127	.000

Source: Field data (2017)

4.3.3 Household income levels among surrounding mining communities

The median income of surrounding mining communities who do entrepreneurial activities (400 000 TZS) was used as a benchmark in establishing the income levels among surrounding mining communities. Three levels were established since there was no person who had zero (0) income in the study area. The first level is composed of respondents who had an income below the median; that is from 200 000 to 399 999 TZS. Respondents under this category have been labeled by this study as low income earners, which comprise of 43.8 % of all respondents. The second level comprises of respondents who had median income which is 400 000 TZS. Respondents in this category have been labeled as middle income earners which include 13.3% of all respondents. The last level of income among mining surrounding communities who do entrepreneurial activities comprises of respondents who had an income above the median; that is from 400 001TZS to the maximum income which was two (2) million. Respondents who fall in this level has been labeled by this study as high income earners, and they are composed of 42.9% of all respondents. This finding implies that the majority (43.8%) of the mining surrounding communities in Mererani Tanzanite mining area are low income earners, which may have impact on household welfare since having low income reduces accessibility to social services. A study by Brewer, (2012) conducted to measure living standards with income and consumption reported that low income earner and high income earner differs in access and command to social services .This implies that high income earners have improved household welfare than the low income earners because the high income earners have high purchasing power compared to their counterpart.

The findings on level of income among communities surrounding Mererani mining area are all most the same but not equal with finding from the study by Malinganya and Renatus (2016), conducted to measure the impact of large-scale mining on the livelihoods of adjacent communities at Geita gold mine in Tanzania. The study reported that there were three levels of income among the adjacent communities. Level one labeled as "the poor" comprised of individual with annual average income of 207.74 USD, which is equivalent to 436 254 TZS. The second level labeled as "median level" comprised of individuals with annual average income of 906.09 USD, which is equivalent to 1902789 TZS. The third level was labeled as "less poor" comprised of individuals with average annual income of 4153.55 USD which is equal to 8 722 455 TZS. Despite the fact that communities surrounding Mererani Tanzanite mines and Geita Gold mine had three levels of income, this study noted that communities surrounding Geita Gold mine who fall in the first level of income (the poor) had low average monthly income which ranged from 0 to 36 354.5 TZS, while their colleague (low income earners) at Mererani Tanzanite mines had high average monthly income which ranged from 200 000 to 399 999 TZS.

Table 3 : Income levels of communities surrounding mining area (n= 128)

Levels of income	Frequency	Percent (%)
First level (Below median)	56	43.8
Second level (Within median)	17	13.3
Third level (Above median)	55	42.9
Total	**128**	**100**

4.4.1 Household asset owned by the mining communities before engaging in entrepreneurial activities

The researcher wanted to know the asset owned by mining communities around the mines before engaging in entrepreneurial activities. The findings show that 24.3% of respondents owned beds while 13.8% of respondents owned chicken. Hoes were owned by 21.8% of respondents. About 20.9% of respondents owned mattress while 19.2% owned goats. These findings imply that communities surrounding mines who conduct entrepreneurial activities had some assets before engaging in entrepreneurial activities. These findings are similar to the study findings by Sosy (2013) who found out that 43% of the respondents owned furniture including beds, mattresses and tables, while 13% of the respondents had only spongy mattresses. Other 9% of the respondents possessed beds alone.

Table 4 : Assets ownership before engaging in entrepreneurship in Mererani

Household asset	Responses	
	Count	Percent
Bed	109	24.3
Chicken	62	13.8
Hand hoe	98	21.8
Goats	86	19.2
Mattress	94	20.9
Total	**449**	**100.0**

N. B. Respondents gave more than one answer categories, therefore the number of cases do not add to 128 (Data set was based on multiple responses)

4.4.2 Household asset owned by the mining communities after engaging in entrepreneurial activities

The findings in Table 14, show asset owned by the community surrounding mining area, after engaging in entrepreneurial activities whereby 14.1 % of respondents owned radio. About 7.7% of respondents owned bicycle, while mobile phones, were owned by 14.1% of respondents. Motorcycles were owned by, 4.9% of respondents while on the other hand television set were owned by 14.1% of respondents. About 14.1% of respondents owned electric iron and only 6.5% of respondents owned gas/electric cookers. Other asset owned by surrounding communities in the study area included refrigerators/deep freezers 5.9%, while 7.8% of respondents owned houses, 9.9% owned land/farm and only 1.1% owned motor vehicle. The high percent of ownership of radio and television set are likely because individuals' doing entrepreneurial activities prefers to know what is going on in the market for example changes in price, customers demand, changes in business policy and regulations. Also the study found that entrepreneurs prefer to get information about inflation, finance and financial institutions just to name few. On the other hand high percent of respondents owned mobile phone because it is important to communicate with customers and suppliers purposely to ensure availability of products and services at right time. The fact that high percent of respondents owned bicycle implies that most of respondents uses them as means of transport from one point to another for example from their home place to their entrepreneurial canters and, or market place.

The study Chuma (2011), in Morogoro district noted that 31% of respondents acknowledged having a bicycle, 7% reported to possess a radio and 3% own a TV, but the majority (63%) owned a farm. A study conducted in South Africa revealed that households engaging in entrepreneurial activities were better off in terms of the value of household assets (Pronky*et al.*, 2008). This study found out that there are significant different between assets owned by communities surrounding Mererani mines before engaging in entrepreneurial activities and assets owned after starting entrepreneurial activities. These findings imply that communities surrounding Mererani mine managed to increase ownership of assets as a results of doing entrepreneurial activities in the study area.

Respondents were asked to explain whether assets they own come from the profit emanated from doing entrepreneurial activities in mining area or somewhere else. It is interesting that all respondents replied that they used the profit obtained from entrepreneurial activities done around Mererani to buy such assets.

Table 5 : Household asset owned by the surrounding communities after engaging in entrepreneurial activities

Household asset owned	**Responses**	
	Count	**Percent**
Radio	128	14.1
Mobile phone	128	14.1
Bicycle	70	7.7
Motorcycle	45	4.9
Television set	128	14.1
Electric/Iron	128	14.1
Gas/Electric cooker	59	6.5
Refrigerator/Deep freezer	54	5.9
House	71	7.8
Land/Farm	90	9.9
Car	10	1.1
Total	**911**	**100.0**

N. B. Respondents gave more than one answer categories, therefore the number of cases do not add to 128 (Data set was based on multiple responses)

4.4.3 Quantity and estimated values of household asset owned by the mining communities after engaging in entrepreneurial activities

Respondents were also asked to expose the quantity and estimated values of the asset they owned. The findings indicated that 73.4 % had a radio while 26.6% had two radios. Minimum estimated value for radio was 90 000TZS and the maximum estimated value for radio was 400 000 TZS. Furthermore 68% of respondents owned only a single mobile phone while 32% had more than one mobile phone. The minimum estimated value of mobile phones owned by respondents was 250 000 TZS and the maximum estimated value was 1000 000 TZS. About 43.8 % of respondents owned a bicycle and 11.7% had more than one bicycles while 44.5% had none. The minimum estimated value for bicycle was 50000 TZS and the maximum value was200 000 TZS. The findings on the number of motorcycle owned by respondents indicated that 21.1% had one motorcycle, and 14.1% had more than one motorcycle while 64.8% had none. The minimum estimated value for motorcycle owned by respondents was 500 000 TZS and the maximum was 2 million. Findings on televisions set and electric iron owned by respondents indicated that all respondents (100%) had only one television set and electric iron. The maximum estimated value for television set was 150000 TZS and the maximum value was 450000 TZS. Findings on the number of gas/electric cookers owned by respondents indicated that 37.5% of respondents owned only one gas/electric cooker, while 8.6 % had two and above. Estimated minimum value for owned asset was 80000 TZS while the maximum was 200 000 TZS. The findings on number of houses

owned by respondents indicated that 30.5 % had one house and 25.8% had two and above houses while 43.8% had no houses. The estimated minimum value for owned house was 1 million while the maximum value was 8 million. On the number of car owned by respondents the findings indicated that 7% had one car and 1.6% had more than two cars while 91.4% had none. The minimum estimated value for the owned car was five (5) million while the maximum was ten (10) million. These findings implies that entrepreneurial activities done by communities surrounding Mererani Tanzanite mines had enabled them to poses valuable assets that they did not owned before.

5.0 Conclusions and Recommendations

5.1Conclusions

This study found that monthly income after starting entrepreneurial activities among mining surrounding communities is increasing. This study for example noted that mean income of respondents before starting entrepreneurial activities was 150 546.9 TZS, lower than income after starting entrepreneurial activities which is 497 734 TZS. The median income before doing entrepreneurial activities was 100 000 TZS while median income after starting entrepreneurial activities is 400 000 TZS. The minimum income of respondents before starting entrepreneurial activities was 10000 TZS while minimum after is 200 000 TZS. Maximum income of mining surrounding before starting entrepreneurial activities was 800 000 TZS while the maximum monthly income level after is 2 million TZS. Basing on the findings this study conclude that there are positive impacts of entrepreneurial activities done by Mererani mining communities to their household income thus brings about general improvement of household welfare.

After knowing the income of the respondents before and after engaging in entrepreneurial activities, three levels of income was established whereby median income was used as a benchmark. The first level (low income earners) involves respondents who have income below the median as from minimum monthly income because the study found out that none of the respondents had income zero income. The second level (middle income earners) comprised of respondents who had income within the median and the third level (high income earners) is composed of respondents who had monthly income above media to the maximum income. Therefore the study concludes that the majority of Mererani mines surrounding communities are low income earners.

Household asset owned by the Mererani mine surrounding communities as discussed in chapter four to addresses the second objective. By using multiple responses analysis the study found that respondents owned common household asset such as radio, mobile phones, bicycle, motorcycle, television set, electric/charcoal iron. This study found that ownership of fixed assets like land/farm and house is still low to many Mererani mining surrounding communities; however based on this findings the study concludes that entrepreneurial activities enabled the mining surrounding communities to increase and improve their household welfare in as far as assets ownership is concerned.

5.2 Recommendations

This study recommends respondents to use the income they get from entrepreneurial activities to buy shares of different companies in the stock marketand join the social security funds because currently these institutions allow private individuals to contribute.

This study recommends to Mererani mines surrounding communities who are doing entrepreneurial activities to make sure that they increase ownership of fixed assets like houses, land/farm and other strategic asset that will enable them continue to improve their household welfare because its value tend to increase every year.

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