

**EFFECTS OF MANAGEMENT SKILLS ON PERFORMANCE OF SMES IN  
TANZANIA; A CASE OF MICRO AND SMALL ENTERPRISES IN  
DODOMA MUNICIPALITY**

By

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## CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the University of Dodoma, a dissertation titled *Effects of Management Skills on Performance of SMEs in Tanzania; A case of Micro and Small Enterprises in Dodoma Municipality* in partial fulfillment of the requirements for the degree of Master of Business Administration of the University of Dodoma.

.....

Dr. Adam B. S. Mwakalobo

(Supervisor)

Date.....

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## **DEDICATIONS**

This dissertation is dedicated to Marietha John Hillu (mom) who laid the foundation for my education. It is also dedicated to Nicodemus John Hillu (uncle) and Dominick Albinus (brother).

## **ABSTRACT**

This study attempts to assess the effects of management skills on performance of SMEs in Tanzania. The study concentrates on Micro and Small enterprises in Dodoma Municipality where descriptive research design was adopted. A total number of 60 respondents constituted the sample. The sample under study was Micro and Small enterprises owners/managers. The respondents were interviewed by using structured questionnaire. The analysis was carried out by using descriptive statistics, gross margin, correlation and linear regression.

The results indicate that management skills in terms of marketing, financial, human relation and other business skills are of paramount important on performance of SMEs in Tanzania. The findings further reveal that both Micro and Small owners/managers who attended business training or have high level of education have better business performance unlike those who haven't attended any business training or have lower level of education.

Lastly the study recommended government to design training programs for micro and small businesses that reflects the nature and type of businesses undertaken in the country at an affordable price. Moreover, owners/managers of Micro and Small enterprises were argued to attend business training/seminars/workshops that will enable them to acquire marketing, financial, human relation and other related business skills so as to cope with business turbulence and attain sustainable development.

## TABLE OF CONTENTS

CERTIFICATION .....	i
DECLARATION AND COPYRIGHT .....	ii
ACKNOWLEDGEMENTS .....	iii
DEDICATIONS .....	iv
ABSTRACT .....	v
TABLE OF CONTENTS .....	vi
LIST OF TABLES .....	ix
LIST OF FIGURES .....	x
ABBREVIATIONS .....	xi
CHAPTER ONE .....	1
1.0 INTRODUCTION .....	1
1.1 Background Information .....	1
1.2 Statement of the problem .....	4
1.3 Research Objectives .....	5
1.3.1 General Objective.....	5
1.3.2 Specific Objectives.....	5
1.4 Research questions .....	6
1.5 Significance of the study .....	6
CHAPTER TWO .....	7
2.0 LITERATURE REVIEW .....	7
2.1 Conceptual Thinking.....	7
2.1.1 Definition of SMEs .....	7
2.1.2 Importance of SMEs in Tanzania.....	8
2.1.3 Constraints facing SMEs in Tanzania .....	10
2.1.4 Management Performance .....	11
2.1.5 Management Skills.....	11
2.1.6 SMEs Performance Measurement.....	15
2.2 Theoretical Underpinnings.....	15
2.2.1 Human Capital Theory .....	15
2.3 Empirical Evidences.....	17

2.4 Research Gaps .....	19
2.5 Conceptual Framework .....	20
CHAPTER THREE.....	22
3.0 METHODOLOGY.....	22
3.1 Study Area.....	22
3.2 Data Types and Sources .....	22
3.3 Data Collection Methods .....	23
3.4 Research Design.....	23
3.5 Sampling .....	23
3.6 Data Analysis .....	24
CHAPTER FOUR.....	25
4.0 DATA PRESENTATION AND FINDINGS .....	25
4.1 Characteristics of Enterprise Owners/managers .....	25
4.1.1 Composition of Respondents by Sex .....	25
4.1.2 Composition of Respondents by Age.....	26
4.1.3 Composition of Respondents by Marital Status.....	27
4.1.4 Composition of Respondents by the Level of Education.....	27
4.1.5 Composition of Respondents by Size of Household.....	28
4.2 General Characteristic of the Enterprises.....	29
4.2.1 Business Activities Done by Respondents.....	29
4.2.2 Duration of the Business .....	30
4.2.4 Sources of Business Knowledge .....	31
4.2.5 Sources of Finance for the Business .....	31
4.2.6 Owners/managers Attendance on Business Training.....	32
4.2.8 Type of Business Training Preferred in the Future.....	32
4.2.9 Type of Information that Enterprises Normally Keep .....	33
4.2.10 Factors that Affect Enterprise Performance.....	34
4.2.11 Perception of Respondents on Determinants of Performance of Enterprises .	35
4.2.12 Factors Contributing to High Sales of Business .....	36
4.2.13 Market Structure of the Industry in which Enterprises Operate .....	37



4.4.1 The Perception of Importance of Management Skills on Performance of SMEs .....	39
4.3 Types and Forms of Management Skills used in different SMEs.....	40
4.3.1 Types of Management Skills used in SMEs .....	40
4.3.2 Forms of Management Skills used in SMEs .....	41
4.4 The Performance of Different Enterprises .....	42
4.5 Effects of Owner/manager’s Management Skills on Performance of SMEs.....	44
CHAPTER FIVE.....	47
5.0 SUMMARY, CONCLUSION AND RECOMMENDATION .....	47
5.1 Overview .....	47
5.2 Summary of Findings .....	47
5.2.1 Types and Forms of Management Skills used in different SMEs.....	47
5.2.2 Performance of different SMEs .....	47
5.2.3 Effects of Owner/manager’s Management Skills on Performance of SMEs....	48
5.3 Conclusion .....	48
5.3.1 Policy Implication .....	48
5.3.2 Knowledge Contribution.....	49
5.3.3 Management Implication .....	49
5.4 Recommendation.....	49
5.4.1 Recommendation to the Government.....	50
5.4.2 Recommendation to the Financial Institutions.....	50
5.4.3 Owners/managers of Micro and Small Enterprises.....	50
5.5 Limitation of the Study .....	51
5.6 Areas for Further Studies .....	51
REFERENCES.....	52
APPENDIX.....	56

## LIST OF TABLES

Table 2.1: Categories of SMEs in Tanzania.....	8
Table 4.1: Composition of Respondents by Sex.....	25
Table 4.2: Composition of Respondents by Age.....	26
Table 4.3: Composition of Respondents by Marital Status.....	27
Table 4.4: Composition of Respondent by the Level of Education.....	28
Table 4.5: Composition of Respondents by Size of Household.....	29
Table 4.6: Type of Business Activities Done by Respondents.....	30
Table 4.7: Duration of the Businesses.....	31
Table 4.8: Sources of Business Knowledge.....	31
Table 4.9: Sources of Finance for the Businesses.....	32
Table 4.10: Attendance of Business Training.....	32
Table 4.11: Number of Owners/managers with Business Training Preference.....	33
Table 4.12: Type of Information that Enterprises Normally Keep.....	34
Table 4.13: Perception of Respondents on Factors Affecting Performance.....	35
Table 4.14: Determinants of Performance of Micro and Small Enterprises.....	36
Table 4.15: Factors Contributing to High Sales of Enterprise.....	37
Table 4.16: Market Structure Deciding Factors.....	38
Table 4.17: Perception of Importance of Management Skills.....	39
Table 4.18: Relationship between Employees Level of Education and Average Monthly Wage.....	40
Table 4.19: Types of Management Skills used in SMEs.....	41
Table 4.20: Forms of Management Skills used in SMEs.....	42
Table 4.21: Comparison of Micro and Small Enterprise Performance using Gross margin.....	43
Table 4.22: Selected Variables that Affect Gross Profit of Micro and Small Enterprises.....	45

## LIST OF FIGURES

Figure 1.1: Conceptual Framework.....	20
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## **ABBREVIATIONS**

GDP	Gross Domestic Product
ILO	International Labor Organization
MDGs	Millennium Development Goals
MNCs	Multi-National Companies
MSMEs	Micro, Small and Medium Enterprises
NSGRP	National Strategy for Growth and Reduction of Poverty
OECD	Organisation for Economic Co-operation and Development
SMEs	Small and Medium Enterprises
TNCs	Trans-National Companies
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNIDO	United Nations Industrial Development Organization
URT	United Republic of Tanzania

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background Information.

Small and Medium Enterprises (SMEs) are an important sector in both developed and developing economies (Stanislous and Mornay, 2011; Nishantha and Amura, 2011). They can be considered as one of the principal driving force (Criveanu et.,al,2011) in economic development because they demand private ownership and entrepreneurship, they are flexible and can adopt quickly to changing market demand and supply situation, they create employment (Vandenberg, 2009) which help diversify economic activities and make a significant contribution to export and trade.

SMEs worldwide have been recognized as engines of growth and development (Balunywa, 1992). For instance in the year 2004 alone, the World Bank Group has approved roughly \$2.8 billion in support of micro, small and medium enterprises (Ayyagari et.al, 2005). In high income countries SMEs are regarded as the backbone of their economies. According to Organisation for Economic Co-operation and Development (OECD<sup>1</sup>) report as cited by Bouri et.al, (2011), more than 95% of enterprises in the OECD area are SMEs. These enterprises account for almost 60% of private sector employment, make a large contribution to innovation, and support regional development and social cohesion. Likewise in emerging markets the SME sector is also one of the principal driving forces for economic growth and job creation. This holds particularly true for many countries in Africa where SMEs and the informal sector represent over 90% of businesses, contribute to over 50% of

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<sup>1</sup> OECD countries list includes: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

GDP, and account for about 63% of employment in low income countries (UNEP, 2008). But in Africa, private sector consists of mostly informal microenterprises, operating alongside large firms. Most companies are small because the private sector is new and because of legal and financial obstacles to capital accumulation (Kauffmann, 2005).

In many countries there have been some considerable efforts to support them so as to create necessary employment opportunities and income generation (URT, 2002). It have been found out that, many people engage in small business enterprises because they can be easily established as their requirements in terms of capital, technology, management and even utilities are not as demanding as it is the case for large enterprises.

SME sector is estimated to contribute about one-third of GDP in Tanzania (URT, 2002). According to the Informal Sector Survey of 1991, micro enterprises operating in the informal sector alone consisted of more than 1.7 million businesses engaging about 3 million people that were about 20% of the Tanzanian labour force (Olomi, 2005). A series of new enterprises started to boom after transformation from socialism to market economy.

After independence in 1961, Tanzania followed socialism ideology. Through socialism a lot of efforts were done to improve socio-economic development by adopting socialism and self-reliance, “Ujamaa na Kujitegemea” as stated in Arusha Declaration of 1967. Declaration mainly focused on promoting public ownership of the economy, covering production and distribution of wealth which records achievements in primary education, health services delivery as well as water supply and sanitation (Hamis, 2010). Economic shocks experienced (Mshana, 2002) from

1977-1985 which was caused by fall of commodity prices in the world market, the oil crisis in 1983 which draining 60% of export earnings, draught, the breakup of East African Community and the demand for building new infrastructure, war between Idd Amin of Uganda and Tanzania, huge government and party bureaucracy, mismanagement of public institutions and corruption necessitated the need for social and economic reform in 1980's which transformed socialism and self-reliance economy into market economy. In market economy, economic liberalization and globalisation were regarded as legitimate objects of attention (Hamis, 2010). Although Tanzanian government has been undertaking structural adjustment reforms under the support of the IMF/World Bank since the mid 1980s, the tempo of liberalisation and structural adjustment (Mkenda, 2005) only picked up from the mid 1990s. In 1992, Zanzibar declaration was inaugurated to institutionalize market economy after Arusha declaration was reviewed. From there onwards, a series of socioeconomic reforms, strategies and policies were formulated. To mention few includes: Structural adjustment policies; economic recovery program I and II; national economic survival program; vision 2025; poverty reduction strategy; national strategy for growth and poverty reduction (NSGRP or MKUKUTA to use it in Swahili acronym); Business Environment Strengthening program for Tanzania (BEST) and strategy to formalize properties and business in Tanzania (MKURABITA in Swahili acronym) (URT, 2002).

Despite all efforts made by the government through aforementioned policies, strategies and programs still Tanzanian SMEs are confronted with the unique problems including heavy cost of compliance resulting from their size (URT, 2002). Other constraints include: lack of market opportunity, access to finance, enabling environment, market information and managerial skills (Balunywa, 1992). In

addition, business development services namely services related to entrepreneurship, business training, marketing, technology development and information are underdeveloped and not readily available (URT, 2002).

Furthermore SMEs are exposed to more competitive pressure from different parts of the world (Hamis, 2010) through national, regional and international competition from large companies, especially Transnational companies (TNCs) and Multi-nation companies (MNCs). To withstand such business turbulence, there is a need to improve competitiveness and operating efficiency. This need can be achieved successfully by having among other things; effective management (Jennings and Beaver, 1997) which is vital component in success of SMEs so as to keep pace with that prevailing condition. Since effective management depends on good management skills of owner/manager Yusuf (1995) as cited in Yahya (2011), the present study therefore attempts to find out from owners/managers the effects of management skills on their enterprises performance.

## **1.2 Statement of the problem**

Even though SMEs in Tanzania plays a crucial role in employment creation and income generation which further leads to poverty alleviation, yet they suffer from high failure rate (Olomi, 2005). Henceforth, ensuring high SMEs performance is of paramount important.

Various studies have shown among other things a strong positive relationship between management skills and SMEs performance, because it's through skills of owner/manager where all other factors of production (resources) are assembled and organized toward achieving pre-determined goals (Gupta, 2009). Furthermore, management skills ensure optimal utilization of resources which enables SME to



survive in changing environment and attain competitive advantage over rival enterprises.

Moreover, OECD (2003) report pointed out that, formal management training can reduce the failure rates of small firm. It quotes one study which finds that, formal management training and development cuts failure rate by half if all other factors remain constant. OECD report further quotes another study which finds out that, failure rates could fall from one to three to one in ten over the first three years, where management training was undertaken.

In addressing the problem, interventions were undertaken by the government and other stakeholders through provision of vocational education, entrepreneurship, business skills and the like but still the failure rate is higher (Olomi and Sinyamule, 2009). This in the long run will make it difficult for Tanzania to reduce poverty if not alleviating it as per Millennium Development Goals (MDGs).

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

The main objective of study is to assess the effects of management skills on performance of SMEs in Tanzania.

#### **1.3.2 Specific Objectives**

- i. To determine the types and forms of management skills used in different SMEs.
- ii. To determine performance of different SMEs.
- iii. To determine the effects of owner/manager's management skills on performance of SMEs.

#### **1.4 Research questions**

- i. What are the effects of owner/manger's management skills on performance of SMEs?
- ii. How do owners/managers perceive the importance of management skills on performance of SMEs?

#### **1.5 Significance of the study**

The study has significance to knowledge, managerial application and policy contribution. For the case of knowledge contribution, the findings of the research are the building stones for other research to be conducted in this fertile area of SME management. With respect to managerial application, the findings would show the owners/managers that they have in their hands the weapon that guide them toward choosing the right management skills given the nature, level and kind of business they are doing so as to attain sustainable development of their enterprises. Policy makers on their side benefit from the findings of the study as it will be a useful ingredient on refining strategies and programs to be employed on management of SMEs.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Conceptual Thinking

##### 2.1.1 Definition of SMEs

There is no universally accepted definition of Small and Medium Enterprises (URT, 2002). This is due to the fact that there are a large number of micro, small and medium enterprises which differ in their sector of operation, activities and in the environment where they develop (Kinack et al., 2011). Most definitions of Small and Medium Enterprises (SME) include; ranges of assets or turnover per year and number of employees.

The Tanzanian government defines SMEs according to sector, employment size, and capital investment in machinery (URT, 2002). Accordingly, SMEs are defined as micro, small, and medium-size enterprises in non-farm activities, including manufacturing, mining, commerce and services (Stevenson and St-onge, 2005).

In Tanzania, micro enterprises are those engaging up to 4 people, in most cases family members or employing capital amounting up to Tshs.5.0 million. The majority of micro enterprises fall under the informal sector. Small enterprises are mostly formalized undertakings engaging between 5 and 49 employees or with capital investment from Tshs.5 million to Tshs.200 million. Medium enterprises employ between 50 and 99 people or use capital investment from Tshs.200 million to Tshs.800 million. This is illustrated in the table below:

**Table 2.1: Categories of SMEs in Tanzania**

<b>Category</b>	<b>Employees</b>	<b>Capital Investment in Machinery (Tshs)</b>
Micro Enterprise	1-4	Up to 5mil.
Small Enterprise	5-49	Above 5mil. to 200mil.
Medium Enterprise	50-99	Above 200mil. to 800mil.
Large Enterprise	100+	Above 800mil.

**Source: URT, 2002**

*NB: In the event of an enterprise falling under more than one category, then the level of investment will be a deciding factor.*

### **2.1.2 Importance of SMEs in Tanzania<sup>2</sup>**

It is estimated that about one-third of the GDP originates from the SME sector. According to the Informal Sector Survey of 1991, micro enterprises operating in the informal sector alone consisted of more than 1.7 million businesses engaging about 3 million people that was, about 20% of the Tanzanian labour force. Though data on the SME sector are rather sketchy and unreliable, it is reflected already in the above data that SME sector plays a crucial role in the economy.

Since SMEs tend to be labour-intensive, they create employment at relatively low levels of investment per job created. At present, unemployment is a significant problem that Tanzania has to deal with. Estimates show that there are about 700,000 new entrants into the labour force every year. About 500,000 of these are school leavers with few marketable skills. The public sector employs only about 40,000 of the new entrants into the labour market, leaving about 660,000 to join the unemployed or the underemployed reserve. Most of these persons end up in the SME sector, and especially in the informal sector. Given that situation and the fact that

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<sup>2</sup> URT, 2002

Tanzania is characterized by low rate of capital formation, SMEs are the best option to address this problem.

SMEs tend to be more effective in the utilisation of local resources using simple and affordable technology. SMEs play a fundamental role in utilizing and adding value to local resources. In addition, development of SMEs facilitates distribution of economic activities within the economy and thus fosters equitable income distribution. Furthermore, SMEs technologies are easier to acquire, transfer and adopt. Also, SMEs are better positioned to satisfy limited demands brought about by small and localized markets due to their lower overheads and fixed costs. Moreover, SME owners tend to show greater resilience in the face of recessions by holding on to their businesses, as they are prepared to temporarily accept lower compensation.

Through business linkages, partnerships and subcontracting relationships, SMEs have great potential to complement large industries requirements. A strong and productive industrial structure can only be achieved where SMEs and large enterprises not only coexist but also function in a symbiotic relationship. However, the linkages between SMEs and large enterprises are very weak in Tanzania. SME development Policy, therefore, creates the potential for enhancing linkages within the economy. In addition, SMEs serve as a training ground for entrepreneurship and managerial development and enable motivated individuals to find new avenues for investment and expanding their operations.

### **2.1.3 Constraints facing SMEs in Tanzania**

There are problems that hinder SMEs from exploiting its existing full potential for further employment generation and wealth creation. One of the most serious impediments is the limited capacity of people who start and operate the businesses, in terms of the attitudes, motivation, exposure, skills and experiences (Olomi, 2006). This capacity limitation exacerbates the effects of other problems including a cumbersome regulatory framework, limited access to finance and working premises.

From the study concerning Support for Growth-oriented Women Entrepreneurs in Tanzania, Stevenson and St-onge, (2005) stated two levels of constraints facing MSMEs in Tanzania, namely, those acting as barriers to general operations and those impeding growth. Their study cited UNDP, ILO and UNIDO (2002) reports which concluded with a list of factors impeding the development of informal MSEs such as; low level of education of the entrepreneurs, lack of managerial, marketing and production skills, use of rudimentary technology, low-skilled work base, lack of access to credit, tiny purchasing power of their consumers/clients, and regulatory constraints stemming from the difficulties of obtaining legal status.

The empirical evidence suggests the major constraints that limits SMEs from utilizing its full potential originate from internal factors rather than external factors (Papulová and Mokroš, 2007). The major internal factor is management skills of owners, owner-managers and employees of SMEs.

Thus, most of SMEs were established and operated by people who have inadequate management skill. This argument goes in line with study made by Jennings and Beaver (1997) which stipulate that, the cause of small business failure is due to ineffective management.

#### **2.1.4 Management Performance**

All managers in daily events must have the capabilities to recognize performance problems and opportunities, make good decisions, and take appropriate action. This can be done through the process of management. Management is the process of planning, organizing, leading, and controlling the use of resources to accomplish performance goals (Schermerhorn, 2002; Nickels et al, 2005). Management is often included as a factor of production along with machines, materials, and money<sup>3</sup>. As a discipline, management consists of the interlocking functions of formulating corporate policy and organizing, planning, controlling, and directing an organization's resources to achieve the organization's objectives such as wealth maximization and/or profit maximization.

#### **2.1.5 Management Skills**

Management skills include knowledge (Dragan, 2012) to fulfill some activities or tasks. This knowledge can be learned. However, it can also be acquired through practical fulfillment of management practices.

There are many definitions about skills that define it as some type of talent. Talent is something personal in an individual and presents a native gift from the nature about something in that individual. All individuals cannot be artist. Usually artists are born with the gift of art and after that they develop their talent in quality art skills through education system.

Dragan further stressed that, managerial skills are those skills used by managers that enable them maintain efficiency in the way how employees complete their working tasks. Because of that, managers must have skills with which they will manage

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<sup>3</sup> <http://www.businessdictionary.com/definition/management.html>

people and technology to ensure an effective and efficient realization of their working task.

#### **2.1.5.1 Types of Management Skills**

The job of a manager becomes very challenging. Several skills are therefore required in order to be a successful manager. The skills of an effective manager (Gupta, 2009) may be classified into four categories.

##### **Technical Skills**

Technical skills refer to the ability and knowledge in using the equipment, techniques and procedures and proficiency in the mechanics of a particular job. Ability in programming and operating computer is, for instance, a technical skill. For instance one of the technical skills required from any enterprise owner/manager is to ensure that records of business transaction are recorded properly through the use of ledgers and other accounting tools. Failure to keep such business transaction records properly can hinder the performance of the enterprise because it will be difficult to determine the trend of the business.

##### **Human Skills**

Human skills consist of the ability to work effectively with other people both as individuals and as members of a group. These are required to win co-operation of others and to build effective work teams. While technical skills involve mastery of 'things', human skills are concerned with understanding of 'people'. Normally owners/managers are supposed to create good working condition for people working in the enterprises through motivation, empowerment, timely payment of employee's salaries/wages and the like. Failure to create such good working condition might



make potential employees to leave the enterprise hence lower performance of enterprise.

### **Conceptual Skills**

Conceptual skills comprise the ability to see the whole organization and the interrelationships between its parts. Such skills help the manager to conceptualize the environment, to analyze the forces working in a situation and to take a broad and foresight view of the organization. If owners/managers of enterprise fail to clearly define their enterprise vision, mission, goals and objectives, they are likely to fail because enterprise will lack direction which is important in effective and efficient use of resources.

### **Diagnostic Skills**

Diagnostic skills include the ability to determine, by analysis and examination, the nature and circumstances of a particular condition. It is the ability to cut through unimportant aspects and quickly get to the heart of the problem, i.e., logical thinking, analytical reasoning and creativity. For instance if owners/managers fail to assess factors that might affect the performance of enterprise, that enterprise is likely to fail because it would not be able to keep pace with changes in business environment.

## **2.1.5.2 Forms of Business Management Skills**

### **Marketing Skills**

Marketing determines in the long term whether the business will succeed or go under (Scheers, 2010). The assumption is if the potential customers are not aware of your products or services no one will do business with you. The performance of enterprise depends on marketing skills because it's through selling more products where enterprise realizes revenue and profit. Therefore, study measured marketing skills of

SMEs owners/managers by considering their ability to assess customer's needs, develop market niches/segment and setting market strategies/tactics.

### **Financial Skills**

Financial skills are the ability to plan, organizing, direct and control the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise<sup>4</sup>. If financial resources of the enterprise are mismanaged obviously it will be lead to poor performance. The financial skills of SMEs were measured by checking out the ability to properly keep records of business transactions and to prepare financial statements.

### **Human Relation Skills**

Human relations and interpersonal communication skills are essential to working effectively in an organization. Personality conflicts or communication interference causes friction between people, which can drastically reduce productivity<sup>5</sup>. (Scheers, 2010) measured human relation skills by taking into consideration the ability to manage personal stress, manage time, carry out performance appraisal, motivating employees, managing conflict and solving problems in the working place. The human relation skills of owners/managers of SMEs were measured by looking at their ability to involving other people in decision making, motivating employees and creating networks with other business operators. Human relation skills influence performance through provision of good working condition that enable people to work harmoniously.

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<sup>4</sup> <http://www.managementstudyguide.com/financial-management.htm>

<sup>5</sup> [www.collegiateproject.com](http://www.collegiateproject.com)

### **2.1.6 SMEs Performance Measurement**

There are various ways that could be employed to measure the performance of SMEs. To mention few, it could be sales volume, profitability, productivity, age of the firm and level of employment. For instance, Lee and Tsang (2001) used sales and profit, Robson and Obeng (2008) employed the level of employment. This study used productivity to measure SMEs performance. Productivity is commonly defined as a ratio of a volume measure of output to a measure of input use (Freeman, 2008). Freeman further stressed that, the volume measure of output reflects the goods and services produced by the workforce and the measure of input use reflects the time, effort and skills of the workforce. In SMEs case, volume measure of output is average daily sales and average daily profit and measure of input in this study is owners/managers management skills.

## **2.2 Theoretical Underpinnings**

### **2.2.1 Human Capital Theory**

The study relied on standard approach in labor economics views on human capital theory. According to those views, Human capital theory suggests that education and training raises the productivity of workers by imparting useful knowledge and skills, hence raising worker's future income by increasing their lifetime earnings (Becker, 1964 in Xion, 2001). In short, human capital is a set of skills/characteristics that increase worker's productivity.

This theory rests on the assumption that education is highly instrumental and necessary to improve the production capacity of a population. Human capital theorist further argued that an educated population is a productive population. The theory keeps on emphasizes how education increases the productivity and efficiency of

human capability which is the product of innate abilities and investment in human beings. The provision of education is seen as an investment in human capital, which proponents of the theory have considered as equally or even more worthwhile than that of physical capital (Woodhall, 1997 in Almontarez, 2011).

Thus, human capital corresponds to any stock of knowledge or characteristics (e.g. management skills) the worker (e.g. Owner/manager) has (either innate or acquired) that contributes to productivity (SMEs Performance).

The study chooses human capital theory because it enables one not to think only on years of schooling but also of a variety of other characteristics as part of human capital investment. These include school quality, training and attitude towards work etc. This type of reasoning will enable one to understand that some of the differences in earnings (Performance) across workers (owners/managers) are not accounted by schooling differences alone.

Schultz (1975) as cited in Xiao (2011) suggests that education enhance an individual's ability to successfully deal with disequilibrium in changing economic conditions. Such ability includes that of perceiving a given disequilibrium, analyzing information, and reallocating resources to act. Since SMEs performance depends on its degree of flexibility and adaptability of quickly changing market demand and supply (Criveanu et al., 2011), thus the theory support the relationship between management skills and SMEs performance.

However, Livingstone (1997) stressed that it is not improved learning practices but economic reforms that hold the solution to the education-jobs gap. Furthermore he pointed out that; blaming the educational system for the breakdown of the learning-earning connection is unjustified.

### **2.3 Empirical Evidences**

In the past there were many studies that showed positive relationship between management skills and business performance. The study by Tamkin (2005) found out that; improving business performance is a key aim of most organizations, understanding what may make the difference is of enormous value to managers and leaders. Tamkins further stressed that, investing in people is one way in which organizations can make positive gains in productivity and other business outcomes.

Nishantha and Kawamura (2011) examined the role of human capital and social capital on firm growth. In analyzing the effect of human capital on firm growth they put forward indicators such as; formal education, acquisition of technical and craft skill, years of work experience in same field or/and different field, previous ownership experience in same field or/and different field, training received, family background and technical skills of employees. Nishantha and Kawamura found that work experience and training had a positive impact on firm growth. Generally they observed direct effects of human capital on firm growth. Henceforth they emphasized the need to ensure that entrepreneurs do have access to industrial related experience and training. Yahya et al., (2011) found that, high entrepreneurial success was associated with high business operation skills, skills to obtain market share that suits the size and capability, and skills to offer more special services.

In addition Scheers (2010) stipulates that lack of managerial marketing skill contributes to high SMEs failure rate in South Africa. Scheers argued that, marketing of an SME determines in the long term whether the business will succeed or go under. The underlining assumption is if the potential customers are not aware of your products or services no one will do business with you. The study undertaken by Huck

and McEwen (1991) identified three management skills as the most important to the success of entrepreneurs, namely (1) efficient administration, (2) careful planning and budgeting and (3) the marketing/ sales active. In their study, efficient administration was specifically referred to as the frequency of maintaining financial records, human relations skills and setting clear goals and objectives.

In their study on the performance and competitive advantage of small firms, Jennings and Beaver (1997) provided the root cause for small firm failure. They make explicitly the distinction between the symptoms and the root cause of small firm failure. They stressed that, symptoms could be generally seen as inadequate accounting systems; lack of a capital budget, excessive inventory, poor recordkeeping or demotivated employees but the root cause of small business failure is ineffective management. Stanislaus and Mornay, (2011) examined the influence of human investment on performance of SMEs in manufacturing sector of Harare in Zimbabwe. Their study used human resources management, financial management, general management, production management and marketing management as human investment indicators in determining the performance of SMEs. They discovered that poor performance of SMEs is the product of inadequate management skills.

Findings from research on women entrepreneurs in Tanzania (Stevenson and St-Onge, 2005) and interviews with key informants indicate that women tend to have low levels of business and technical skills, and often do not value the importance of business training. Both the necessity of taking time away from their enterprises and the cost of training are seen as prohibitive factors. Yet clearly, training and skills development are necessary.

## **2.4 Research Gaps**

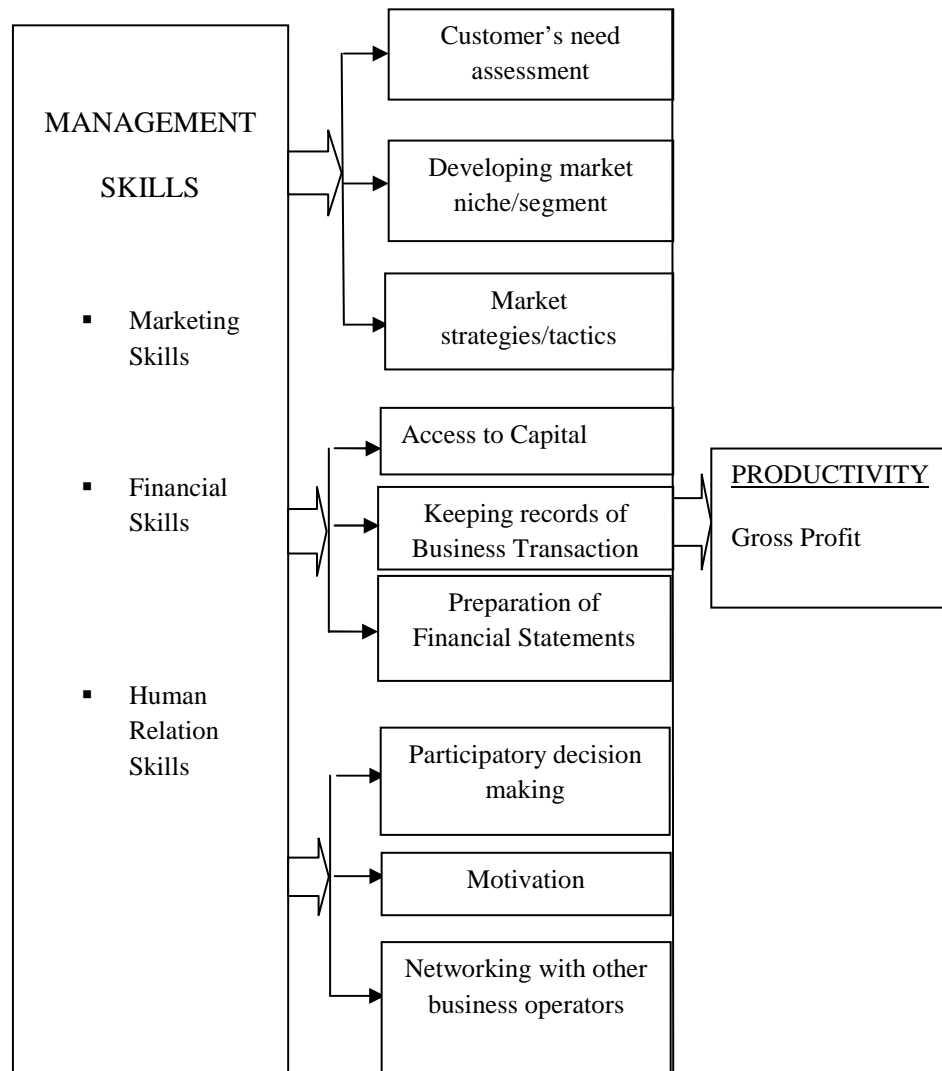
Generally most of the studies portrayed a positive correlation between management skills and business performance (Nishantha and Kawamura, 2011; Stanislous and Mornay, 2011; Tamkin, 2005). Though most of them provided little information on the perception of importance of management skills, and challenges faced in practicing management skills by owners/managers. Therefore, the study will focus on filling that missing information.

Moreover, past studies on the relationship between management skills and performance were done in different environments and cultures. Hence, the outcome of this study which is conducted in Tanzania, the results may differ from previous studies in line with the theory of Hofstede (1980) as cited in Yahya et al., (2011) which stated that culture influences the relationship between two variables.

## 2.5 Conceptual Framework

The conceptual framework below will be the framework for analysis of this study.

Figuratively, this conceptual framework can be portrayed in the following manner:



**Source:** Prepared by Author, 2013

The conceptual framework for this study emphasizes that for SMEs performance to be achieved, owners/managers of SMEs should be conversant with management skills relevant for development of their businesses. The study measured management skills by focusing on SMEs owners/manager's ability to assess customer's needs, develop market niche/segment, setting market strategies, access to capital, keeping records of business transactions, preparing financial statements, motivating



employees, involving other people in decision making and create network with other business operators. Productivity as performance indicator focused on gross profit to compare owners/managers of micro and small enterprises.

## CHAPTER THREE

### METHODOLOGY

#### 3.1 Study Area

The study has been carried out in Dodoma Municipality. Dodoma is the Tanzania's capital since the 1970's and is the seat of the Union Parliament<sup>6</sup>. Being among the largest city in Tanzania, it has the population of about 324,347 in 2002 census, 400,000 inhabitants and faces a high yearly population growth rate of 3.4%. Dodoma region comprises an area of 70 km<sup>2</sup> and is divided into 17 urban and 13 rural wards. It is located in the centre of Tanzania exposed to a semi-arid climate at an altitude of 1125 meters above sea level. The average rainfall is around 570 mm per year. However, most of it falls during the rainy season which lasts from December to April.

It is a major commercial centre, due to its central location in regard to other regions<sup>7</sup>. The region is renowned for its wine culture as it is a major wine producer in the Southern Africa. Due to the excellent irrigation schemes in the region, there is hope for a brighter future in the agricultural sector. Dodoma is 452 Km from Dar es Salaam. It can be reached by air (1 hour), Tarmac road (6 hours) or railway (12 hours).

#### 3.2 Data Types and Sources

In carrying out this study, both primary and secondary data were collected. This study used interview by using structured questionnaire in obtaining primary data

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<sup>6</sup> <http://www.eawag.ch/forschung/sandec/publikationen/sesp/dl/tanzania.pdf>

<sup>7</sup> [http://www.sido.go.tz/UI/Domoma\\_Region.aspx](http://www.sido.go.tz/UI/Domoma_Region.aspx)

from respondents. Secondary data were collected from documentary review where journals, articles, books and internet were explored.

### **3.3 Data Collection Methods**

The study used more than one method of data collection. The prime reason for employing more than one data collection technique was to ensure reliability and validity. In order to improve accuracy, triangulation was employed. Different methods were used i.e.; interviews by using structured questionnaires and documentary analysis.

The interviews by using structured questionnaire was used to collect primary data because it reduces the level of incompleteness of questionnaires and the research would be able to clarify any queries concerning the questions (Kumar, 1996 as cited in Afolabi and Macheke, 2012).

### **3.4 Research Design**

The study adopted descriptive research design. The reason for choosing this type of research design is that it gives the actual information from the respondents (SMEs' owners/managers in our case). Also study used cross-sectional research strategy in the survey to get both qualitative and quantitative information by using a structured questionnaire with both open and close ended questions. This research strategy was adopted because it facilitates timely collection of data at a single source in selected areas.

### **3.5 Sampling**

The population under study was all SMEs owners/managers found in Dodoma Municipality. Churchill and Brown (2004) noted that the correct sample size in a study is dependent on the nature of the population and the purpose of the study. The

sample size usually depends on the population to be sampled, although there are no general rules. Generally, sample sizes larger than 30 and less than 500 are appropriate for most research. Due to time and financial constraints a sample of 60 SMEs owners/managers were included in the study, where they were interviewed by using structured questionnaire. The study interviewed 30 owners/managers from each category i.e., micro and small in each ward. Two wards (one from urban and other from rural area) were studied. The study used judgment sampling in selecting wards and random sampling in selecting owners/managers in their respective wards so as to give equal chance of respondent's selection. Therefore enable generalization of findings.

### **3.6 Data Analysis**

The collected data were processed and analyzed by using Statistical Package for Social Sciences (SPSS-16 version). SPSS was used to provide descriptive analysis and statistical interpretations. The descriptive analysis, gross margin analysis, correlation and linear regression were the analytical methods used. Correlation was used for testing the degree to which a linear predictive relationship exists between variables, as measured by a correlation coefficient. Furthermore completed questionnaires were coded and responses were categorized for easy analysis of qualitative data. Comparison of performance of SMEs in terms of productivity was measured by considering profit (gross profit/margin).

## CHAPTER FOUR

### DATA PRESENTATION AND FINDINGS

#### 4.1 Characteristics of Enterprise Owners/managers

This section presents characteristics of enterprise owners/managers by looking at their sex, age and marital status, level of education and size of household so as to understand their personal profile. This study comprises of 60 owners/managers; of which 30 (50%) are micro enterprise owners/managers and 30 (50%) are small enterprise owners/managers. All respondents were interviewed by using structured questionnaires.

##### 4.1.1 Composition of Respondents by Sex

Observations indicate that the composition of sample size is 56.7% and 43.3% for female and male respectively. These findings correspond with study made by Stevenson and St-Onge in 2005 on Support for Growth-oriented Women Entrepreneurs in Tanzania which found out that many women are predominantly found in informal, micro level, low-growth sectors and encounter high competition while earning subsistence income. Furthermore their study argued that due to low levels of education, women are unable to find employment in the formal, private sector and are the first to lose their jobs in retrenchment exercise. The table below summarizes the composition of respondents by Sex.

**Table 4.1: Composition of Respondents by Sex**

Sex	Frequency	Percent
Male	26	43.3
Female	34	56.7

**Source:** Fieldwork Survey, 2013

#### 4.1.2 Composition of Respondents by Age

The age of the respondents ranged from those with less than 20 years to above 50 years. The respondents were categorized in three major groups which were youth (less than 29 years), youth adult (30-50 years) and elders (greater than 50 years). The respondents were further categorized in sub-groups on age basis at the range of 10 years, five groups were obtained. When the portion of the respondents were arranged in terms of age, starting from the highest portion to the lowest portion, the following were observed; The age between 30 to 39 years are 36.7%, the age between 20 to 29 years are 33.3%, the age between 40 to 50 are 23.3% and the age of those with age less than 20 and those with age greater than 50 are 3.3% each. Generally the majority of the respondents are in the age categories of active people. The high concentration of most owners/managers between the ages of 30 and 50 years old is as expected because this is the period when most middle aged Tanzanian youths are actively engaged in productive economic activities. The summary of distribution of respondents basing on the age is shown in the table below.

**Table 4.2: Composition of Respondents by Age**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
< 20 years	2	3.3
20-29 years	20	33.3
30-39 years	22	36.7
40-50 years	14	23.3
> 50 years	2	3.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

### 4.1.3 Composition of Respondents by Marital Status

Results about marital status of the respondents involved in this study have demonstrated that about 60% are married business owners/managers, 20% are single, 13.3% are divorced and 6.7% are widows. From these results it can be noted that married respondents have largest portion of all respondents while the second are single with 20%, third are divorced with 13.3% and the lowest portion are widows with only 6.7%. The table below shows the distribution of respondents by marital status.

**Table 4.3: Composition of Respondents by Marital Status**

<b>Marital Status</b>	<b>Frequency</b>	<b>Percent</b>
Single	12	20.0
Married	36	60.0
Divorced	8	13.3
Widow	4	6.7
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

### 4.1.4 Composition of Respondents by the Level of Education

The highest education level attained by respondents is degree or equivalent and the lowest level are those who never attended formal education. When grouping respondents' with regards to the level of education, six levels are formed. Those who never attended formal education comprises of 16.7%, primary education 16.7%, secondary education which had the majority of respondents comprises of 43.3%, post secondary school certificate were 10%, diploma are 10% and degree or equivalent comprises of 3%. It is revealed that majority of respondents with lower level of education engaged themselves in business because they have slight chance of being

employed as compared to those with higher level of education. Furthermore those with post secondary school certificate and above prefer more formal employment than informal business sector. The level of education tends to determine where one will work. The table below summarizes the distribution of respondents basing on the level of education.

**Table 4.4: Composition of Respondent by the Level of Education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percent</b>
Never attended formal education	10	16.7
Primary education	10	16.7
Secondary education	26	43.3
Post secondary school certificate	6	10.0
Diploma	6	10.0
Degree or equivalent	2	3.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

#### **4.1.5 Composition of Respondents by Size of Household**

The final characterization of the respondents' profile is about the household size. Between 1 and 3 members of the household is interpreted as small household; between 4 and 6 is interpreted as normal household, and; beyond 7 is interpreted as a big household. Results reveal that most of respondents' household size is between 4 and 6 people with 36.7%, the second ranked household size has 7 people and above which constituted 33.3% and the third ranked household size has people between 1 and 3 which constituted 30%. Generally speaking, therefore, it can be argued that most of the respondents came from normal and big size households. The table below presents the composition of respondents by the size of household.



**Table 4.5: Composition of Respondents by Size of Household**

<b>Size of Household</b>	<b>Frequency</b>	<b>Percent</b>
1-3	18	30.0
4-6	22	36.7
7 and above	20	33.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source: Fieldwork Survey, 2013**

## **4.2 General Characteristic of the Enterprises**

This section discussed the general characteristics of the enterprises as perceived by owners/managers where it looked at types of business activities they perform, duration of their enterprises, sources of business knowledge, sources of finance for their enterprises, their attendance in business training, types of business training of their preference in the future, type of information that their enterprise normally keep, their perception on factors affecting enterprise performance, determinants of enterprise performance, factors contributing to high sales of enterprise, market structure of the industry in which their enterprises operate and their perception on the importance of management skills on performance their enterprises.

### **4.2.1 Business Activities Done by Respondents**

Table 4.6 presents the result on the types of business activities done by respondents. Results show that the four top-ranking businesses include, retail shop (23.3%), sunflower oil (13.3%), Food vendor (10%) and grocery (10%). The results further reveal that non-farm activities mainly commerce and services are found to pre-occupy all respondents involved in this study. The results agree with the report by Stevenson and St-Onge, (2005) which revealed that most MSMEs were described to

be those involved in non-farm economic activities such as commerce and services.

Results in the present work have demonstrated the same trend.

**Table 4.6: Type of Business Activities Done by Respondents**

<b>Type of Businesses</b>	<b>Frequency</b>	<b>Percent</b>
Retail shop	14	23.3
Sunflower oil	8	13.3
CDs shop	2	3.3
Selling charcoal	4	6.7
Food vendor	6	10.0
Grocery	6	10.0
Selling clothes	4	6.7
Cosmetics shop	4	6.7
Saloon	4	6.7
Wholesale shop	2	3.3
Spare parts	4	6.7
Animal Feeds	2	3.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

#### **4.2.2 Duration of the Business**

Findings show that businesses with the life span between 1 and 5 years are 50%, followed by businesses with life span between 6 and 10 years which comprise of 30% and 20% represents those with over 10 years of operation. It can be revealed that as the life span of businesses increases, the number of businesses decrease. According to Kesper, 2000 as cited in Smit and Watkins, 2012; such failure was due to the fact that business owners/managers are most conversant with their enterprises, but they are frequently not able to identify all the factors impacting on their enterprise activities and/or overrate the significance of external factors, while

underrating internal weaknesses. The table below summarizes the duration of the businesses of respondents under study.

**Table 4.7: Duration of the Businesses**

<b>Duration</b>	<b>Frequency</b>	<b>Percent</b>
1-5	30	50.0
6-10	18	30.0
Over 10	12	20.0
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

#### **4.2.4 Sources of Business Knowledge**

Findings portray that 80% of all respondents got business knowledge from friends relatives, while entrepreneurship seminars/workshops and academic institutions comprises of 13.3% and 6.7% respectively. The table below summarizes the findings.

**Table 4.8: Sources of Business Knowledge**

<b>Sources of Business Knowledge</b>	<b>Frequency</b>	<b>Percent</b>
Academic Institution	4	6.7
Friends/Relatives	48	80.0
Entrepreneurship seminars/workshops	8	13.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

#### **4.2.5 Sources of Finance for the Business**

Results reveal that majority of respondents rely on loans to run their businesses. (43.3%) of all respondents depend on loan, followed by those who rely on savings which comprise of 33.3% while the rest 23.3% depend on raised fund from other source (it could be from relatives, friends etc). This observation implies that there is

a need to create good environment for business owners to access credits. The table below summarizes different sources of finance for the businesses studied.

**Table 4.9: Sources of Finance for the Businesses**

Source	Frequency	Percent
Savings	20	33.3
Raising Fund	14	23.3
Loan	26	43.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

#### 4.2.6 Owners/managers Attendance on Business Training

Observations depict that 46.7% of all respondents have attended training while 53.3% haven't attended any business training. This indicates that majority of respondents haven't attended business training. The summarized table below portrays attended and non-attended respondents.

**Table 4.10: Attendance of Business Training**

	Frequency	Percent
Attend	28	46.7
Didn't attend	32	53.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

#### 4.2.8 Type of Business Training Preferred in the Future

When respondents were asked on the type of business training they would prefer in the future if they had an opportunity; 26 (43.3%) preferred entrepreneurship, Marketing 20 (33.3%), financial management 8 (13.3%), Human relation 4 (6.7%) and 2 (3.3%) don't prefer any business training in the future. This implies that larger

proportions of respondents were interested in acquiring entrepreneurship and marketing skills. The table below shows type of business training which are preferred by respondents in the future.

**Table 4.11: Number of Owners/managers with Business Training Preference**

<b>Preferred Training</b>	<b>Frequency</b>	<b>Percent</b>
Entrepreneurship	26	43.3
Marketing	20	33.3
Financial Management	8	13.3
Human relation	4	6.7
Leadership	2	3.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

#### **4.2.9 Type of Information that Enterprises Normally Keep**

When respondents were asked on the information that they normally keep; results reveal that all respondents keep receipts and payments information, 29% keep stock take figures, 15.1% keep lists of debtors and creditors, assets and liabilities 12.9% and vouchers, bank statements and invoices comprises of 10.8%. From the data it can be noticed that receipts and payments as well as stock take figures is the prime information that organization normally keep. The table below presents type of information that organizations normally keep.

**Table 4.12: Type of Information that Enterprises Normally Keep**

S/No	Type of Information	Frequency	Percent	Ranking
1	Receipts and Payments	60	32.3	1
2	List of debtors and creditors	28	15.1	3
3	Assets and Liabilities	24	12.9	4
4	Stock take figures	54	29.0	2
5	Vouchers, Bank Statements and Invoices	20	10.8	5
	<b>Total</b>	<b>186</b>	<b>100.0</b>	

**Source:** Fieldwork Survey, 2013

#### **4.2.10 Factors that Affect Enterprise Performance**

In trying to understand factors that affect business performance, the following secondary identified factors were put forward for respondents to choose. Those factors were; lack of market opportunities, access to finance, enabling environment in terms of infrastructures, legal framework etc, market information and management skills in terms of knowledge, skills and experience. All respondents choose access to finance as the main factor that affects business performance, followed by management skills in terms of knowledge, skills and experience with 23.9%. Other factors chosen by respondents were lack of market opportunities, enabling environment in terms of infrastructures, legal framework etc and market information with 21.4%, 18.8% and 10.3% respectively. The table below summarizes the factors that affect business performance.

**Table 4.13: Perception of Respondents on Factors that Affect Enterprise Performance**

S/No	Factors	Frequency	Percent	Ranking
1	Lack of Market opportunities	50	21.4	3
2	Access to finance	60	25.6	1
3	Enabling environment in terms of infrastructures, legal framework etc.	44	18.8	4
4	Market information	24	10.3	5
5	Management skills in terms of knowledge, skills and experience	56	23.9	2
	<b>Total</b>	<b>234</b>	<b>100.0</b>	

**Source:** Fieldwork Survey, 2013

#### **4.2.11 Perception of Respondents on Determinants of Performance of Enterprises**

In trying to comprehend with the determinants of performance of micro and small enterprises the following secondary determinants were identified, namely; more sales per (day/month/year), more productive assets, more savings, less debts related to business, more products to sell, opening new other similar businesses using savings from current business, opening new other different businesses using savings from current business, more profit per (day/week/month) and less operational costs. According to respondent's responses, the top three ranked determinants are; more sales per (day/month/year) and more profit per (day/month/year) both with 20.7% each and more savings with 19.3% of all respondents. The table below summarized the findings on the determinants of performance of micro and small enterprises.

**Table 4.14: Determinants of Performance of Micro and Small Enterprises**

S/No	Determinants	Frequency	Percent	Ranking
1	More sale per (day/week/month)	60	20.7	1
2	More productive assets	6	2.1	7
3	More savings	56	19.3	2
4	Less debt related to business	22	7.6	4
5	More products to sell	32	11.0	3
6	Opening new other similar businesses using savings from current business	22	7.6	4
7	Opening new other different businesses using savings from current business	18	6.2	5
8	More profit per (day/week/month)	60	20.7	1
9	Less operational costs	14	4.8	6
	<b>Total</b>	<b>290</b>	<b>100.0</b>	

**Source:** Fieldwork Survey, 2013

#### **4.2.12 Factors Contributing to High Sales of Business**

In order to figure out factors contributing to high sales of business, the following secondary identified factors were put forward, namely; access to credit, size of initial capital, previous business experience, family business background location of the business, level of education of business operator, business support services (training) that you have acquired, less operational costs, networking with operators of similar business. Findings indicate that top three ranked factors contributing to high sales of



business are location of the business 17.5%, previous business experience 15.6% and access to credit 13.1%. The summarized table below shows the factors contributing to high sales of the business.

**Table 4.15: Factors Contributing to High Sales of the Enterprise**

S/No	Factors	Frequency	Percent	Ranking
1	Access to credit	42	13.1	3
2	Size of initial capital	40	12.5	4
3	Previous business experience	50	15.6	2
4	Family business background	28	8.8	6
5	Location of the business	56	17.5	1
6	Level of education of business operator	36	11.2	5
7	Business support services (training) that you have acquired	28	8.8	6
8	Less operational costs	14	4.4	8
9	Networking with operators of similar business	26	8.1	7
	<b>Total</b>	<b>320</b>	<b>100.0</b>	

**Source:** Fieldwork Survey, 2013

#### **4.2.13 Market Structure of the Industry in which Enterprises Operate**

In understanding the market structure of the industry in which respondents' businesses operate, the following deciding factors were ranked by respondents: these were; number of buyers, number of sellers, buyer barriers to entry and exit, seller barrier to entry and exit, product differentiation, product substitutability, size of market share and competition. Results indicate that all respondents mentioned many number of buyers, many number of sellers, low barriers to entry and exit for buyers,

low barriers to entry and exit for sellers, homogeneous, homogenous/differentiated; followed by small market share 10.5%, fierce completion 10.2% and availability of substitute goods/services 9.8%. It can therefore generalize that all businesses in this study are in monopolistic competition. The table below summarizes the findings.

**Table 4.16: Market Structure Deciding Factors**

S/No	Deciding Factors	Frequency	Percent	Ranking
1	There are many number of buyers	60	10.9	1
2	There are few number of buyers	3	0.5	7
3	There are many number of sellers	60	10.9	1
4	There is few number of sellers	2	0.4	8
5	Low barrier to entry and exit for buyers	60	10.9	1
6	High barrier to entry and exit for sellers	4	0.7	6
7	Low barrier to entry and exit for sellers	60	10.9	1
8	Homogeneous product produced	60	10.9	1
9	Homogeneous/differentiated products	60	10.9	1
10	No substitute goods/services	2	0.4	8
11	There is substitute goods/services	54	9.8	4
12	Small market share	58	10.5	2
13	Fierce competition	56	10.2	3
14	Imperfect competition	12	2.2	5
	<b>Total</b>	<b>551</b>	<b>100.0</b>	

**Source:** Fieldwork Survey, 2013

#### **4.4.1 The Perception of Importance of Management Skills on Performance of SMEs**

In this respect, respondents were given lists of responses to rank according to their order of importance and the relationship between employee's level of education and their average monthly income was established.

#### **The Perception of Importance of Management Skills**

The results reveal that 43.3% of the respondents agreed that management skills are very important and 56.7% of the respondents supported that management skills is important. There was no case that had reported that management skills are not important. Henceforth all respondents perceive management skills as an important factor on enterprise performance. The table below summarizes the findings.

**Table 4.17: The Perception of Importance of Management Skills**

<b>Perceptions</b>	<b>Frequency</b>	<b>Percent</b>
Very important	26	43.3
Important	34	56.7
<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Fieldwork Survey, 2013

#### **Relationship between Employee's Level of Education and Average Monthly Wage**

In trying to look at the perception of importance of management skills the study also established the relationship between employee's level of education and their average monthly wage. When employee's level of education and their average monthly wage are correlated, the Pearson correlation indicated a perfect correlation of 1 at a significant level of 0.01 2- tailed with positive correlation. This implies that there is positive relationship between employee's level of education and average monthly

income. In addition, it indicates that enterprise owners/managers pay high wages to employees with high level of education unlike to those employees with low level of education. It is therefore evidently confirmed that owner/managers of micro and small enterprises acknowledge the importance of management skills on performance of their enterprises. The table below presents the surveyed findings.

**Table 4.18: Relationship between Employees Level of Education and Average Monthly Wages**

		Employees level of Education	Average monthly wage
Employees level of Education	Pearson Correlation	1	.588**
	Sig. (2-tailed)		.000
	N	60	60
Average monthly wage	Pearson Correlation	.588**	1
	Sig. (2-tailed)	.000	
	N	60	60

**Source:** Fieldwork Survey, 2013

### 4.3 Types and Forms of Management Skills used in different SMEs

The first objective of the study intends to determine types and forms of management skills used in different SMEs. In trying to answer this objective two issues were put on board, these are; types of management skills and forms of management skills.

#### 4.3.1 Types of Management Skills used in SMEs

Observation shows that most of the enterprises use technical skills 50% followed by human skills which is comprised of 33.3%. Conceptual and diagnostic skills are comprised of 10% and 6.7% respectively. This implies that micro and small

enterprises mostly use job-specific knowledge and techniques needed to perform specific tasks proficiently (technical skills) and use the ability to work well with other people both individually and in a group (human skills). Conceptual and diagnostic skills are mostly needed in medium and large enterprise as they do operate in more complex situation. Table below presents the findings.

#### 4.19: Types of Management Skills used in SMEs

S/No	Types of Management Skills	Frequency	Percent	Ranking
1	Technical Skills	30	50.0	1
2	Human Skills	20	33.3	2
3	Conceptual Skills	6	10.0	3
4	Diagnostic Skills	4	6.7	4
	<b>Total</b>	<b>60</b>	<b>100.0</b>	

**Source:** Fieldwork Survey, 2013

#### 4.3.2 Forms of Management Skills used in SMEs

Findings show that entrepreneurship surpasses other forms of management skills used in enterprises by having 30%, marketing 26.7%, financial management 20%, human relation 13.3% and leadership 10%. Results reveal that many enterprises use entrepreneurship than any other form of management skills. McMullan and Longman (1998) cited in Makandilo, (2007) proposed that entrepreneurship education should include skill-building components such as negotiation, leadership, creative thinking, exposure to technical innovation and new products development. Also the program should teach skills in detecting and exploiting business opportunities as well as incorporating detailed and long term business planning. This study shows that, none of them was trained on mentioned topics. This highlights poor foundation from the

starting of the business and hence due to low level of education, their knowledge and skills on how to manage their work is generally low. Most of micro and small business owners/managers also depend on poor technology which consumes their time and energy. The table below depicts forms of management skills used by enterprises.

**Table 4.20: Forms of Management Skills used in SMEs**

S/No	Forms of Management Skills	Frequency	Percent	Ranking
1	Entrepreneurship Skills	18	30.0	1
2	Marketing Skills	16	26.7	2
3	Leadership Skills	6	10.0	5
4	Financial Skills	12	20.0	3
5	Human relation Skills	8	13.3	4
	<b>Total</b>	<b>60</b>	<b>100.0</b>	

**Source:** Fieldwork Survey, 2013

#### **4.4 The Performance of Different Enterprises**

The second objective intends to determine the performance of different Enterprises. In this respect the study compared performance of micro and small enterprises in terms of gross margin per year, gross margin per unit of labour used and gross margin per capital employed in the enterprises. In respect of gross margin per year, results reveal that small enterprises has greater gross margin than micro enterprises. Micro and small enterprises realize gross margin of 7,164,000 Tshs and 42,936,000 Tshs respectively. In terms of gross margin per unit of labour used, small enterprises also surpassed micro enterprise by having 596,300 Tshs compared to 298,500 Tshs of micro enterprises. Also in terms of gross margin per capital employed in the enterprises, small enterprises realize 30 Tshs for every 100 Tshs committed in the enterprises unlike in micro enterprises which realize 24 Tshs for every 100 Tshs committed. The table below summarizes the findings.

**Table 4.21: Comparison of Micro and Small Enterprise Performance using Gross Margin**

	<b>Micro Enterprises Tshs “000”</b>	<b>Small Enterprises Tshs “000”</b>
<b>TOTAL REVENUE</b>		
Price*Quantity	1,227	9,063
<b>VARIABLE COSTS</b>		
Cost of goods sold	350	4,500
Rent	60	200
Electricity bill	40	100
Transportation of products	20	80
Cost of Credit (Interest rates from borrowed fund)	100	250
License	-	15
Repair/Services for machine/car	-	60
Telephone/mobile charge	10	50
Cost of labour (Wage/salaries)	40	160
Other	10	70
<b>Total variable cost</b>	<b>630</b>	<b>5,485</b>
<b>Gross margin</b>	<b>597</b>	<b>3,578</b>
Gross margin/year (Gross Margin*12)	7,164	42,936
Gross margin/unit of labour used	298.5	596.3
Gross margin/ capital (Current capital	0.24	0.30
<b>Additional information</b>		
Current capital	2,500	12,000
Units of labour used	2	6

**Source:** Fieldwork Survey, 2013

#### 4.5 Effects of Owner/manager's Management Skills on Performance of SMEs

The third and last objective of this study was to determine the effects of owner/manager's management skills on performance of SMEs. In trying to answer this objective, linear regression model was adopted to determine owner/manager's management skills that effect performance of SMEs as measured by gross margin. The estimated linear equation takes the form:

$$\pi = \beta_0 + \beta_1 M + \beta_2 F + \beta_3 HR + \beta_4 Ed + \beta_5 L + \beta_6 C + \beta_7 A$$

Where the dependent variable ( $\pi$ ) represents estimated gross margin for 60 selected enterprises in Dodoma municipality,  $\beta$  are coefficients to be estimated, M=Marketing skills, F=Financial skills, HR=Human Relation skills, Ed=Level of education of owners/managers of enterprises, Location of the enterprise, C=Current amount capital and A= Age of owners/managers are vectors of independent variables hypothesized to affect gross margin.

Table 4.22 below presents the results of linear regression model. The estimated measure of goodness of fit (R-square) indicates that the model explains approximately 69% of the variability in gross margin of micro and small enterprises. In case of the explanatory variables, the model reveals that all hypothesized variables were statistically significant at  $p < 0.05$  level including marketing skills, financial skills, human relation skills, level of education, location of the enterprise, amount of capital committed in the enterprise and age of owners/managers. Each of these variables is discussed below.



**Table 4.22: Selected Variables that Affect Gross Profit of SMEs**

<b>Variables</b>	<b>Standardized Coefficients <math>\beta</math></b>	<b>t-value</b>	<b>p-value</b>
(Constant)		-5.858	.000
Marketing Skills	.265	5.032	.001
Financial Skills	.196	1.476	.030
Human Relation Skills	.204	3.009	.007
Level of Education	.150	2.935	.026
Location of the enterprise	.198	1.156	.035
Current Amount of Capital	.541	5.234	.000
Respondent's Age	.268	3.109	.003
Adjusted $R^2= 0.689$ Sample size = 60			

**Source:** Fieldwork Survey, 2013

The positive contribution of marketing skills on gross profit implies that increase in level of marketing skills for owners/managers increase performance of enterprise. The results concur with previous study by Scheers, (2010) which shows that positive correlation exists between marketing skills challenges and business failure in South Africa. Scheers further stressed that marketing in the SMEs is the responsibility of the business owner. Therefore positive and significant effect of marketing skills implies a direct relation between the variable and gross profit. On the question of financial skills results also show a positive and significant effect on the performance of enterprises. This indicates that knowledge and skills on record keeping, preparing financial statements and making sound financial decisions is important for enhancing performance of enterprises.

Human relation skills also portray significant effect on the profit of the enterprise. This implies that it directly affect the performance of enterprise. This result is in line with Karami (2004) which shows that increasing the core competencies of the firm, especially its human resource capabilities, leads to a highly successful performance of the firm within the small and medium-sized electrical and electronics manufacturing enterprises in United Kingdom. In addition the result is consistent with the theories of human capital by Schultz (1961) and Becker (1964) that investment in human capital leads to an increase in human performance. Furthermore, increase in human performance leads to increase in performance of enterprise.

Level of education has positive and significant effect on the gross profit of enterprises. This implies that if owners/managers of the enterprise have higher level of education he/she will be in the position to make sound decisions on managing the operation of the enterprise hence ensure high performance. Location of the enterprise also has significant effect on the gross profit of enterprise. This result indicates that enterprise sale more of its product if it is located in a place where customers can easily access the products.

Amount of capital invested on the enterprise is another variable that shows positive and significant effect on performance of enterprise. The implication of this finding is that if other variables remain constant, the greater the amount of capital invested on the enterprise the high the profit and performance of enterprise at large. Moreover age of owners/managers was found to be important factor that affect the performance of enterprise. As owners/managers keep on growing in terms of age while running their enterprises they realize more profit because they gain more experience from day to day operations.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 Overview**

This chapter provides summary of the findings, conclusion, recommendations, and limitations of the study together with proposed areas for further study. The summary of the findings is based on three research objectives and conclusion is based in areas of policy implication, knowledge contribution and management implication. Recommendations are provided to the government, financial institutions and owners/managers of micro and small enterprises.

#### **5.2 Summary of Findings**

The section summarizes the major findings of the study. In so doing, the section has been guided by the analytic strategy (research objectives) as recommended by Yin (1994).

##### **5.2.1 Types and Forms of Management Skills used in different SMEs**

Technical and human skills are types of management skills that are mostly used in micro and small enterprises. This implies that micro and small enterprises mostly use job-specific knowledge and techniques needed to perform specific tasks proficiently and the ability to work well with other people both individually and in a group. On the forms of management skills it was revealed that entrepreneurship; marketing and financial skills are mostly used in micro and small enterprises.

##### **5.2.2 Performance of different SMEs**

There is a great difference in performance of micro and small enterprises as measured by gross profit. Such difference could be propagated by difference in factors such as level of education of owners/managers of enterprises, credit

accessibility, level of education of employees, management skills and so forth. It was further revealed that performance of small enterprises is greater than micro enterprises in terms of gross margin per year, gross margin per unit of labour used and gross margin per amount of capital committed in the enterprise. In terms of gross margin per year, small enterprises realize 42,936,000 Tshs while micro enterprises realize 7,164,000 Tshs. In terms of gross margin per unit of labour used, small enterprises earn 596,300 Tshs while micro enterprises earn 298,500 Tshs. In terms of gross margin per amount of capital employed in the enterprises, small enterprises grasp 30% while micro enterprises grasp 24%.

### **5.2.3 Effects of Owner/manager's Management Skills on Performance of SMEs**

There is the effect of owner/manager's management skills on performance of SMEs as all variables reject null hypothesis. Those variables which show statistical significance with p-value less than 0.05 are marketing skills, financial skills, human relation skills, level of education of owners/managers of enterprises, location of the enterprises, amount of capital committed and age of owners/managers.

## **5.3 Conclusion**

The study makes contribution mainly in three areas which are policy implication, knowledge contribution and management implication. The section provides analytic remarks to those contributions.

### **5.3.1 Policy Implication**

In this aspect study reveals that micro and small enterprises in Tanzania depends on the entrepreneurial and business skills for their success. This study also found out that Micro and Small Enterprises in SME sector need training to acquire these skills so as to succeed and most of the respondents indicate that they have not yet attended

any business training. Therefore policies, programmes and regulations should clearly address management skills necessary for players in this sector.

### **5.3.2 Knowledge Contribution**

It was evidenced from the study that business owners/managers lack certain managerial skills such as marketing, financial, and human skills to operate their businesses successfully. The research findings confirm that small business owners/managers are in need of support services such as training, counseling, and financial assistance. It is equally evident that micro and small businesses are constrained not only by financial factors but also specifically by non-financial factors such as lack of education, inadequate technical skills, poor access to markets, lack of information and unreliable infrastructure.

### **5.3.3 Management Implication**

The study reveals that, in respect to marketing skills, owners/managers failed to identify the needs of customers before embarking on their businesses and they don't consider the level of income of their customers in setting price of their products. In respect to financial skills they don't prepare financial statements while other don't find it worthy to prepare them because its time consuming and costly. In this regard it is difficult for them to realize actual profit/loss and/or financial status of their businesses. Moreover owners/managers don't seek feedback and clarification on the influence of their businesses from customers and other beneficiaries.

### **5.4 Recommendation**

This section is devoted to make recommendations which when implemented can enhance micro and small enterprise sector. The recommendations are made to the

government, financial institutions and owners/managers of micro and small enterprises.

#### **5.4.1 Recommendation to the Government**

The government is hereunder advised to undertake the following measures to enhance Micro and Small enterprises;

- 1) To design training programmes for micro and small businesses that reflects the nature and type of businesses undertaken in the country at an affordable price.
- 2) To formulate policies/laws/regulations that would ensure commitment of financial institutions on providing business advises to their clients before providing their services (e.g. loans).

#### **5.4.2 Recommendation to the Financial Institutions**

The financial institutions are advised to undertake the following measures for development of Micro and Small enterprises;

- 1) To conduct seminars/workshops/training to their clients on business matters before providing their financial services (e.g. loans).
- 2) To reduce tight conditions for loan acquisition and ensure timely delivery of loans and other financial services.

#### **5.4.3 Owners/managers of Micro and Small Enterprises**

In order to cope with business challenges and attain sustainable development of their businesses, the owners/managers should attend business seminars/workshops/training that will enable them to acquire marketing skills, financial skills, human relation skills and other related business skills.

### **5.5 Limitation of the Study**

The study was actually based at Dodoma Municipality as a case study. This was done because Dodoma Municipality is found to be appropriate based on conveniences. In addition, the case was selected because of opportunity to learn. Furthermore the data collected based on the sample are limited and the results are basically influenced by local culture, meaning that different geographical location might produce different results. It is however acknowledged that, if this kind was extended to other parts and cover more wide area of the country, it could have provided richer and interesting findings.

### **5.6 Areas for Further Studies**

The following areas are recommended for further studies;

- 1) This study only focused on management skills as factor of SMEs performance whereas in performance of SMEs there might be more perspectives to look upon. Therefore, for future research it is recommended that other perspectives be added other than management skills alone.
- 2) Conduct comparative study between sectors to assess the effect of management skills on performance of SMEs by considering marketing skills, financial skills and human relation skills.

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## APPENDIX

### QUESTIONNAIRE FOR OWNERS/MANAGERS

The study is based at the University of Dodoma. Its major objective is to assess the effects of management skills on Performance of SMEs in Tanzania by taking Micro and Small enterprises in Dodoma Municipality as a case for the study. Therefore you are kindly requested to participate in this study by answering question asked by the researcher. The information being looked for is only for academic purposes. It is not for any other use like taxation etc. Under no circumstances will this information be given out to any person or institution. There is no need to provide your name.

#### SECTION I: PERSONAL INFORMATION

1. Gender \_\_\_\_\_

2. Age \_\_\_\_\_

< 20 years	21-29 years	30-39 years	40-50 years	> 50 years
1	2	3	4	5

3. Marital Status

Single	Married	Divorced	Separated	Widow
1	2	3	4	5

4. Level of Education

Never attended formal education	Primary Education	Secondary Education	Post Secondary School Certificate	Diploma	Degree or Equivalent	Postgraduate Degree
1	2	3	4	5	6	7

5. How many people comprise your family? \_\_\_\_\_

## SECTION II: GENERAL BUSINESS INFORMATION

6. Type of enterprise \_\_\_\_\_

7. Date started (Month/Year) \_\_\_\_\_ / \_\_\_\_\_

8. Which of the following aspects gives best description of your motive for engagement in business? *(Please tick in the box that best represent your response in each statement)*

S/N	Aspect	Yes	No
a.	Securing livelihood		
b.	Need to supplement salaried income		
c.	Because of lack of salaried job		
d.	Because of redundancy		
e.	Need for part time activity (something to keep you busy)		
f.	Business is the type of career I always wanted to involved in		
g.	It is an alternative to salaried job		

9. Location of business

Home	Market	Roadside	Commercial town(in shop)	Industrial Area	Mobile	Other (Specify)
1	2	3	4	5	6	_____

10. For how long have you been in business?

1-5 years	6-10 years	Over 10 years
1	2	3

11. Where did you get the business knowledge?

Academic institution	Friends/ Relatives	Entrepreneurship seminars/workshops	Others (Specify)
1	2	3	_____

12. How did you finance your business?

Savings	Raising Fund	Loan	Others (Specify)
1	2	3	<hr/>

13. What was your startup capital? \_\_\_\_\_

14. What is the current amount of capital? \_\_\_\_\_

15. Number of employees in your business; Full time \_\_\_\_\_ Part time \_\_\_\_\_

16. Have you attended any business training? Yes ( ) No ( )

16a If YES, which type of training?

Entrepreneur ship	Leadership skills	Marketing	Financial Management	Human Relation	Other (Specify)
1	2	3	4	5	

16b If NO, do you wish to attend any business training in the future? Yes ( ) No( )

17. Which type of business training do you prefer?

\_\_\_\_\_

18. What kind of information does your enterprise normally keep? (*Please mention as much as you can?*)

i) \_\_\_\_\_

ii) \_\_\_\_\_

iii) \_\_\_\_\_

iv) \_\_\_\_\_

v) \_\_\_\_\_

### SECTION III: FACTORS AFFECTING PERFORMANCE OF SMEs

19. Which of the following factors affect your business performance? *(Please tick the appropriate factors)*

S/N	Factors	Yes	No
a.	Lack of Market opportunities		
b.	Access to finance		
c.	Enabling Environment in terms of infrastructures, legal framework etc		
d.	Market information		
e.	Management skills in terms of knowledge, skills and experiences		

## A: MARKETING SKILLS

20. Which of the following statements best describe the characteristic of the structure of the industry in which your business operates? *(Please tick the appropriate statement)*

S/N	Statements	Yes	No
1.	There are many number of buyers		
2.	There is few number of buyers		
3.	There are many number of sellers		
4.	There is few number of sellers		
5.	High barriers to entry and exit for buyers		
6.	Low barriers to entry and exit for buyers		
7.	High barriers to entry and exit for sellers		
8.	Low barriers to entry and exit for sellers		
9.	Homogeneous products produced		
10.	Homogeneous/differentiated products produced		
11.	No substitute goods/services		
12.	There is substitute goods/services		
13.	Small market share		
14.	Average market share		
15.	Highest market share		
16.	Fierce competition		
17.	High competition		
18.	Imperfect competition		



21. To what extent do you agree or disagree with marketing issues that you take into consideration as you embark on this business? *(Please put X in the box that best represents your response to each statement)*

S/N	Marketing issues	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1.	I firstly identified the needs of customers before embarking on this business					
2.	I don't take into consideration the level of income in setting price of my products					
3.	I only set price basing on cost associated with product					
4.	Competitors price doesn't affect my price					
5.	I don't bother to set price that reflect the value derived from the product consumed					
6.	I choose to operate here because no one operate here while there is lack of goods/services					
7.	Product unawareness affects sales turnover					
8.	I believe quality of goods/service communicates itself so there is no need of promotion					
9.	I accept the fact that, product differentiation ensures sustainability in business					
10.	I don't accept the fact that, business location affect sales					

## B: FINANCIAL SKILLS

22. Which of the following statements best describe your financial acumen on your business? (Please put X in the box that best represents your response to each statement)

S/N	Statements	Strongly disagree	Disagree	Undecided	Agree	Strongly agree
1.	I considered several costs of finance from different sources before making my decision					
2.	Raised fund from low cost sources have higher proportion on my capital structure					
3.	Relying on loans for more than half of capital might expose business in risk of failure in the long-run					
4.	I accept the fact that internal source of capital is more reliable source of capital than external sources					
5.	I have clearly drawn the line between business activities and personal activities					
6.	I think there is no need of keeping records of business transaction for small businesses					
7.	Keeping records of business transactions such as sales, costs and profit/loss is my prime function in business operation					

8.	Through record keeping I will be able to determine the status of my business					
9.	I can't prepare good financial statements without having well prepared books of original entries e.g. journals					
10.	I can't prepare financial statements because it's worthless as its time consuming and costly.					
11.	I find it more satisfying to spend money than to save it for the long term					

### C: HUMAN RELATION SKILLS

23. To what extent the statements mentioned below best describe you on skills for effective human relation? (*Put X in the box that best represents your response to each statement*)

S/N	Statements	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1.	I am willing to change my attitudes and behaviors in response to constructive feedback from others					
2.	When people give out their views, I listen attentively and frequently use active listening skills					
3.	I seek feedback and clarification on the influence of my business from customers and					

	other beneficiaries					
4.	I make every effort to recognize the accomplishment of others					
5.	When I experience conflict with others I strive to be cooperative yet assertive					
6.	I accept change as an ongoing process in my life and realize the need to establish new goal					
7.	I seek advice and counsel from friends, business operators and professionals in order to cope with business challenges					
8.	I have identified motivations and continue to seek opportunities to fulfill these motivations					
9.	I make a deliberate attempt to change or alter my communication style in order to meet the needs of other people					
10.	I accept the fact that others' values may differ from mine, and I respect their right to maintain a different value system than my own					

#### SECTION IV: DETERMINANTS OF PERFORMANCE OF SMEs

24. What would you describe as the most important determinant of performance of your business? *(Please tick in the box that best represent your response in each statement)*

S/N	Description	Yes	No
a.	More sale per (day/week/month)		
b.	More employees		
c.	More productive assets		
d.	More savings		
e.	Less debts related to business		
f.	More products to sell		
g.	Opening new other similar businesses using savings from current business		
h.	Opening new other different businesses using savings from current business		
i.	More profit per (day/week/month)		
j.	Less operational costs		

#### A: SALES INFORMATION

25. Which of the following factors contribute to high sales of your business? *(Please tick whichever is applicable)*

S/N	Factors	Yes	No
a.	Access to credit		
b.	Size of initial capital		
c.	Previous business experience		
d.	Family business background		
e.	Location of business		
f.	Level of education of business operator (you)		
g.	Business support services (training) that you have acquired		
h.	Modern technology that you use		
i.	Age of business		
j.	Networking with operators of similar businesses		

26. Please indicate months with high, average and low levels of sales. *(Please tick the appropriate response)*

	(1) Jan	(2) Feb	(3) Mar	(4) April	(5) May	(6) Jun	(7) Jul	(8) Aug	(9) Sep	(10) Oct	(11) Nov	(12) Dec
High												
Average												
Low												

27. What are the average sales per day/week/month? *(If sales are per day or week, the researcher will calculate the aggregate sales per month)*

27a. Average sales per month \_\_\_\_\_

**B: COST INFORMATION**

28. If you hired employees, indicate the level of education, mode of payment and Average wage rate for each employee.

Level of Education	Number of Employees	Mode of Payment	Wage Rate	Monthly Wage
		(1)Daily (2)Weekly (3)Monthly		
Never attended formal Education				
Primary Education				
Secondary Education				
Post Secondary School Certificate				
Diploma				
Degree or Equivalent				
Post Graduate Degree				

*If wage payment is made on daily or weekly basis, researcher will calculate wage per month*

**B1: FOR TRADERS ONLY (Retail enterprises)** *(if your enterprise doesn't involve in trade, skip to next section)*

29. How much do you usually spend to restock your business? *(If the amount spent is per day or week, the researcher will calculate the aggregate sales per month)*

29a. Average-sales month \_\_\_\_\_

30. What are the top five (5) products that provide you with the most receipts from sales?

Type of products	Most frequent selling price per unit		Purchasing price of the product		Number of units sold		(7) Units of sales per units of purchases (selling-purchase ratio)
	Price (Tshs)	Unit	Price (Tshs)	Unit	Number of units	Time period (1) Day (2) Week (3) Month	
i.							
ii.							
iii.							
iv.							
v.							

**B2: FOR NON-TRADERS (Manufacturing and Service enterprises)**

31. What were the costs of your five (5) inputs or supplies in the recent past day/week/month/year?

Name of input/supply	Cost in Tshs	Time period (1) Day (2) Week (3) Month (4) Year
i)		
ii)		
iii)		
iv)		
v)		

**B3 OTHER OPERATING COSTS**

32. What were the operating costs of this business in the recent past day/week/month/year?

Cost category	Cost in Tshs	Time Period (1) Day (2) Week (3) Month (4) Year
Rent of shop or storage space (only if it is a separate shop/space of business)		
Electricity for business (Only for business)		
Transport of inputs/products		

Telephone/mobile charges (Only for business)		
License		
Cost of credit (interest rate for borrowed fund)		
Repair/Services for machines/car		
Other _____		

**C: PROPRIETOR’S ESTIMATION OF PROFIT**

33. How much were your sales last day/week/month \_\_\_\_\_

33a Specify period of reference (1) Day (2) Week (3) Month \_\_\_\_\_

34. How much were your total expenses last day/week/month \_\_\_\_\_

34a Specific period of reference (1) Day (2) Week (3) Month \_\_\_\_\_

35. Does your family consume or use any of this business’ products or services (Yes/No)

35a If Yes, what is the value of the products/services normally consumed or used by your household? \_\_\_\_\_

35b Specific period of reference

(1) Day (2) Week (3) Month (4) Half Year (5) Year \_\_\_\_\_

36. Do you use part of the money you get from this business for yourself or your household? (Yes/No)

36a If Yes, how much money from this business do you normally use for yourself or your household? \_\_\_\_\_

36b Specific period of reference

(1) Day (2) Week (3) Month (4) Half year (5) Year \_\_\_\_\_

37. After making purchases for your business and after using some money for yourself and your household, is there usually any money left? (Yes/No)

37a If Yes, how much money is usually left? (*Put zero if no money is left*) \_\_\_\_\_

37b Specific period of reference

(1) Day (2) Week (3) Month (4) Half year (5) Year \_\_\_\_\_



**SECTION V: TYPES AND FORMS OF MANAGEMENT SKILLS USED IN DIFFERENT SMEs**

39. Which types of management skills are mostly used in your enterprise than others among the following? Please tick (√) in appropriately

S/No	Types of Management Skills	Remarks
1	Technical Skills	
2	Human Skills	
3	Conceptual Skills	
4	Diagnostic Skills	

40. Which forms of management skills are mostly used in your enterprise than others among the following? Please tick (√) in appropriately

S/No	Forms of Management Skills	Remarks
1	Marketing skills	
2	Financial skills	
3	Human Relation skills	
4	Entrepreneurship skills	
5	Leadership skills	

**SECTION VI: PERCEPTION OF IMPORTANCE OF MANAGEMENT SKILLS**

38. How do you value the importance of management skills on business performance? *(Please circle the answer)*

Very important	Important	Not important
1	2	3

**THANK YOU FOR YOUR COOPERATION!**