
FACTORS AFFECTING FORMALIZATION INITIATIVE OF REAL ESTATE AGENTS IN TANZANIA

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ABSTRACT

The study was about factors affecting formalization initiative of real estate in Tanzania. The specific objectives were to: examine the influence of a policy on formalization initiative of real estate agents, determine the effect of income flow on formalization initiative of real estate agents and analyze the effects of an agent's association on formalization initiative of real estate agents in Tanzania. Descriptive research design was employed and utilized Mixed Method Approach (MMA). The population was 110 individuals where a sample of 86 respondents were chosen. Simple random sampling technique was used to select a sample of real estate agents to participate in the study while a census was used to select Ministry staff, local government authorities and subject matter experts. Questionnaire and interview were used to collect data. The study found that policy and agents association would highly influence formalization initiative of real estate agents. On the other hand, income flow would influence formalization initiative of real estate agents in a low manner. The correlation analysis found that policy development, income flow and agents association had coefficient of 0.782, 0.267 and 0.678 respectively. The regression analysis found that agent's associations would impact real estate agents' formalization by 48.2%, policy would impact real estate agents' formalization by 70.1% while income flow would impact real estate agent's formalization by 5%. The study recommends that the government should come up with policy to guide the real estate agents, the real estate agent should organize themselves and register an organization to be able to channel their issues through the organization and that the government should come up with means to regulate income from the business of real estate agents.

Keywords: Formalization Initiative, Real Estate Agents, Policy Income Flow, Agents Association.

1. INTRODUCTION

Formalization of business activities is integral to the generation of decent work and growth of the economy of a country (Vu and Nguyen, 2022). Formalized business activities are normally registered with the relevant authorities and comply with the applicable rules and regulations associated with business such as tax (Webb and Bruton, 2016). Informal business ventures are not registered with government authorities and or do not comply with relevant regulatory authorities of the countries in which they operate (Maffei, 2018). According to ILO (2019) informal business activities across the world contributed 32% of Growth Domestic Product (GDP) and 60% of jobs globally. On the negative side, informal business activities are responsible for environmental pollution and tax violation (ILO, 2018). The informal business activities due to inadequate control they contribute to reduced country's economic growth (Camella, 2022). It is posited that

successfully formalizing informal business activities can minimize negative externalities of their operations and in turn contribute to country's economic growth and job creation (Camella, 2022). The formalization business involves registration, occupation designing, establishment of association, development of policies and guidelines, establishment of legal framework and training to practitioners ([Taylor](#) and [Winter](#), 2022). Real estate agents (*Madalali*) are a unique business activity, which the agents link a vendor to the buyer and earn a commission stated solely by the real estate agent. Once this money is paid by the vendor (buyer/renter of that property) it goes straight to the agent, the government does not generate revenue out of that transaction and the agent is not guaranteed any social contribution or contribution or regulation to make is his/her work a decent work as per ILO (2018) explanation. Real estate agents do not contribute to government revenue because such a business is not formalized (ILO, 2018). However, it is posited that real estate agents if formalized is a promising business potential which can contribute to the national economic growth (Busani and Moyo, 2022). It has been observed that countries such as United States of America, Belgium, and Germany have formalized the real estate agents, by developing policies which govern the sector and those policies have necessitated real estate agents to be registered and easy for them to be regulated and transformed into formal business ([Hung-Chung et al.](#), 2022). This has led to the countries to generate revenue as well as help the real estate sector to generate formal employment. In this nature, Busani and Moyo (2022) assert that they contribute well to the economy of the countries and avoid any swindling from either party.

Similarly, in South Africa to become a qualified Real Estate Agent one is required to register with the **Estate Agency Affairs Board (EAAB) and must complete the 12 Month Internship. Complete NQF 4. Complete the PDE4 (Professional Designation Examination).** It has been experienced that without a 12 Month Internship qualification one cannot become a real estate agent (Geci and Karen, 2021). It is advocated that with such qualification it enables the government to know who is practicing in real agent business and control them to contribute to government revenue (Geci and Karen, 2021). According to Shah and Shirley (2023), Nigeria has three options for getting licensed as a real estate agent: **full-fledged accreditation, provisional registration, and operating license. Moreover, to become** a real estate agent in Nigeria involves completing certain courses and obtaining certain licenses (Shah and Shirley, 2023). Some states require new real estate agents to take continuing education courses each year, while others require only a license renewal fee each year (Shah and Shirley, 2023). This makes government to organize the sector by rules and regulations and thus, create decent jobs in the real estate agent sector (Shah and Shirley, 2023). In Cameroon real estate agents must have the necessary **training** from an accredited real estate agent (Bromley, 2020). After such training, real estate agents are given a certificate to ensure they earn a valid license to operate their business legally in Cameroon. A certificate issued by the government regulates the business of real estate agents in Cameroon (Khan et al., 2019). In most of the East African countries such Kenya, Uganda and Tanzania real estate agent "*Madalali*" are not formalized and thus, the sector is not recognized (Bega, 2018). In Tanzania very, many people approximately more than 4,000 operate as real estate agents linking a buyer or a tenant to property (Edwin and Erik, 2019). However, those real estate agents operate undocumented and thus, their businesses lack recognition as a decent work and deprives the government revenues (Bega, 2018).

1.1 Statement of the Problem

Real estate business agent helps to link buyer/tenant to real estate properties (Louis et al., 2015). For decades real estate is a business known world over. In countries such USA, Germany and the Netherlands this business activity has been formalized and is regulated by various government authorities (Bromley, 2020). The formalized real estate agents have been among the sources of government revenue generation and formal employment creation (Bromley, 2020). To the contrary in Tanzania real estate agent's business activities are not formalized and regulated despite the fact that around 5% of the Tanzanian population is involved in this business (Edwin and Erik, 2019). The Tanzania Estate Bill 2015 among others promised to Regulate Real Estate agents' activities and registration of Real Estate Agents. However, the Tanzania Estate Bill 2015 initiative has not been achieved raising a big question capitalized by the study: what are the factors affecting slow formalization initiative of real estate agents in Tanzania? There are increasing calls for researches focusing on the identification of factors affecting business formalization initiatives. Subsequently, several studies on business formalization have been conducted including those of Maffei (2018) and ILO (2021), however, the findings cannot be generalized to Tanzania context as those studies were based on foreign country contexts. Thus, the current study examined factors affecting formalization initiative of real estate agents in the context of Tanzania.

1.2 Specific Objectives

- i. To examine the influence of a policy on formalization initiative of real estate agents in Tanzania
- ii. To determine the effect of income flow on formalization initiative of real estate agents in Tanzania
- iii. To analyze the effects of an agent's association on formalization initiative of real estate agents in Tanzania

2. LITERATURE REVIEW**2.1 Theoretical Review**

The study was based on the two theories: *Informality as Handcuffs Theory* and *Formalization for Decent Work Theory*

2.1.1 Informality as Handcuffs

The *Informality as Handcuffs Theory* was developed by De-Soto in 1989. The theory states that informal businesses are potentially very productive but constrained by unclear initiatives of recognition. These constraints may be due to lack of government regulations, bureaucracy and their inability to secure business rights and to access finance. A key assumption is that informal business would be fundamentally similar to formal business activities if they were not constrained by informality factors. The implication of this view is that, if the barriers associated with informality status were lowered informal businesses including real estate agents would take advantage of the benefits of formalization, which would then lead to their expansion, revenue to government and wider economic growth. The theory was used in this study to explain the benefits of the formalization of the business of real estate agents as suggested by *Informality as Handcuffs Theory*.

2.1.2 Formalization for Decent Work Theory

The theory was developed by International Labour Organization (ILO) in 1999. The theory states that the goal of decent work is 'not just the creation of jobs, but also the creation of jobs of acceptable quality. Business formalization means bringing enterprises under the regulation in order for the business to be of the advantageous and comply with government regulatory requirements. This theory guides that in order to measure informality among business activities, it is necessary to determine a) to what extent business activities are registered with the relevant agencies at the national level, and b) to what extent they comply with the regulations that apply to them (e.g. on business, tax, social and labour issues) in order to make decent work. The Formalization for Decent Work Theory was used in the current study to explain whether formalization of the business of real estate agents will transform the informal activities to decent work or not

2.2 Empirical Review

The study reviewed empirical literature related to the study in Tanzania and found several studies. Edwin and Erik (2019) did a study on the informal sector of the Tanzanian economy. The study found changing, heterogeneous mixture of enterprises operating wholly or partially outside of the government system of regulation. Such a previous study concluded that informal sector flourished partly because informality offers opportunities of economic necessity to the poor, most of who will never be able to assimilate the costs of formalization, and partly because it offers a low-cost arena for experimentation that can lead to business growth. Nyangarika et al. (2020) researched on the Tanzanian demand on the housing sector using real estate agents. The findings found that fast-growing demand of housing sector is mainly driven by the fast-growing Tanzanian population. Bega (2018) researched on the property industry in Tanzania, by determining the major participants in the property industry and the nature and extent of their involvement in the property industry in Tanzania. This previous study also established challenges facing the industry. Among challenges noted included: those related to the types of property developments in Tanzania, those related to the major property developers, those related to the major methods of property development and those related to the building costs in Tanzania. Mukiza et al. (2020) investigated inefficiencies in recovering outstanding debts of real estate-backed mortgages in Tanzania. This previous study explored how banks in Tanzania apply alternative recovery techniques in real estate-backed mortgages. The findings revealed that different forms of workouts were preferred. The most preferred technique was mortgage modification, followed by mortgage refinancing. Further, the study established there was no cooperation between the real estate agents (*Madalali*) and the buyers of real estate property. These previous studies demonstrated a gap in literature on formalization of real estate agents in Tanzania.

3. MATERIALS AND METHODS

The study was conducted in Tanzania specifically at Kinondoni District which is in Dare es salaam region. Descriptive Research Design which involved Mixed Method Approach (MMA) was used. Descriptive research designed allowed the researcher show the effects of independent variables (income flow, the policy that can govern real estate agents and agents' associations) on dependent variable (formalization of the business of real estate agents) (Patrik and Ugo, 2019). The population consisted of 50 real estate agents; 20 officials from the *Ministry of Lands, Housing and*

Human Settlements Development; 20 officials from the Kinondoni local authority and 20 general public conversant with real estate agents. Therefore, the target population was 110 individuals. A sample size (n) = 86 calculated using Yamane formula of 1967 as cited by Schoonenboom and Burke (2017). Simple random sampling technique adopted to select the individuals from the categories of the population. Two methods were used to collect data which are survey and interview. Data was analyzed thematically, Frequency and Percentage Distribution, Mean and Standard Deviation, correlation and multiple regression analyses. The mean and standard deviation, the correlation and regression were done as follows. The rating scale was as shown in Table 3.5 and was used to interpret the responses from the respondents as adopted from Gay (2005).

Table 1.1 Rating scale

Mean Range	Response Mode	Interpretation
1.00 - 1.75	Strongly Disagree	Very Low
1.76 - 2.50	Disagree	Low
2.51 - 3.25	Neutral	Neither low or high
3.26 - 4.00	Agree	Moderate
4.01 - 4.75	Strong Agree	High

Multiple regression analysis was done to determine the impact of several predictor variables on the dependent variable. The regression model was: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$. Where: Y = Real estate agent formalization measured by registration, payment of taxes, and recognition by authorities. β_0 = Constant, X_1 = Income level, X_2 = Policy Development, X_3 = Real Agents Association and ε = Error Term.

4. RESULTS

4.1 Demographic Characteristics

The study examined different respondents' characteristics gender, age and level of education. The findings are displayed in Table 1.2.

Gender

The findings as shown in Table 1.2 indicate that fifty respondents representing 58.1% of the respondents were men and thirty-six respondents representing 41.9% were women. These findings suggest that both men and women were involved in the study which provided opportunity to capture their reviews. Baldrige (2003) recommend that sex is an important factor to be considered in order to gather their differing experiences and perceptions. Marbuah (2013) indicated that gender parity with not more than 20% difference is conducive to get conducive representative findings. Mugenda and Mugenda (2003) also confirms so long as the differences in sex representation is less than 30% of the total then it is acceptable to give generalizable findings. Since, women in this study constituted 41.9% it was found that the sex differences were acceptable to get a reasonable representation of responses.

Age

Data from Table 1.2 indicates that respondents involved with ages which ranged between 18-30 years were 14 representing 16.3%, those with the ages which ranged between 31- 40 years were 27 respondents representing 31.4%, those with the ages which ranged between 41-50 years were 30 respondents representing 34.9%, those with the ages which ranged between 51-60 years were 10 representing 11.6%, while those with the ages which ranged between 61 and above years were 5 respondents representing 5.8%. The implication of this data is that all ages were represented in the study. In this respect, the current study gathered opinions and experiences regarding factors affecting formalization initiative of real estate agents in Tanzania based on responses drawn from all ages. Such a representation was in line with Wario and Khalfan (2015) who recommend that for the findings of the study to be generalized all ages must be taken considered.

Education Level

The findings of the study show the study involved respondents with varying levels of education as follows: below secondary education were 26.7% of the respondents; those with secondary level were 46.5%, diploma level were 18.7%, university degree level were only 5.8% and those who had postgraduate level were 2.3%. Perry 2000 noted that education level is important in research because it may influence respondents' understanding, experience and perceptions on the issue at hand. Saunders and Thornhill (2007) also recommended the need to consider respondents according to their education levels in order to have a good representation of understanding on a given phenomenon. The current study involved real estate agents (Dalali) with varying education levels, however majority had lower education i.e. below primary and secondary levels. The involvement of many real estate agents with lower education level could not be avoided because the subsector employs majority of employees with lower education levels.

Table 1.2 Demographic characteristics

Gender	Frequency	Percent
Male	50	58.1
Female	36	41.9
Age		

Gender	Frequency	Percent
Male	50	58.1
Female	36	41.9
18-30	14	16.3
31-40	27	31.4
41-50	30	34.9
51-60	10	11.6
above 61	5	5.8
Level of education		
Below Secondary Education	23	26.7
Secondary Level	40	46.5
Diploma Level	16	18.7
University Degree	5	5.8
Post Graduate	2	2.3

4.2 Formalization of Real Estate Agents

The study first wanted to know from the respondents whether real estate agents are formalized in Tanzania.

4.2.1 Real estate agents (dalali) are formalized

The researched investigated whether Real estate agents (dalali) are formalized. The results are shown in Table 1.3.

Table 1.3: Real estate agents (dalali) are formalized

Variable	Frequency	Percent
Strongly agree	0	0
Agree	0	0
Neutral	0	0
Disagree	6	7.0
Strongly disagree	80	93.0
Total	86	100

The results in Table 1.3 shows that 80 respondents equal to 93.0% strongly disagreed while 6 respondents equal to 7.0 disagreed that real estate agents (dalali) are formalized.

4.2.2 Real estate agents (dalali) are not formalized

The study investigated the statement real estate agents (dalali) are not formalized. The results are shown in Table 1.4.

Table 1.4: Real estate agents (dalali) are not formalized

Variable	Frequency	Percent
Strongly agree	80	93.0
Agree	6	7.0
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.4 shows that 80 respondents equal to 93.0% strongly agreed while 6 respondents equal to 7.0 agreed that Real estate agents (dalali) are not formalized. This implies that real estate agents (dalali) are not formalized in Tanzania.

4.2.3 Real estate agents (dalali) are not organized in recognized associations

The study investigated the statement that real estate agents (dalali) are not organized in recognized associations. The results are shown in Table 1.5.

Table 1.5: Real estate agents (dalali) are not organized in recognized associations

Variable	Frequency	Percent
Strongly agree	70	81.4
Agree	16	18.6
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.5 shows that 70 respondents equal to 81.4% strongly agreed while 16 respondents equal to 18.6% agreed that Real estate agents (dalali) are not organized in recognized associations. This implies that real estate agents (dalali) are not organized in recognized associations.

4.2.4 Real estate agents (dalali) do not pay tax

The study investigated the statement that Real estate agents (dalali) do not pay tax. The results are shown in Table 1.6.

Table 1.6: Real estate agents (dalali) do not pay tax

Variable	Frequency	Percent
Strongly agree	0	0

Agree	0	0
Neutral	1	1.2
Disagree	10	11.6
Strongly disagree	75	87.2
Total	86	100

The results in Table 1.6 shows that 75 respondents equal to 87.2% strongly disagreed, 10 respondents equal to 11.6% disagreed that Real estate agents (dalali) do not pay tax. This implies that Real estate agents (dalali) do not pay tax.

4.2.5 Mean and Standard Deviation of statements on Formalization of Real Estate Agents

Statements on formalization of real estate agents were provided as in Table 1.7.

Table 1.7: Mean and standard deviation of statements on formalization of real estate agents

Statement on Formalization of real estate.	Mean	Standard Deviation
Real estate agents (dalali) are formalized	1.10	0.59
Real estate agents (dalali) are not formalized	4.05	0.81
Real estate agents (dalali) are not organized in recognized associations	4.04	0.72
Real estate agents (dalali) do not pay tax	4.66	0.57

The findings in Table 1.7 show that statements: Real estate agents (dalali) are formalized had mean score of 1.10 which meant the respondents strongly disagreed real estate agents are formalized. Real estate agents (dalali) are not formalized had mean score of 4.05 which meant the respondents strongly agreed with the statement. Real estate agents (dalali) are not organized in recognized associations 4.04 which meant the respondents strongly agreed with the statement and Real estate agents (dalali) do not pay tax had mean score of 4.66 which meant the respondents strongly agreed with the statement. During the interviews the respondents R1 to R10 observed that real estate agents are not formalized in Tanzania. This means that any transaction done by the real estate agents (dalali) in Tanzania is not recognized by the government and thus no government revenue is generated. This again according to Ewing and Payne (2021) the fees paid to the real estate agent cannot be regulated it is arbitral and only predetermined by the real agent which in most cases cause inconvenience to both the buyer and the seller of the real estate property.

4.3 Influence of a Policy on Formalization Initiative of Real Estate Agents

This was the first objective of the study and investigated on the influence of a policy on formalization initiative of real estate agents in Kinondoni District, Tanzania.

4.3.1 Policy will make formalization of real estate agent easier.

The study investigated the statement that Policy will make formalization of real estate agent easier. The results are shown in Table 1.8.

Table 1.8: Policy will make formalization of real estate agent easier

Variable	Frequency	Percent
Strongly agree	70	81.4
Agree	16	18.6
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.8 shows that 70 respondents equal to 81.4% strongly agreed, 16 respondents equal to 18.6% agreed that Policy will make formalization of real estate agent easier. This implies that Policy will make formalization of real estate agent easier in a high manner.

4.3.2 Policy will make formalization of real estate agents efficient

The study investigated the statement that Policy will make formalization of real estate agents efficient. The results are shown in Table 1.9.

Table 1.9: Policy will make formalization of real estate agents efficient.

Variable	Frequency	Percent
Strongly agree	76	88.4
Agree	10	11.6
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.9 shows that 76 respondents equal to 88.4% strongly agreed, 10 respondents equal to 11.6% agreed that Policy will make formalization of real estate agents efficient. This implies that Policy will make formalization of real estate agents efficient in a high manner.

4.3.3 Policy will outline steps for technical feasibility of real estate agent formalization.

The study investigated the statement that Policy will outline steps for technical feasibility of real estate agent formalization. The results are shown in Table 1.10.

Table 1.10: Policy will outline steps for technical feasibility of real estate agent formalization

Variable	Frequency	Percent
Strongly agree	80	93.0
Agree	6	7.0
Neutral	0	0

Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.10 shows that 80 respondents equal to 93.0% strongly agreed, 6 respondents equal to 7.0% agreed that Policy will outline steps for technical feasibility of real estate agent formalization. This implies that Policy will outline steps for technical feasibility of real estate agent formalization in a high manner.

4.3.4 Policy outlines how real estate agents will be administered.

The study investigated the statement that Policy outlines how real estate agents will be administered. The results are shown in Table 1.11

Table 1.11: Policy outlines how real estate agents will be administered.

Variable	Frequency	Percent
Strongly agree	70	81.4
Agree	16	18.6
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.11 shows that 80 respondents equal to 93.0% strongly agreed, 6 respondents equal to 7.0% agreed that Policy outlines how real estate agents will be administered. This implies that Policy outlines how real estate agents will be administered in a high manner.

4.3.5 Mean and Standard Deviation of statements on the influence of a policy on formalization initiative of real estate agents

Statement on the influence of a policy on formalization initiative of real estate agents in Tanzania were given to the respondents as shown in Table 1.12. shows the results.

Table 1.12: Mean and standard deviation of statements on Influence of a Policy on Formalization Initiative of Real Estate Agents

Statement on the influence of policy on formalization	Mean	Standard Deviation
Policy will make formalization of real estate agent easier.	4.49	0.81
Policy will make formalization of real estate agents efficient.	4.44	0.82
Policy will outline steps for technical feasibility of real estate agent formalization.	4.04	0.76

Policy outlines how real estate agents will be administered.	4.66	1.07
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The findings in Table 1.12 shows that the statements: Policy will make formalization of real estate agent easier, Policy will make formalization of real estate agents efficient, Policy will outline steps for technical feasibility of real estate agent formalization and Policy outlines how real estate agents will be administered had high mean scores ranging from 4.44 to 4.66. These high mean scores range indicated that respondents strongly agreed that a policy can influence formalization initiative of real estate agents. Likewise, during the interview respondents were asked if they thought policy will make formalization of real estate agent easier. The respondents R1, R2, R6, R8 said that policy would lead to formalization of estate agents easier. Taken together, the findings of the current study are similar to those of Louis et al. (2015). According to Anglin et al. (2019) a policy is a deliberate system of guidelines to guide decisions and achieve rational outcomes in either a country or organization. Thus, from that context a policy can easily be taken as a statement of intent and is implemented as a procedure or protocol such that the objective or goal intended is realized. Bardhan and Kroll (2017) opined that policies are generally adopted by a governance body within a country or an organization, Therefore the government of Tanzania as the governing body of Tanzania should develop a policy directing the formalization of real estate agents. Similarly, Erik (2018) argued that a policy constitutes set rules and guidelines set by an organization or country to achieve the defined goals, hence the development of policy to guide the formalization of real estate agent will enhance the quick and efficient formalization of the real estate agents in Tanzania. This is in support of the assertion by Nehemia (2017) who observed that in the real estate sector without policies guiding particular issues the sector performance cannot be ascertained.

Further, Cheng et al. (2018) observed that public policies are very important in providing a framework for governments to identify, understand, and address pressing societal issues. Therefore, in this case real estate agents are a pressing issue in Tanzania according to Nehemia (2017). It is a common knowledge that real estate agents (Dalali) brokers benefits from both the seller and the buyer with a predetermined percentage. However, due to informality these real estate agents do not pay revenue or tax to the government on the income earned. In this regard this business of real estate agent (Dalali) deprives the government revenue and thus affect the development of the country. The findings as shown in Table 4.5 demonstrate clearly that stakeholders in the sector felt that when a policy is developed can help in formalization of real estate agents to enable them become part of the bracket of professions that pay tax to government and thus enhance the development of Tanzania. The aforesaid arguments were also supported by Levitt and Syverson, (2020) who argued that real estate agent distorts buyers and sellers of property during their brokerage and thus guiding policies are required.

4.4 Effect of Income Flow on Formalization Initiative of Real Estate Agents

The second objective of the study investigated on the effect of income flow on formalization initiative of real estate agents in Kinondoni District, Tanzania.

4.4.1 Uncertain income limits formalization of real estate agents

The study investigated the statement that Uncertain income limits formalization of real estate

agents. The results are shown in Table 1.13.

Table 1.13: Uncertain income limits formalization of real estate agents

Variable	Frequency	Percent
Strongly agree	0	0
Agree	0	0
Neutral	0	0
Disagree	18	20.9
Strongly disagree	68	79.1
Total	86	100

The results in Table 1.13 shows that 68 respondents equal to 79.1% strongly disagreed, 18 respondents equal to 20.9% disagreed that Uncertain income limits formalization of real estate agents. This implies that Uncertain income limits formalization of real estate agents in a very low manner.

4.4.2 Low income discourages formalization of real estate formalization

The study investigated the statement that Low income discourages formalization of real estate formalization. The results are shown in Table 1.14.

Table 1.14: Low income discourages formalization of real estate formalization

Variable	Frequency	Percent
Strongly agree	0	0
Agree	0	0
Neutral	60	69.8
Disagree	26	30.2
Strongly disagree	0	0
Total	86	100

The results in Table 1.14 shows that 60 respondents equal to 69.8% observed neutral, 26 respondents equal to 30.2% disagreed that Low income discourages formalization of real estate formalization. This implies that Low income discourages formalization of real estate formalization in neither low or high manner.

4.4.3 High income discourages formalization of real estate formalization

The study investigated the statement that High income discourages formalization of real estate formalization. The results are shown in Table 1.15.

Table 1.15: High income discourages formalization of real estate formalization

Variable	Frequency	Percent
Strongly agree	0	0

Agree	0	0
Neutral	0	0
Disagree	12	14.0
Strongly disagree	74	86
Total	86	100

The results in Table 1.15 shows that 74 respondents equal to 86% observed neutral, 12 respondents equal to 14% disagreed that High income discourages formalization of real estate formalization. This implies that High income discourages formalization of real estate formalization in very low manner.

4.4.4 Stable income discourages formalization of real estate agents

The study investigated the statement that stable income discourages formalization of real estate agents. The results are shown in Table 1.16.

Table 1.16: Stable income discourages formalization of real estate agents.

Variable	Frequency	Percent
Strongly agree	0	0
Agree	0	0
Neutral	0	0
Disagree	6	93.0
Strongly disagree	80	7.0
Total	86	100

The results in Table 1.16 shows that 74 respondents equal to 86% observed neutral, 12 respondents equal to 14% disagreed that stable income discourages formalization of real estate agents. This implies that stable income discourages formalization of real estate agents in very low manner.

4.4.5 Mean and standard deviation of statements on effects of income flow on formalization initiative of real estate agents

Statement on the effect of income flow on formalization initiative of real estate agents in Kinondoni District, Tanzania were given to the respondents as shown in Table 1.17

Table 1.17: Mean and standard deviation of statements on effect of Income Flow on Formalization Initiative of Real Estate Agents

Statements effects of income flow	Mean	Standard Deviation
Uncertain income limits formalization of real estate agents	1.49	0.70
Low income discourages formalization of real estate formalization	2.93	0.66

High income discourages formalization of real estate formalization	2.04	0.77
Stable income discourages formalization of real estate agents	1.66	1.08

The findings in Table 1.17 shows statements: Uncertain income limits formalization of real estate agents had a mean score of 1.49 which meant it influenced formalization initiative of real estate agents in a very low manner and Low income discourages formalization of real estate formalization had a mean score of 2.93 which meant respondents were uncertain whether or not low-income flow discourages the formalization initiative of real estate agents. The statements: High income discourages formalization of real estate formalization had a mean score of 2.04 which meant high income influenced formalization initiative of real estate agents in a low manner and the statement stable income discourages formalization of real estate agents had a mean score of 1.66 which meant stable income influenced formalization initiative of real estate agents in a very low manner. Overall, the foresaid findings imply that income flow influenced formalization initiative of real estate agents in either very low manner or low manner. During the interview respondents R10, R5, and R9 observed that uncertain income does not limits formalization of real estate agents. The findings of the current study concurred with results of Elizabeth (2017). These previous studies in support of the findings of the current study as shown in Table 4.18 argue that formalized businesses are known by government and sometimes the government subsidizes formalized business and in turn improve the income flow. Therefore, the issues income flow is not very important when formalizing business because the formalization provide conducive environment to do a business better leading to profit and income growth.

It is insisted that governments in all countries normally work to create the best possible conditions for private sector businesses, regardless of their size and level of activity (Beck et al. (2020). Nevertheless, a considerable number of types of business do not perceive the need to either get registered or take appropriate steps to guarantee, for themselves and their employees, minimal working conditions as in formalized business. Benjamin et al. (2019) observed that types of businesses which do not perceive the need to registered is not because of income flow but their perception that they will be exposed to government taxation. On the other hand, Angjellari-Dajici et al. (2017) underscored that it is very difficult to extend substantial assistance to a business selling products and services for profit which does not have any legal existence or is not fully compliant with government regulations. Those arguments urge that real estate agents, whether they have uncertain income flow or not, or low monthly income should formalize their businesses because formalization can lead them to benefit from government assistance and thus raise their income. Abraham and Schauman (2021) differed with the findings of current study by arguing that income can affect business formalization. Those authors underlined that businesses on the edge of survival may place a higher value on income earned today, regardless of its size, than on the medium to long-term benefits of formalization. Likewise, Englund et al. (2018) observed that formalization may not be important to a struggling business in terms of income flow.

4.5 Effects of an Agent's association on Formalization Initiative of Real Estate Agents in Kinondoni District, Tanzania

The third objective examined on effects of an agent's association on formalization initiative of real estate agents in Kinondoni District, Tanzania.

4.5.1 Group association process can promote formalization of real estate agents.

The study investigated the statement that group association process can promote formalization of real estate agents. The results are shown in Table 1.18

Table 1.18: Group association process can promote formalization of real estate agents.

Variable	Frequency	Percent
Strongly agree	75	87.2
Agree	11	12.8
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.18 shows that 75 respondents equal to 87.2% strongly agreed, 11 respondents equal to 12.8% agreed that group association process can promote formalization of real estate agents. This implies that group association process can promote formalization of real estate agents in high manner.

4.5.2 Group association of real estate agents are more likely to be recognized by authorities.

The study investigated the statement that Group association of real estate agents are more likely to be recognized by authorities. The results are shown in Table 1.19.

Table 1.19: Group association of real estate agents are more likely to be recognized by authorities

Variable	Frequency	Percent
Strongly agree	70	81.4
Agree	16	18.6
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.19 shows that 70 respondents equal to 81.4% strongly agreed, 11 respondents equal to 18.6% agreed that Group association of real estate agents are more likely to be recognized by authorities This implies that Group association of real estate agents are more likely to be recognized by authorities in high manner.

4.5.3 Group association real estate agents can easily advocate for recognition by government.

The study investigated the statement that Group association real estate agents can easily advocate for recognition by government. The results are shown in Table 1.20.

Table 1.20: Group association real estate agents can easily advocate for recognition by government.

Variable	Frequency	Percent
Strongly agree	6	7.0
Agree	80	93.0
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.20 shows that 80 respondents equal to 93.0% strongly agreed, 6 respondents equal to 7.0% agreed that Group association real estate agents can easily advocate for recognition by government. This implies that Group association real estate agents can easily advocate for recognition by government in a moderate manner.

4.7.4 Group association of real estate agents can lead to the better negotiations of the process of formalization

The study investigated the statement that Group association of real estate agents can lead to the better negotiations of the process of formalization. The results are shown in Table 1.21.

Table 1.21: Group association of real estate agents can lead to the better negotiations of the process of formalization

Variable	Frequency	Percent
Strongly agree	14	16.3
Agree	72	83.7
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
Total	86	100

The results in Table 1.21 shows that 72 respondents equal to 83.7% strongly agreed, 14 respondents equal to 16.3% agreed that Group association of real estate agents can lead to the better negotiations of the process of formalization. This implies that Group association of real estate agents can lead to the better negotiations of the process of formalization in moderate manner.

4.5.5 Mean and standard deviation of statements on agent's association on formalization initiative of real estate agents

Statement on the effect of an agent's association on formalization initiative of real estate agents in Kinondoni District, Tanzania were given to the respondents as shown in Table 1.22.

Table 1.22: Effects of an Agent's association on Formalization Initiative of Real Estate Agents

Statement on effects of agent's association	Mean	Standard Deviation
Group association process can promote formalization of real estate agents.	4.09	0.66
Group association of real estate agents are more likely to be recognized by authorities.	4.63	0.96
Group association real estate agents can easily advocate for recognition by government.	4.04	0.84
Group association of real estate agents can lead to the better negotiations of the process of formalization	4.66	0.47

The findings on Table 1.22 show that statements: Group association process can promote formalization of real estate agents, Group association of real estate agents are more likely to be recognized by authorities, Group association of real estate agents can easily advocate for recognition by government and Group association of real estate agents can lead to the better negotiations of the process of formalization had mean scores ranging from 4.09 to 4.66. These were high means which indicated respondents felt group association affected formalization initiative of real estate agents in high manner. Similarly, during the interview all respondents R1 to R10 said that Agents' Group Association process will promote formalization of real estate agents.

The findings of the current study are similar to the findings of Nyangarika et al., (2020). Cheng and Liu (2017) also underlined that associations play a crucial role in the formalization of businesses. The author indicated that associations provide a platform for businesses to come together and share their experiences, knowledge, and expertise which help businesses to learn from each other and to stay up-to-date with the latest trends and developments in their respective industries and thus can lead to formalization of business in search of recognition by government authorities. Cooper (2020) elaborates that each association of particular business is registered and thus one of the conditions to register an association is to formalize the individual businesses first. This means that each individual real agent business will have to be formalized in order to participate in the association.

4.6 Correlation Analysis

Correlation analysis found that was positive significant association between policy, real agents association and real agent formalization, the correlation coefficient was 0.782 and 0678

respectively. The association between income flow and real agent formalization was weak with a coefficient of 0.267.

4.7 Regression Analysis

Multiple regression analysis was performed to ascertain the impact of policy, income flow and agent's association on formalization initiative of real estate agents.

Table 1.23: Regression Coefficients of the Relationship between Formalization Initiative and the Three Predictive Variables

Model		Unstandardized Coefficient		Standardized Coefficient	t	Sign
		B	Std. error	Beta		
1	(Constant)	1.053	0.217		2.889	5.31E-03
	Agent's association	0.482	0.149	0.613	5.309	1.58 E-06
	Policy	0.701	0.181	0.149	3.210	2.10 E-03
	Income flow	0.05	0.196	0.234	4.255	7.9 E-05

According to table 1.23, the regression equation taking all issues into account (policy, income flow and agent's association) constant at zero the formalization initiative of real estate agents was 1.053. The findings indicate if other variables are held constant at zero, a unit rise in the agent's association would lead to 0.482 increase in the scores of formalization initiative of real estate agents and a unit increase in the score of policy would lead to a 0.701 increase in the scores of formalization initiative of real estate agents. Further, the findings show that a unit increases in the scores of income flow would lead to a 0.05 increase in the scores of formalization initiative of real estate agents. Therefore, in summary: agent's association would impact real estate agent formalization by 48.2%, policy would impact real estate agent formalization by 70.1% while income flow would impact real estate agent formalization by 5%.

5. CONCLUSION

The study concluded that a policy and real agents association would highly influence formalization initiative of real estate agents. Consequently, income flow would influence formalization initiative of real estates in a low manner.

6. RECOMMENDATIONS

The study recommended that the Government should come up with a policy to govern the real estate agents, the real estate agent should organize themselves and register an organization to be able to channel their issues through the organization. And The government should come up with means to regulate income from real estate agent business.

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