SMEs sustainability through entrepreneurship training in Tanzania

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ABSTRACT

 Purpose — The research uncovers how entrepreneurship training impacts SMEs sustainability, outlines relevant training, exposes the limitations to accessing such training in Tanzania, and recommends strategies to improve access.

 Method — This article reports on a qualitative case study conducted in Morogoro Municipality from 2021 to 2022. The study involved 62 face-to-face interviews with entrepreneurs in Sabasaba, Mazimbu, and Kihonda Wards, as well as KIIs with five government officials dealing with entrepreneurship matters. These Wards were selected because of their high numbers of SMEs and economic potential. The data obtained from interviews and desk reviews were analyzed through content analysis and presented descriptively, with triangulation applied to ensure data validity and reliability. Documentary reviews were used to complement the data.

 Result — The study supports previous research suggesting that entrepreneurship training has a positive impact on the sustainability of SMEs. Specifically, training in customer service, opportunity identification, and record keeping were seen as crucial for increasing customers, sales, and profits, ultimately leading to SME sustainability. However, the high costs associated with such training prevent many entrepreneurs from accessing it. Therefore, interventions from government and other authorities are necessary to make relevant entrepreneurship training more accessible and affordable.

 Contribution — This article confirms the positive link between entrepreneurship training and SMEs sustainability using empirical evidence from Tanzania. It identifies specific trainings that can enhance SMEs sustainability, obstacles to accessing training, and suggests practical interventions and policies to improve training accessibility.

Keywords: entrepreneurship, entrepreneurship training, SMEs, sustainability
INTRODUCTION

Entrepreneurship training which refers to imparting knowledge that empowers entrepreneurs to start, advance, expand as well as manage business as a vital component for improving SMEs business performance and sustainability (Ayandibu & Houghton, 2017). SMEs are commonly conceived as small registered business that provides employment to less than 250 workers. In Tanzania, the SME Policy of 2002 categorised SMEs in four different categories namely; micro enterprises which provides employment to 0 to 4 workers with an investment of less than 5 million TSh; small enterprises employing 5 to 49 workers with an investment of above 5 million TSh to 200 million TSh; medium enterprises which employ 50 to 99 workers with an investment of 200 million TSh to 800 million TSh; and large enterprises employing over 100 workers with an investment of above 800 million TSh (Republic & Industry, 2002). Owing from the policy’s categorisations, SMEs can be defined cognisant to the number of workers employed in small business enterprises or the level of resources committed to those enterprises.

Sustainability of an enterprise implies the capacity of a firm to operate with healthy financial and administrative performances that assures sound productivity and profitability for long periods regardless of shocks that they encounter from time to time (Malarvizhi, 2018). The dominant literature on entrepreneurship training and sustainability suggests that entrepreneurship trainings provide entrepreneurs with knowledge and skills pertinent for refining their abilities to undertake entrepreneurial activities which consecutively influence sustainability of their SMEs (Ismail, 2022). In sum, the said outputs of entrepreneurship training positively impact national economies and their development agendas (Mganda, 2018). The link between SMEs sustainability and development is anchored on SMEs role in job creation and economic growth through income generation roles (Malarvizhi, 2018). Abundant literature contend that SMEs provide employment opportunities for many jobless and a means for formally employed workers to complement the little they earn from formal employment to meet varied socio-economic costs and reduce their poverty levels (Ismail, 2022). Indeed, SMEs contribute to income generation and poverty alleviation but the proportions of contribution from developed and developing countries do vary whereby SMEs in developed countries gain more and contribute more compared to the developing ones (Hassan et al., 2021). Challenges that impair the performance of SMEs in poor countries is attributed to access to financial resources and unfavourable business atmosphere (Mganda, 2018). Apart from these two another one widely cited in literature is limited
knowledge and skills for doing business which adversely impact SMEs sustainability (Mayuran, 2016).

Mwakalikamo (2020) indicates that SMEs in Tanzania employ more than 3 million entrepreneurs which accounts for about 23.4% of the country's entire labour force and 27% of its GDP. Such trend has been resiliently sustained for the period of more than ten years. However, the economic contribution of SMEs is not sound enough to fish Tanzania out of poverty as it still belongs to the club of poor countries in the globe. A major clog to greater returns of SMEs is associated with entrepreneurs limited skills and capital to start-up new business (Tambwe, 2015). Such factors partly explain the poor performance of Tanzania in the Global Entrepreneurship Index of 2017 which ranked Tanzania 118 out 137 countries. Such poor ranking exists despite Tanzania having plenty opportunities for opening business and varied institutions for strengthening entrepreneurs’ capacity to open and improve SMEs. The Small Industry Development Organisation (SIDO) that came into existence in 1973 to nurture growth of SMEs in Tanzania provides a vivid example of Tanzania’s efforts to improve SME performance and sustainability (SIDO, 2014). In the main, SIDO strives to make Tanzania a semi-industrial economy through SME capacity building. The capacity building task assigned to SIDO is formally supplemented by varied educational institutions that offer entrepreneurship courses.

The human capital and competence-based theories offer relevant theoretical viewpoints with regard to the association between training, performance and sustainability of socio-economic endeavours that can usefully delineate the association betwixt entrepreneurship training and SMEs sustainability (Mayuran, 2016). The competence-based theory contends that competence-based skills, knowledge and ability are the prerequisites for enhancing performance and sustainability of any agency including SMEs (Ayandibu & Houghton, 2017). This theory postulates that knowledge and skills obtained through the competitive-based training enables the trained to perform complex tasks which they were not able to efficiently perform before and thusly, become more competitive in the business (Komarkova et al., 2015). Additionally, competence-based theory argue that competence-based training provides necessary knowledge related to identification of business opportunities as well as understanding varied problems that face trainees’ business activities (Komarkova et al., 2015). Equally, Makulova et al. (2015) asserts that competence-based theory is effective because it propagates learning by doing which provides the basis of internal growth of a firm which could help entrepreneurs to keep up to date in their business processes. Competence-based theory is adopted in the current study to elucidate the critical role of
entrepreneurship trainings in according entrepreneurs’ knowledge and skills for improving the competitive advantage of their SMEs in business and subsequently enhancing their sustainability.

Human capital theory upholds the relevance of knowledge, skills and ability on enhancing performance but links the three to stakeholders and the way they act. At its core, human capital theory contends that stakeholders’ acquisition of suitable skills and knowledge through training enhances their ability to undertake whatever tasks that they are assigned to accomplish including SMEs business development and sustainability roles (Muda & Rahman, 2016). This theoretical strand believes that business entities have to invest in human capital which involves providing workers with knowledge, skills, competencies, experience and traits to ensure firms’ better performance in productivity, marketing and trading to ensure economic growth (Muda & Rahman, 2016). (Pasban & Nojedeh, 2016) contend that firms that invest in human capital have a greater potential of achieving the goals they set than those that have not. Such viewpoint is predicated on the presumption that investment in human capital assists entrepreneurs to undertake innovative and creative strides in diverse technologies which in turn influences high productivity and sustainability (Muda & Rahman, 2016). In light of the postulations of human capital theory presented above, this study considers the theory to be relevant in explaining the influence that entrepreneurship training can have on SMEs sustainability.

The relevance of postulations of the two theories on augmenting SMEs’ performance and sustainability is overt in the industrially progressive South East Asia prevalently dubbed the Asian tigers (Ngo & Chi, 2020). Entrepreneurship training in the said tigers is part and parcel of their tradition whereby people learn theoretical and practical knowledge on entrepreneurship, innovation and technology which contributes to expedite SMEs fast growth and sustainability (Mayuran, 2016). For example, in Indonesia 6 out of 10 people received entrepreneurship training and are sustainably engaging in entrepreneurship activities which contribute to their countries’ GDP (Ogundele et al., 2012). Indeed, evidence of positive association betwixt entrepreneurship training and SMEs sustainability is prevalent in Africa and beyond (King’ori & Theuri, 2016).

However, there is a miniature of research pointing out the entrepreneurship trainings that are more imperative for enhancing SMEs business performance and sustainability. It is against this backdrop that this study strives to explore the entrepreneurship trainings that matter most in enhancing SMEs business performance and sustainability. It specifically, brings to limelight the perceived contribution of entrepreneurship training on enhancing SMEs sustainability against other factors; identifies and delineates perceived entrepreneurship
training relevant for enhancing SMEs sustainability; it highlights the level to which SMEs attend the identified relevant entrepreneurship training; and explores factors impeding SMEs access to trainings.

METHOD

This article is a product of a qualitative study conducted between 2021 and 2022 in Morogoro Municipal Council (MMC). The Municipality was selected mainly because it harbours many SMEs and hosts a myriad of tertiary institutions like Vocational education centres and universities like Mzumbe University and Sokoine University of Agriculture and Muslim University of Morogoro that provide various training courses on entrepreneurship.

The data employed were garnered from 62 face to face interviews with randomly selected entrepreneurs in Sabasaba, Mazimbu and Kihonda, Wards, and Key Informant Interviews (KIIs) with 5 government officials dealing with entrepreneurship matters. The named Wards were purposely selected due to their high numbers of SMEs compared to other Wards found in the MMC, and potential economic viability of SMEs found therein.

The study employed documentary reviews to complement and check the data obtained through interviews. All of the data garnered from the interviews and desk reviews were analysed through structural content analysis and presented descriptively in tables and percentages. Triangulation of sources and theoretical perspectives was applied to enhance data validity and reliability.

RESULT AND DISCUSSION

Factors contributing to sustainability of enterprises

To ascertain the role of entrepreneurial training in sustaining SME the researcher was interested to unveil how entrepreneurship training is ranked against other factors deemed imperative for influencing sustainability of SMEs. Respondents’ views on the factors considered key in influencing sustainability of SMEs are presented in Table 1 below.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Factor</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Entrepreneurship Training</td>
<td>60</td>
<td>96.0</td>
</tr>
<tr>
<td>2.</td>
<td>Effort</td>
<td>37</td>
<td>59.7</td>
</tr>
<tr>
<td>3.</td>
<td>Trustworthiness</td>
<td>34</td>
<td>54.8</td>
</tr>
<tr>
<td>4.</td>
<td>Business Location</td>
<td>20</td>
<td>32.3</td>
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</table>
Table 1 above unveil factors that contribute to the sustainability of SME’s in MMC. Our interest as indicated above was to unveil how entrepreneurial training fairs among factors influencing SMEs sustainability. The findings revealed that an overwhelming majority of interviewees (96%) perceived entrepreneurship training to be the most crucial factor in enhancing sustainability of SMEs. These findings are in agreement with (Ismail, 2022) who contend that entrepreneurial skills contribute a lot to sustainability of SMEs.

Similarly, the findings concur with (Yadav et al., 2018) are of the view that entrepreneurship training helps entrepreneurs to update their technologies and products, be innovative, trustworthy, hardworking and risk takers which in sum lead to increased productivity and sales that contributes to sustainability. The choice of training was predicated on the fact that all other factors that can influence SMEs sustainability can be attained and/or enhanced through training. This does not in any how intend to belittle the role of other factors in ensuring SMEs sustainability as factors like efforts in business, trustworthiness, business location and innovation attracted numerous respondents as indicated in Table 1. Instead, it denotes that through training can enlighten entrepreneurs on what to be done in business to enhance business performance of SMEs and their sustainability. After pointing out how entrepreneurial training let us turn our attention to unveiling the precise entrepreneurship training relevant for enhancing sustainability of SMEs in MMC.

**Entrepreneurship training relevant for sustaining SMEs in MMC**

This section lays bare entrepreneurship training viewed to be important for improving SMEs performance and sustainability. The entrepreneurship trainings deemed relevant for sustainability are as shown in the subsequent table.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Entrepreneurship Training</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identification of Opportunities</td>
<td>41</td>
<td>66.1</td>
</tr>
<tr>
<td>2</td>
<td>Record Keeping</td>
<td>38</td>
<td>61.2</td>
</tr>
<tr>
<td>3</td>
<td>Customer Care</td>
<td>37</td>
<td>59.6</td>
</tr>
<tr>
<td>4</td>
<td>Basic Corporate Legal Issues</td>
<td>37</td>
<td>59.6</td>
</tr>
</tbody>
</table>
Findings above indicate that 66.1% of all respondents held the view that entrepreneurship trainings on identification of opportunities are central for SMEs sustainability. The importance of this kind of training is anchored on the presumption that they help entrepreneurs to recognise and utilise diverse prospects that the varied markets provide from time to time. Most respondents argued that the knowledge and skills obtained from the training of identification of opportunities enabled entrepreneurs to introduce new goods and services to distribute to areas where the said products to places in need of the same. Such situation entails increased market of goods which stimulates more production, enhances profits that inferably stir growth and sustainability of SMEs. The findings on identification of opportunities trainings on SME sustainability concur with those of Mayuran (2016) who contend that identification of opportunities trainings assists entrepreneurs to access new markets, exploit resources and discover new products that enhance business performance, growth and sustainability of SMEs.

Training in record keeping was found relevant and considered to influence sustainability of SMEs by 61.2% of all respondents. The choice was anchored on the fact that it helped SMEs to keep different information on sales of goods and services as well as purchases made by SMEs. Respondents contended that the training helped SMEs to know how much profits and losses they make which is an integral element of performance monitoring. Such position is predicated on the fact that monitoring business performance is vital for business sustainability because it allows entrepreneurs to know where they are, contemplate on expanding their business undertakings or making new ones. Correspondingly, knowledge of record keeping that helps entrepreneurs to be conscious of what transpires in and around their business world and undertake their business activities in an informed manner was deemed relevant for the purpose of maximising profit and enhancing sustainability. These views concur with those of Mayuran (2016) who argues that that limitations in keeping business records and using them in day-to-day activities minimizes profit and eventually lead to closure of a business enterprise.

Customer service training was also deemed key in enhancing SMEs growth and sustainability as it attracted 59.6% of all respondents. The choice of this training
is attributed to the role it plays in according entrepreneurs’ skills for handling customers which leads to customer retention and sustained customers allegiance to entrepreneurs’ goods and services. This view is well put forth by Tambwe (2015) who contends that assured customers increase sells and profit, which particularly enhances business growth and sustainability when costs of operating a business is controlled. Furthermore, most respondents were of the view that customer services training helped SMEs to design new ways of enticing customers through gifts-giving whenever they buy their products. Such development attracted more customers, profits and business expansion as well as sustaining SMEs. The views of the following respondent from Sabasaba provide testimony:

“...since the customer care training taught me to treat customers as Kings and giving small gifts, I get many customers. The profit increased and my business has been there since then and I don’t think it will die soon”.

The views above correspond with those of Mayuran (2016) who contend that SMEs must treat customers with utmost care and always give the something to remember about their business. Such findings concur with (Tambwe, 2015) who stresses that knowledge of customer care help entrepreneurs to successfully undertake entrepreneurial activities.

In sum, the findings discussed above buys into the competence-based and human capital theories which contend that knowledge and skills learnt from training (in this case entrepreneurship training) empowers entrepreneurs to accomplish their business goals effectively which subsequently informs sustainability of business ventures.

**Entrepreneurship trainings attended by entrepreneurs**

This section intended to unveil whether or not the entrepreneurship training attended by respondents are in line with the ones that were viewed to be critical in enhancing SMEs growth and sustainability. The entrepreneurship trainings attended by respondents were as follows:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Training</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Customer Services</td>
<td>62</td>
<td>100</td>
</tr>
<tr>
<td>2.</td>
<td>Communication Skills</td>
<td>62</td>
<td>100</td>
</tr>
<tr>
<td>3.</td>
<td>Record Keeping</td>
<td>62</td>
<td>100</td>
</tr>
<tr>
<td>4.</td>
<td>Operation Skills</td>
<td>60</td>
<td>96.8</td>
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</tbody>
</table>
An interesting finding of the study is that all respondents received more than one training. Trainings on customer's services, record keeping and communication skills were attended by all respondents. Networking, identification of opportunities and marketing skills training follow in terms of attracting attendants as they attracted 98% of all respondents. Trainings on securing resources and operational skills attracted 96.8% of all respondents each. Moreover, 93.5% of all respondents attended financial management training and 88.7% of all respondents attended innovation training. Trainings on motivation skills and business skills were attended 87.1% of all respondents. Planning related trainings were attended by 19.4% of all respondents (Kummitth & Kummittha, 2021). Few respondents less than 5% attended trainings on legal matters, products value addition, investment skills and food processing. Limited participation in such trainings was attributed to high registration fees that were not afforded by small scale entrepreneurs.

The findings above indicate that respondents attended the entrepreneurship training that were deemed relevant for SMEs growth and sustainability as unveiled in the preceding table. From the onset it is relevant to record that 89% of the respondents were of the view that the training skills accrued were viewed to be imperative in Kummittha & Kummittha (2021) helping entrepreneurs to be equal to the challenges they meet in running their business and thusly enhancing and sustaining their business performance. Such a position corresponds with Yadav, et al. (2018) contention that entrepreneurship training enhances business performance and subsequently increases the growth of SMEs. Equally, the results augur well with Malarvizhi (2018) who consider entrepreneurship training imperative in helping entrepreneurs to operate SMEs efficiently and effectively which in turn enhances profitability and sustainability.
**Entrepreneurs’ access to entrepreneurship training**

This section, unveils challenges affecting entrepreneurs access to entrepreneurship training. Table 4 below presents challenges related to entrepreneurship training accessibility.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Challenge</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Training fees</td>
<td>54</td>
<td>87.1</td>
</tr>
<tr>
<td>2.</td>
<td>Transport cost</td>
<td>43</td>
<td>69.3</td>
</tr>
<tr>
<td>4.</td>
<td>Training schedule</td>
<td>20</td>
<td>32.3</td>
</tr>
<tr>
<td>5.</td>
<td>limited information on training</td>
<td>6</td>
<td>9.7</td>
</tr>
</tbody>
</table>

Source: research data (2022)

The table above indicate that 87.1% of all respondents viewed high cost of training to be an impediment to accessing entrepreneurial training. This cost element expressed by most respondents explains why the second impediment (transport) that attracted 69% of all respondents is also cost related. The costs attracted most respondents because they are running SMEs which need a lot to grow while the make meagre profits as the following quotations from respondents from Mazimbu exemplify:

“...entrepreneurs like entrepreneurship training but trainee fees, transport and food costs a too high for us to afford”.

The findings above are in line with the URT (2002) that points out that high training costs lowers SMEs ability to afford entrepreneurship trainings, which hampers entrepreneurs’ ability to conduct their activities properly. The findings also coincide with those of Kummitha & Kummitha (2021) who point out that most SMEs fail to send their workers to attend entrepreneurship training due to high registration fees. The further concurs with Mwakalikamo (2020) who are of the view that exorbitant training fees make it difficult for SMEs owners / managers to send their workers to acquire formal entrepreneurship training. Such situation made most respondents argues that training costs reduces the ability of SMEs to grow and sustain the challenges they meet in the corporate world. This view is in line with Tambwe (2015) who contends that limited entrepreneurial knowhow leads to poor performance of SMEs and affects their growth and sustainability.

Apart from the cost related factors 32.3% of all respondents were of the view that entrepreneurship training schedules were not friendly to them. The argument on the schedule is related to the fact that the training interferes their
normal timetable. Most respondents unveiled that entrepreneurship training start teaching from 9am to 4pm on weekdays which is not suitable for most entrepreneurs because they sell more of their goods and services at those hours. This observation concurs with Kummitha & Kummitha (2021) who contend that trainings set at times that most SMEs are busy with their schedules limit entrepreneurs’ access to entrepreneurship training as they are busy trying to make ends meet.

Limited information on the trainings attracted 9.7% of all respondents. The element of limited information though can be questioned coincides with Mwakalikamo (2020) who overtly contends that limited information on training impedes entrepreneurs’ access to training and the overall activities of SMEs. While limited information was raised as an impediment to accessing entrepreneurship trainings, one may ask whether they would attend if they had information given the cost elements discussed above.

Generally, entrepreneurs’ access to entrepreneurship training is very important in advancing SMEs business performance and subsequently their sustainability. This is chiefly because entrepreneurship knowledge and skills enable entrepreneurs to resolve problems that they face in the course of performing entrepreneurship activities. As such, the knowledge and skills impact positively successful and sustainable SME undertakings.

CONCLUSION

The current study through a qualitative case study elicits the contribution of entrepreneurship training on enhancing sustainability of SMEs in Tanzania. It specifically, unveils entrepreneurs’ perceptions on the contribution of entrepreneurship training on sustaining SMEs; identifies and delineates entrepreneurship training relevant for SMEs sustainability; and divulges factors limiting SMEs access to entrepreneur trainings as well as suggesting ways and means of enhancing entrepreneurs access to such trainings.

The study found that entrepreneurship trainings are deemed positive in in enabling entrepreneurs to develop sustainable business practices which contribute to sustainability of SMEs in Tanzania. The were deemed necessary in helping entrepreneurs to apprise their services, exploit resources and widens their market reach, enhance their sales and profit which subsequently contribute to SMEs growth and sustainability. Three entrepreneurship trainings - customers’ services, identification of opportunities and record keeping were perceived imperative in enhancing sustainability of SMEs. Importantly, the results unveiled that the costs of attending such trainings, the training schedules
and limited information about the trainings as factors inhibiting entrepreneurs’ access to entrepreneurship training. Since most SMEs lack the economic muscles to afford the trainings, deliberate efforts to reduce the costs of the trainings especially offered by government entities are in order, and SMEs shall be empowered to take advantage of competitive funding opportunities to enhance their chances of accessing entrepreneurship trainings. Equally, since most training schedules coincide with entrepreneurs’ peak business hours, it is recommended that the training schedules should be made flexible to allow entrepreneurs opportunities to attend relevant entrepreneurship trainings for enhancing performance and sustainability of their SMEs. As for the problem of information, measures should be taken to make use of the formal and informal channels of sharing information on the training. However, this would only bear fruits if the preceding recommendations are put into practice. Such position is hinged on the fact that information on training can prove to be valuable when the entrepreneurs have the muscles to shoulder the costs of training and the trainings do not collide with the hours that are good for them business-wise.

The findings presented in the preceding paragraph indicate that the positive associate between entrepreneurship training and SMEs sustainability depicted in the theoretical and empirical literature that guided the study was apparent. However, entrepreneurs’ access to entrepreneurship training relevant for sustainability of their business is limited and no sound policy and/or practical interventions exist to address such quagmire. Such situation merits a call for deliberate policy and practical interventions to address the factors inhibiting entrepreneurs access to entrepreneurship training so that they can improve entrepreneurship activities which are likely to enhance sustainability of their business.

Apart from the contributions of this study to the extant body of knowledge on the area of entrepreneurial training and SMEs sustainability delineated above, the need for further research is apparent. One area that calls for attention is a similar study for entrepreneurs who have not been trained to realise their perception on entrepreneurship training for sustainability of their SMEs. The suggestion stems from the fact the current study dealt with entrepreneurs who attended entrepreneurship training. Other studies should be conducted to find the relevant time, delivery techniques and associated factors required to complement training to enhance SMEs sustainability.
REFERENCES


