

# Perceptions of the Micro-Industry Owners on the Required Training Skills: A Case Study of Hombolo Ward in Dodoma Tanzania

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**Abstract :** *This study was conducted for the purpose of understanding perceptions of the owners of micro-industries on appropriate skills which they would wish to obtain through training; the study used a case of selected micro-industries at Hombolo Ward in Dodoma City Council in Tanzania. Thus the study is premised on the gap shown by literature that most SMEs fail due to managerial weaknesses and lack of crucial skills despite receiving several training. The study employed a qualitative methodological approach and by means of a case study design, the study used non-probability convenience sampling technique, information from participants were elicited through an interview guide developed by the researchers, collected data were analyzed using content analysis method. The study found that there are some trainings offered among the studied firms, the firms are motivated to receive training for different reasons ranging from the need to respond to market demands to the need for business expansion, more or less similar findings were obtained as far as the question on skill gap among studied firms is concerned.*

**Keywords:** Perception, Micro-Industry Owners, Training Skills.

## 1. Background and Justification

The Economic Reform Programmes implemented by the Tanzanian Government have been based on the philosophy that Tanzania is committed to a market economy whereby the private sector will take the lead in creating incomes, employment and growth (Ndalichako,2017). This philosophy is evident in almost all policy statements made since 1986 and in particular after 1996. The private sector has started playing an ever-increasing role in creating incomes and employment, small and Medium Enterprises (SMEs) account for a large share of the enterprises active in Tanzania. SMEs are the emerging private sector and do form the base for private sector-led growth. (URT 2003).

In Tanzania, the SMEs nomenclature is used to mean micro, small and medium enterprises. It is sometimes referred to as micro, small and medium enterprises (MSMEs). The SMEs cover non-farm economic activities mainly manufacturing, mining, commerce and services. There is no universally accepted definition of SME; different countries use various variables to measure the size and level of businesses. (Balassa, 2008).

Small and Medium Enterprises (SMEs) play a crucial role in employment creation and income generation in Tanzania. For quite long time, the full potential of the SME sector could not be tapped due to the existence of a number of constraints hampering the development of the sector such as unfavourable legal and regulatory framework, undeveloped infrastructure, poor business development services, limited access of SMEs to finance, ineffective and poorly coordinated institutional support framework. Following these challenges in 2003 the SME Development Policy was formulated in the country.

Micro small and medium enterprises (MSMEs) have become an important venture that enhance the growth and development of the economy of individuals and the country as whole, MSMEs have been considered as a major informal employers in the country. About 5.2 million people in Tanzania are employed by the MSME sector, (Mashenene and Rumanyika, 2014). Therefore it is important to ensure that this subsector is well maintained and developed for the benefit of the country's economy.

## 1.2 Statement of the Problem

Despite the presence of several entrepreneurial training programs for MSMEs in Tanzania, there is still a challenge of imparting appropriate training to MSMEs. The performance of MSMEs is still unsatisfactory despite receiving such trainings; studies show that the failure of most SMEs is highly resulted from managerial weakness and lack of many crucial skills necessary for the sustainability and growth of these enterprises (Ndalichako,2017). On the one hand, the lack of skills to SMEs is fueled further due to the fact that SMEs are less likely to obtain management training due to financial constraints, information gaps and other factors (Aw, B.-Y., 2003).

On the other hand, technical institutions do not offer higher priorities in offering training to SMEs nor do they conduct relevant Training Needs Assessment (TNAs) prior to developing training curriculums for the MSMEs. Findings from Tanzania Enterprise

Survey 2013 show that about 40 percent of all firms involved in the survey identified an inadequately skilled workforce as a major constraint to productivity in many sectors. (Ndalichako, 2017)

This study therefore, presents the need for technical institutions to train the micro-industries in order to support growth and sustainability of the firms and further to fuel the industrialization agenda in Tanzania, the study tries to explore motivations for training among micro-industries, the kind of skills required and challenges that micro-industries face in acquiring training. The study lastly provides suggestions for effective training of SMEs in the country. The study has been conducted and involved selected micro-industries at Hombolo Ward in Dodoma City Council in Tanzania.

### 1.3 Objectives of the study

#### 1.3.1 General Objective

The general objective of this study was to understand the perceptions of micro-industry owners at Hombolo Ward on the appropriate training which they need for the development and sustainability of their firms.

#### 1.3.2 Specific Objectives

The specific objectives of this study were the following:

1. To understand the importance of training of owners of MSMEs in firm development
2. To explore the motivation for training among micro industries
3. To identify skill gaps among owners of micro-industries in the studied area
4. To understand challenges that face the SMEs owners in acquiring training

#### 1.3.3 Research Questions

1. Is training important among micro industries owners?
2. What is the motivation for training among micro industries?
3. What is the skill gap among owners of firms in the studied area?
4. What are the challenges that SMEs owners face in acquiring training?

## 2. Literature Review

Available evidence indicates that there is a relationship between the degree of training and the bottom-line performance of a firm. In some instances, this “bottom-line” performance is expressed in terms of survival; in others it is reflected in higher profits or sales. Literature shows that the balance of evidence indicates that formal training and development cuts failure rates by half – all other things being equal (SFEDI, 1999) and failure rates could fall from one in three in the first three years to one in ten where training was undertaken (Storey, 1994).

The importance of training for SME development cannot be overlooked for both developed and developing countries, a study of formal training provision in Canadian workplaces also found positive outcomes for firms which trained: “Organisations with training programmes had more favourable performance trends in a number of areas including revenues, profitability, employee relations, quality and productivity and their business viability and outlook. ... Multivariate analysis sustained this link between training and firm performance. Even after controlling for other establishment characteristics, we found that establishments with the strongest commitment to training were significantly more likely than other firms to report positive revenue and productivity trends over the previous two years.” (Betcherman *et al.*, 1997).

For a variety of reasons, smaller firms (micro-industries) are less likely than larger enterprises to provide external training to all grades of workers, including managers. In addition to financial constraints, information gaps make smaller firms less aware of the benefits they would obtain from training and few see training as a strategic tool. Due to higher turnover in managerial staff, small firms may not realise the same benefits from training investments as larger firms (OECD, 2002). And since training providers must group a number of SMEs together to realise scale economies, such generic training may be of more limited value to a small firm than to a larger firm receiving more targeted courses. For these reasons, and to realise the social benefits from high-performance SMEs, governments in other countries have implemented programmes to enhance SME training. As a result such governments provide or subsidize the provision of business advisory services, counseling or training for small firms.

Firms whose workforce lacks training are more likely to manifest managerial weaknesses, and managerial weaknesses may be at the heart of (small) firm failure. When combined with the observation that the individuals who own/manage many smaller businesses are (generally) less educated than those working in managerial positions in large firms, and are less likely to be formally trained, the inference is that small-firm managers “need” training. This implies that, if training were provided, it would enhance managerial skills and so lead to improved firm performance as reflected in lower failure rates. Studies conducted in different countries reveal a positive relationship between training and firm performance, for example Baldwin *et al.*, 1997 found in their study conducted in

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Canada that “almost half the firms in Canada that go bankrupt do so primarily because of their own deficiencies rather than externally generated problems. They do not develop a basic internal strength to survive. Overall weakness in management, combined with a lack of market for their product, cause these firms to fail..... The main reason for failure is inexperienced management. The managers of bankrupt firms do not have the experience, knowledge or vision to run their businesses.”

More or less similar findings were revealed by Huselid, 1995 in his study conducted in North America it was found in his study that the heavy use of a number of specified management practices was associated with an increase in company profits of nearly USD 4000 per employee per year (Huselid, 1995). A study of formal training provision in Canadian workplaces also found positive outcomes for firms which trained that:

“Organisations with training programmes had more favourable performance trends in a number of areas including revenues, profitability, employee relations, quality and productivity and their business viability and outlook. ... Multivariate analysis sustained this link between training and firm performance. Even after controlling for other establishment characteristics, we found that establishments with the strongest commitment to training were significantly more likely than other firms to report positive revenue and productivity trends over the previous two years.” (Betcherman *et al.*, 1997)

Studies by Tanzania business survey 2012 indicated that only 7% of the owners or workers of MSMEs have received business training and consultancy in Tanzania and the remaining 93% have never received any business training. The main cause for this low level of training is budgetary constraints among other reasons. Appreciations of the importance of training in other countries influenced national policies and training is conducted on subsidy or by public institutions. As a result in most countries, colleges and universities are of moderate importance as external training providers for SMEs. The country in which they play the largest role is Finland, where training in entrepreneurship is organised at all levels in the Finnish school system. Furthermore, all vocational colleges provide business training and almost all universities have business studies programmes, with Joensuu, Jyväskylä and Vaasa specialising in the subject. Several business schools in Finland also have dedicated small-firm units. For example, the Helsinki School of Economics and Business Administration has its Small Business Centre at Mikkeli. The Centre provides programmes for future entrepreneurs, supervisory training programmes and internationalisation programmes (OECD, 2002).

There has been a similar trend towards small-firm centres in business schools and universities in the United States, the United Kingdom and Canada. In Canada, there are now 32 Entrepreneurship Centres in 34 universities. The provision of external training for SMEs by public organisations takes place primarily in Japan, Finland and to a modest extent in Canada. Here it is important to note that this refers to delivery and not financing. SME management training in Japan has a long history dating back to 1963. Currently the Small and Medium Enterprise Agency (SMEA) plans the overall structure of training provision which is delivered through two channels: local governments (prefectures and cities) and the Japanese Small Business Corporation (JSBC). Training provided via local government comprises management and technical training for SME owner/managers. Current capacity on these programmes is about 7000 persons per year, with the duration of the courses varying from 18 to more than 95 hours. The training provided by JSBC through its training arm, the Institute for Small Business Management and Technology (ISBMT), is at a higher level and more specialized than that provided by local governments. ISBMT also provides training for SME advisors.

Appreciation of the importance of training for growth and sustainability of SMEs is also evident in Tanzania, the SME Development Policy of 2003 recognizes the challenge in SME training, the policy states that SME operators in Tanzania have rather low business skills and seem not to appreciate the importance of business education. On the other hand, the quality of training provided by existing business training institutions and costs involved has tended to be unattractive and unaffordable to the potential beneficiaries. Following such challenge the policy statement on the matter is that the government will enhance the capacity of institutions providing business training to SMEs.

Strategies for implementing this policy statement are that the government will embark on capacity building of business training institutions aimed at improving quality of services provided and facilitate tailor-made business training programs for start-ups and for strengthening existing businesses (SME Policy,2003). However the policy has not addressed key skills that the SMEs must be imparted with as a result this might be a reason for the possibility of providing inappropriate training in the firms.

In the context of Tanzania, SMEs are classified into three categories, micro enterprises, small enterprises and medium enterprises (SME policy, 2003). 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 formalised 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. The following table illustrates these categories:

Category	Employees	Capital Investment in Machinery (Tshs.)
Micro enterprises	1-4	Up to 5 mil.
Small enterprises	4-49	Above 5 mil. to 200 mil.
Medium enterprises	50-99	Above 200mil.to 800 mil.

Source: Ministry of Trade and Industry, 2018

Tanzania aspires to enter at a middle-income economy by 2025. This aspiration is clearly stated within the National Development Vision 2025 which is implemented through phases indicated in five-year development plans and other implementation strategies. The current phase of implementing the Vision 2025 is elaborately contained within the Second Five Year Development Plan, 2016/17-2021 (FYDP II) which focuses on Nurturing Industrial Development for Economic Transformation and Human Development.

The Second Five Year Development Plan (FYDP II), 2016/17 – 2021/21, has integrated frameworks of the first Five Year Development Plan (FYDP I, 2011/2012-2015/2016) and the National Strategy for Growth and Reduction of Poverty (NSGRP/MKUKUTA II, 2010/2011-2014/2015) further extended to 2015/2016).

The FYDP II outlines new interventions to enable Tanzania industrialize in a way that will transform its economy and its society. It also incorporates unfinished interventions from the predecessor Plan and Strategy, respectively, deemed critical for realization of the aspirations of FYDP II. More importantly, FYDP II implements aspects of Tanzania's Development Vision (TDV) 2025 which aspires to have Tanzania transformed into a middle income and semi industrialized nation by 2025.

It is expected that by 2025 the country shall be manifested with several economic development features such as high quality and sustainable livelihoods; peace, stability and unity; good governance and the rule of law; an educated and learning society; and a strong and competitive economy.

Following the industrial economy that is currently built, FYD II aspires that by 2021 the annual real GDP growth will raise to 10 percent by 2021 (from 7.0 percent in 2015), per capita income to US\$ 1,500 (from US\$ 1,043 in 2014) and reduction of the poverty rate to 16.7 percent from 28.2 percent recorded in 2011/12. The Plan also envisages raising Foreign Direct Investment flows from US\$ 2.14 billion in 2014 to over US\$ 9.0 billion by 2021; increase electricity generation from 1,501MW in 2015 to 4,915MW by 2020 and improving electricity connections to 60 percent of the population, up from 36 percent in 2015.

Specifically, on the industrialization side, the manufacturing sector will grow by over 10 percent per annum with its share in total exports increasing from 24 percent in 2014/15 to 30 percent in 2020. Other features of economic development include under-five mortality rate reduction from 81 deaths per 1000 live births recorded in 2014/15 to around 45 deaths per 1000 live births; maternal mortality reduced from 432 per 100,000 live births in 2014/15 to below 250 deaths by 2020/21.

On the other hand, access to clean and safe water in rural areas shall be improved from 72 percent recorded during 2014/15 to 85 percent by 2020/21 and in urban areas to more than 90 percent. As a result, it is believed that the national human development index improves from the value of 0.52 (2014) to 0.57 by 2021.

Priority areas and interventions in the industrial economy are elaborately stated in the FYDP II with their respective targets by 2021. Areas that will lead during this period are; the manufacturing subsector, whose target by 2020 is real growth rate of 10.5%; GDP share, 12.5%; share of total employment; 5.4% share in total exports; proportion of medium and high-tech manufacturing value added (MVA) share in total manufacturing 15%; number of exporting firms (729) proportion of medium and high-tech exports in total export of Manufactures 30%; of which high tech 6%.

Mining and Metals is yet another area of priority for economic growth and industrialization. This subsector is expected to witness growth by 2020 and it is planned that the subsector shall witness real growth rate of 5.3%; GDP share, 3.2%; share of total employment, 1.9%; and share of total exports, 10.4%. The construction subsector on the other hand is expected to have real growth rate of 9.6%; GDP share, 11.8%; share of Tanzanian companies, 60%; and share of total employment, 3.7%.

The agricultural sector is planned to have real growth rate of 7.6%; GDP share, 24.9%; share of total exports, 24.9%; share in total employment, 56.5% by 2020. To arrive at these targets, some key interventions stated in the FYDP II include increased use of modern technologies including ICT and extension services to increase productivity; lengthening and deepening value chains; skills promotion along the value chains; and commercialization.

Trade cannot be left behind while Tanzania is committed to build the industrial economy. The two components of economic growth are inseparable; they feed and support each other. The national target in trade by 2020 is that exports to GDP will be 22%; manufactures in total exports, 35%; services in total exports, 45%; and world market share, 0.1%.

Micro-industries play a crucial role in attaining the national industrial aspiration. All over the globe, SMEs provides a significant contribution to industrialization. In Tanzania, SMEs contributes 99.5 of employment in industries. The sub-sector employs 48,996 people. (MITI, 2016).

### 3. Research Methodology

#### 3.1 Study Design

This study employs a qualitative methodological approach and uses a case study design. Morrow & Smith, (2000) suggests that the purpose of qualitative research is to understand and explain participant meaning. More specifically, Creswell (1998) defines qualitative research as, an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. In most cases, a case study method selects a small geographical area or a very limited number of individuals as the subjects of study.

This methodological approach is opted in this study due to its relevancy to the nature of the research which was explorative, aiming at understanding the participants' meaning in the course of investigating perceptions of micro industry owners on the appropriate skills which they would wish to obtain through training.

#### 3.2 Sampling Technique

This research uses a non-probability convenience sampling technique; non-probability sampling is a technique by which samples are gathered in a process that does not give all the participants or units in the population equal chances of being included. Convenience sampling (also known as Haphazard Sampling or Accidental Sampling) is a type of non-probability or nonrandom sampling where members of the target population that meet certain practical criteria, such as easy accessibility, geographical proximity, availability at a given time, or the willingness to participate are included for the purpose of the study, Muijs, (2004).

Thus, convenience sampling technique was employed in this study mainly because it was easily accessible by the researchers due to its geographical proximity, cases engaged in this study were near to researcher duty station hence it was an important aspect for timely completion of the research.

#### 3.4 Description of participants

Three groups of participants were engaged in this study, two carpenters, two winemakers/vintners and two welders. Each of these sub industries employs between four to five people, uses locally available raw-materials and mostly locally available technologies. The amount of capital injected in the business is between three to five million Tanzanian shillings. Save for the vintners, carpenters and welders already had basic vocational training which they acquired in vocational training colleges. Vintners learned through observing the practice from others, and they started practicing at their own places. The following table illustrates participants in this study:

Subindustry	Employees	Capital Investment in Machinery (Tshs.)
Vintners 1	3	Up to 5 mil.
Vintners 2	4	Up to 5 mil.
Carpenter 1	4	Up to 5 mil.
Carpenter 2	3	Up to 5 mil.
Welder 1	4	Up to 5 mil.
Welders 2	4	Up to 5 mil.

Source: field data

#### 3.5 Data Collection Methods

An interview guide developed by the researchers was used by the researcher to elicit the required information from participants. In-depth interviews were made and verbatim responses from participants were digitally recorded and transcribed. This mechanism helped to obtain the voices of participants in this study.

#### 3.6 Data analysis

Content analysis methods were used to analyze qualitative information that was collected from participants and from the documents that were reviewed. In qualitative analysis, sub-themes were generated under each *a priori* theme (a substance that was asked for in each research question) posed in the interview guide. For some questions, tables of sub-themes were generated to summarize the findings.

The trustworthiness of the study was enhanced by the scrutiny of accuracy of transcripts, codes, and emerging sub-themes. Also, researchers employed member checking, peer review, and triangulation of data from different sources (documents and interview) as a way to enhance study trustworthiness.

## 4. Finding and Discussions: Perceptions of Micro-Industries on the Appropriate Education from Technical Institutions

#### 4.1 Why train the MSMEs owners?

The main assets for any firm, especially small and medium sized enterprises (SMEs) are their human capital. This is even more important in the knowledge-based economy, where intangible factors and services are of growing importance. However, as pointed out earlier, it is very difficult for a small business to engage its staff in education and training in order to update and upgrade their skills within the continuous or life-long learning approach.

To address this gap, a major structural reform in the way in which the interaction between local training institutions and the enterprises should be forged. It is imperative that academic institutions located within a certain locality must change their practices towards training the local enterprise owners. In this context, the third mission of academic institutions, after teaching and research, which consists of supporting the local economies of the area in which they are located, will be achieved. (OECD, 2013)

Technical education has a crucial role in speeding up the country's industrial development. It provides one of the most potent means for development of skilled manpower as required by various sectors in the country's economy. Technical education is a planned program of courses and learning experiences that begins with exploration of career options, supports basic academic and life skills, and facilitates achievement of high academic standards, leadership, preparation for industry-defined work, and advanced continuing education.

In any developmental efforts, technical education has a major role to play by providing the much-needed skilled manpower in various spheres of endeavor, without which the Engineers, Scientists, Inventors, Administrators and Managers of men and women will find it rather impossible to operate. Technical education institutions are fundamentally basic and rudimentary to the industry-led economy, more specifically they are important in training SMEs in Tanzania so as to realize the Tanzanian industrial aspiration.

#### 4.2 What is the motivation for training in Micro-industries?

Participants in this study provided different responses to a question that sought to understand motivation for training among micro-industries. However, responses from the participants were to a point that they thought they are motivated by market needs. Market forces are therefore the main drivers for skills development in micro industries.

Transcripts that were coded from the three participants are as follows:

Participant 1: ninahitaji kujifunza uandishi wa andiko la mradi kwasasbabu nimeona wadhamini mbalimbali wanahitaji kabla ya kutoa ufadhili katika kazi kama zetu ni lazima niwasilishe andiko. Andiko wanalohitaji linavipengele vingi vinavyohitaji utaalumu.

Participant 2: ninahitaji kupata ujuzi kuhusu mbinu bora za usimamizi wa biashara yangu na kuandaa *report* za biashara yangu na taarifa za wateja na mwenendo wa biashara kwa ujumla. Nilipokwenda benki kuhitaji mkopo nyaraka hizi zilitakiwa na hadi sasa sijaweza kukamilisha matakwa haya.

Participant 3: Ninahitaji kujua mbinu za kutangaza bidhaa na ujuzi wangu na jinsi ya kufikia masoko na walaji wakuu wa bidhaa zangu. Ninaamini kwamba ninatengeneza zana bora sana na imara za kilimo zinazoweza kufaa wakulima wa aina ya haya maeneo ya kanda ya kati kwa mfano mashine za kupukucha mazao. Ila bado sijulikani nahitaji kujua mbinu za kufikia wateja.

Literal understanding of the above transcripts from participants shows that the motivation for training activities initially stems from their need to respond to market forces. Participant 1 is motivated by call for proposals from donors; Participant 2 is motivated by the banks that need business reports to assess creditworthiness of a business and the last Participant 3 needs marketing skills so that his products may reach a wider scope of clients.

#### 4.3 Which kind of skills do micro industries owners need (skill gap)?

Successful skills development needs involvement of stakeholders beyond colleges and institutions. Inputs from the private sector and SMEs must be considered in providing the appropriate atmosphere for relevant skills development. This move is vital to ensure that the issue of skills relevance is addressed in the technical education offered by technical institutions. (Ndalichako,2018)

Participants in the study identified several areas which need skill enhancement. The knowledge gaps among participants were driven by several factors and industry experiences, primarily being the need to response to market demands which is purely based on the nature of operation of a particular micro-industry and its vision for growth. The following key skill gaps were identified from the responses of the participants: report writing, marketing skills, occupational safety and health compliance, business expansion options and incorporation issues and as well as the availability opportunities for capital expansion and access to finance.

- |  |
|--|
| <ul style="list-style-type: none"><li>✓ Business growth options</li><li>✓ Marketing skills</li><li>✓ Occupational safety and health compliance</li></ul> |
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- |   |
|---|
| <ul style="list-style-type: none"> <li>✓ Business formalization procedures</li> <li>✓ Basics for incorporation issues</li> <li>✓ Options for capital expansion and access to finance</li> <li>✓ Basics for preparation of financial reports</li> <li>✓ Firm management</li> </ul> |
|---|

Table 2: Skill gaps for micro-industries at Hombolo ward

#### 4.4 What are the challenges that SMEs owners face in acquiring training from technical institutions?

First is the scale jeopardy; SMEs owners do not participate in training programs as much as large enterprises owners do because of their small number of employees. SMEs find it difficult to organize in-plant training programs or arrange suitable institutional training programs outside the enterprise. Therefore, SMEs in general might incur a higher training cost per worker compared with large enterprises.

Secondly, difficult to obtain skill relevant supplier-oriented training courses; Due to SMEs' small staff size and the nature of the technology adopted in SMEs, it becomes difficult for an SME to organize a suitable training course or to find one suitable for its capacity and resources provided by an external training institute. Training Institutes generally offer standardized training courses, i.e. supplier-oriented training courses (Lee 2009) these courses sometime fail to address skill gaps in SMEs.

Third, Institutional limitations; SMEs generally do not have anyone working exclusively on the planning, organization, and management of worker training. Even though SMEs could identify some priority training needs, they lack economies of scale and specialized staff members who could find suitable outside training institutions, negotiate with them, enter into a contract, monitor their training processes, evaluate training effectiveness, and/or handle the cumbersome administrative processes for reimbursement of their training expenses. These factors contributed to the low level of SME participation in job skills development programs (Aulet and Murray 2013).

Reluctance of local training institutions to engage Micro-Industries; Local institutions have a role to play in this context, training institutions are relevant in order undertake the third mission of academic institutions, after teaching and research, consists of supporting the local economies of the area in which they are located. As a matter of fact, most of these kinds of interaction occur with large firms. It is high time for training institutions to engage also with SMEs. (Aulet and Murray 2013).

### 5. Recommendations

Based on the findings of the study as discussed above, this paper recommends the following:

#### 8.1 Engagement of micro-industries in designing training programs

It is important for training providers and institutions to involve SMEs during preparation of the training programs through undertaking comprehensive Training Needs Assessments that will involve the end users of the programs. Pilot TNAs may be conducted at the first point and the draft training programs may be validated by engaging a larger population of the micro-industry. In this way a national wide curriculum for SMEs may be developed for sustainable training and ultimately developing industries in the country. Institutions should adopt a "smart" skills development model in which active participation of the SME industry is backed with institutional support from the government. It is through these kinds of partnerships that the supply and the demand side of skills continuum will be maintained for effective industrial growth and development.

#### 8.2 Provisions of training grants to training institutions

Literature shows that SMEs fail to acquire training from training institutions to limited financial capacity to engage the training institutions on the one hand, and poor commitment among training institutions to develop training curriculum to train SMEs. Training institutions prepare demand driven training, as consultants they would respond to the offers provided by their clients if the clients fulfill their terms and conditions which include payment of specified fees. In order to promote development of SMEs, the government may provide special grants to selected institutions so that training curriculum is developed and training programs are provided freely to SMEs.

### 6. Improving quality of course content and trainers

Traditionally, the curricula used for skill training were developed without the involvement of industry. As a result, the gap between skill sets demanded and skill sets supplied keeps on increasing. There is a need for skills providers to develop effective mechanisms to involve the industry in the skill development process as they play an important role in the job market. Efforts should also be made to involve the private sector in developing cost effective learning tools related to Industry.

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