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THE ARTISANS: EXAMINING THE INFLUENCE OF ENTREPRENEURSHIP TRAINING ON THE PERFORMANCE OF HANDICRAFT EXPORTING MICRO AND SMALL ENTERPRISES IN TANZANIA

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Abstract

This study examines the influence of entrepreneurship training on performance of handicraft exporting Micro and Small Enterprises in Tanzania. Resource Based View (RBV) and Positivism approach are the key theory and philosophical touch guiding this study. The target population for this study were the handicrafts exporting MSEs in Tanzania and the respondents were the owner-managers of these firms. Descriptive research design was adopted and data were collected using questionnaire and interviews to 171 owner-managers of exporting handicraft MSEs in Dar es Salaam, Tanzania. Questionnaire was tested for validity and reliability of each variable construct. Quantitative and qualitative techniques were used to analyse the collected data. Strength of linear relationship between the variables of the study was determined by using Pearson product-moment correlation coefficient (r). Principal Component Analysis (PCA) was used to establish the appropriateness of the questionnaire constructs. Binary logistic regression analysis was performed to test the significance of the influence of the independent variable on the dependent variable. Evidence suggests that there is significant relationship between entrepreneurship training and the performance handicrafts exporting MSEs in Tanzania. It is concluded that entrepreneurship training has strong impact on performance of exporting MSEs. The study recommends for the establishment of a specialized financing mechanism for MSEs funding, so as to enable them accessing entrepreneurship training. The study also calls for the review of the 2003 SMEs' development policy to incorporate institutional context and settings, which will enhance MSEs' access to entrepreneurship training. The need for instituting vibrant entrepreneurship training programmes necessary for exporting MSE's sustainability and effective performance of handicraft exporting enterprises. It is anticipated that findings of this study will be of key interest to entrepreneurs in the handicraft industry, regulatory agencies,

Vol. 2, No. 01; 2018

ISSN: 2456-7760

government agencies offering entrepreneurship training at all levels, policy makers, researchers and scholars with interests in international business, and entrepreneurship development. These findings will also serve as a frame of reference to future research studies and projects in the areas of entrepreneurship development and export trade.

Keywords: Entrepreneurship training, Performance, Exporting, Handicraft MSEs, and Tanzania.

1. Introduction

MSEs[1] are increasingly recognized as important drivers of socio-economic development all over the world (Kazungu, Ndiege Mchopa, & Moshi, 2014). They are a vital economic base for any economy (Lameck, 2014). The economic impact generated by these firms is measured by their contribution to output, employment, income, investments, and manufactured exports (Ngugi, 2012), Gross Domestic Product (GDP) (Ankunda, 2010; Katua, 2014), government revenue through tax, poverty alleviation and economic development (Okeyo, Gathungu, & K'Obonyo, 2014). They constitute over 90% in the economies, thus they are the engine of global economic growth (Rao & Joshi, 2011). They also serve as training ground for the development and upgrading entrepreneurship skills (Kazungu & Panga, 2015).

Their global percentage contributions to country GDP are 50% in UK, 57.0 % in Germany, 60.0 % in China, and 55.3 % in Japan (Katua, 2014). They contribute significantly to global manufactured exports: 56 % in Taiwan and over 40 % of total exports in China and India (Singh & Mahmood, 2014). East African MSEs have great socio-economic potentials like employment creation, output, income, investments, and manufactured exports (Ngugi, 2012). They employ over 60% of the Kenyan population, more than 2.5 million people in Uganda, 23.4% of the total employment in Tanzania, and 84% of private sector employment in Rwanda. As for GDP, they contribute to about 18% in Kenya, over 70 % in Uganda and 27% in Tanzania (Katua, 2014; Ankunda, 2010; ADBGR, 2014; URT, 2012).

Handicraft[2] enterprises play a significant role in the global economic development by inviting foreign investments and earning foreign exchange (Singh & Fatima, 2015). International markets for handicrafts are growing together with interest in global goods which have opened up new-market opportunities for artisans (Ghouse, 2012). The global market for handicrafts is estimated to be $100 billion with the U.S. being the largest importer and valued at $67 billion, the second largest market is the E.U. €20 billion ($29 billion) per year collectively followed by Japan and Hong Kong (UNCTAD, 2008; USAID, 2009).

[1] *In Tanzania micro enterprises are those with one (1) to four (4) employees and a capital up to Tshs. 5 million, while small enterprises have employee between 5 and 49 and a capital investment ranging between Tshs.5 million to Tshs.200 million (UNIDO, 2012; URT, 2012).*

[2] *Handicrafts are produced either with the use of hands or with the help of some kind of tool (Singh & Fatima, 2015). They are regarded as an art form which requires more of manual work and less amount of machinery.*

Vol. 2, No. 01; 2018

ISSN: 2456-7760

The contribution made to the developing economies through handicrafts MSEs is increasing as more new enterprises are entering into the industry as a solution to unemployment (Ipsos, 2012). In Tanzania major players in the handicraft industry are artisans and craft workers (producers), handicraft exporting companies (marketers), and the government (support system) (Makyao, 2013). They are specialised in wood carvings, bowls, *tingatinga* paintings, ebony wood, baskets, candles, traditional decorations, and bone jewellery (Anderson, 2011). Tanzanian handicraft sector is mainly dominated by MSEs who face a variety of challenges which slow down their participation in export trade. These constraints include lack of resources, highly dependency on international aid, poor support from government, lack of financial support from both private and public agencies, low entrepreneurship skills, little knowledge in running their business successfully, together with lack of practical skills in areas of pricing, marketing, funding, costing, linking with suppliers, and financial control (Ipsos, 2012).

On top of that, Tanzania like other developing countries lacks institutions that are dedicated to provide craft training to exporting handicraft traders. Moreover, the available institutions provide training in a short period; most of the time the training are not well-conducted and offered by nonprofessional personnel (Walonzi, 2014). Other challenges include lack of supporting institutions, promotional and preservation policies, low craft quality, inability of craft producers to access the opportunities to up-grade their managerial skills and to access business information, along with lack of capable craft development coordinators and designers (Makyao, 2013).

Given these challenges, a number of initiatives have been made to promote export trade as an important sector in the Tanzania's economy. These efforts include: promoting export opportunities available in foreign countries, which is done by embassies; facilitations to access to export markets such as Africa Growth Opportunity Act (AGOA) in the US, Everything But Arms (EBA) of the European Union (EU), the East Africa Community (EAC), and Southern African Development Community (SADC) (WTO, 2012); Initiation of the Tanzania Trade Development Authority (TANTRADE), which oversee the implementation of the National Trade Export Strategy (NTES), and organizing trainings for MSMEs to enable them benefit from internal and external markets. TANTRADE also helps in developing business partnerships through international and specialized trade fairs, product and market research, exhibitions, trade missions, buyer-seller meetings, contact marketing programmes; providing information and consultancy services to potential exporters so that they can effectively participate in export trade (Mpunga, 2016). Thus, it is evident that strengthening export trade has been a concern, not only for large enterprises, but also MSMEs which is the focus of this study.

Despite these strategic initiatives, Tanzania's export performance remains low, mostly dominated by traditional raw products, largely unprocessed mineral, agricultural and forest products. While the export growth records 15 % per annum, the country's share of exported goods and services in the GDP is still as low as 13% compared to that of Malaysia and Thailand, which is around 60% (Morisset, Gaddis, & Wane, 2013), UK 27.4%, China 22.4%, Kenya

Vol. 2, No. 01; 2018

ISSN: 2456-7760

(15.8%), Rwanda (14.4%), Burundi 7.1%, and Uganda 17.5% (WBG, 2016). Nevertheless, Tanzanian MSMEs play little and insignificant part in export business (Mpunga, 2016). The handicraft industry export trend is declining with few enterprises exporting their handicraft products (HT, 2010). The Tanzanian handicraft export trend has been diminishing from € 3,800,000 in 2013, to € 3,300,000 in 2014 and € 2,274,000 in 2015 (IMF, 2016; TCCIA, 2015). Their performance according to URT (2010) is inhibited by fragmented, unstructured and individualized production systems, low level of equipment application, access to capital, inconsistent product standardization, inadequate design skills, and production, vocational and entrepreneurship training, lack of vibrant National Exporters Association(s), insufficient market information and dissemination, inadequate support for marketing and promotion, absence of a National Handicraft Sector development strategy, packaging, inadequate organised district, regional and national handicrafts exhibitions. Other constraints to performance of exporting handicrafts MSEs as highlighted by Anderson (2011) are small operational scales, more of traditionally designed outputs, and their outputs are not quite updated with international market trends, need and demands, thus they lack aspiration for exporting. This study, therefore, attempted to make a critical examination of access to entrepreneurship training and how it relates to the performance of handicraft exporting MSEs in Dar es Salaam, Tanzania.

2. Theoretical Review

In this study entrepreneurship training was reviewed and guided by the Knowledge-Based Theory (KBT). This theory is discussed in relation to entrepreneurship training. The proponents of KBT view knowledge as the most strategic and significant resource of the firm. It is argued that since knowledge-based resources are usually difficult to imitate and socially complex, heterogeneous knowledge bases and capabilities among firms are the major determinants of sustained competitive advantage and superior corporate performance (Rezaee & Jafari, 2016). This knowledge is embedded and carried through multiple entities, including organizational culture and identity, policies, routines, documents, systems, and employees (Wahl, 2015).

The knowledge-based theory determines the nature organization human recourses capabilities which are mostly influenced by the nature of training given to the employees. The existence of professionally trained staff in an enterprise and availability of many staff with the desired entrepreneurship traits and education level plays an important role in strengthening the organization capabilities in terms of trained manpower. This study used the KBT to establish how handicraft MSEs trains their employees in various entrepreneurship aspects to equip them with knowledge that helps them to support effective performance in export markets. Entrepreneurship training aspects covered in this study are risk management, business management, business planning and development. Based on this theoretical background, it is hypothesised that:

> *H_A: There is a significant relationship between access to entrepreneurship training and performance of handicrafts exporting MSEs.*

Vol. 2, No. 01; 2018

ISSN: 2456-7760

2.3 Conceptual Framework

In this study, the dependent variable is performance of handicrafts exporting MSEs and the independent variable is entrepreneurship. Entrepreneurship training is aiming at developing entrepreneurial capacities and mindsets that benefit economies by fostering creativity, innovation and self- employment (EC, 2008). One critical challenge facing MSEs in developing countries like Tanzania is lack sufficient knowledge, skills, experience, and resources to handle constraints that adversely affect their performance. This, therefore, calls for an increased demand for entrepreneurship training. Certainly, studies by Kessy and Temu (2010), Mungai (2012) and Mwaanga (2014) substantiate that firms which access and use entrepreneurship training demonstrate superior performance than those which do not.

Access to entrepreneurship training among firms exhibit the gap in terms of performance and practice between trained and untrained MSMEs (Mori, 2015; Ng'ang'a, Ngugi & Odhiambo, 2014; Osinde, Iravo , Munene & Omayio, 2013). MSEs with access to training survive and have a competitive edge with the competitors (Kimando, Sakwa & Njogu, 2012). Access to entrepreneurship training programmes may lead to either progress or regression of MSEs export performance. Lack of training on various aspects of enterprise development hinders the performance of MSEs. Entrepreneurship training components considered in this study are risk management, business management, business planning and development. It was hypothesized that accessing these training programmes will influence the performance of Tanzanian exporting handicrafts MSEs in terms of profitability, sales growth, customer base and number of foreign markets served by the handicrafts MSEs. The association between variables of the study is clearly illustrated in the schematic diagram in Figure 1 forming the conceptual framework for this study.

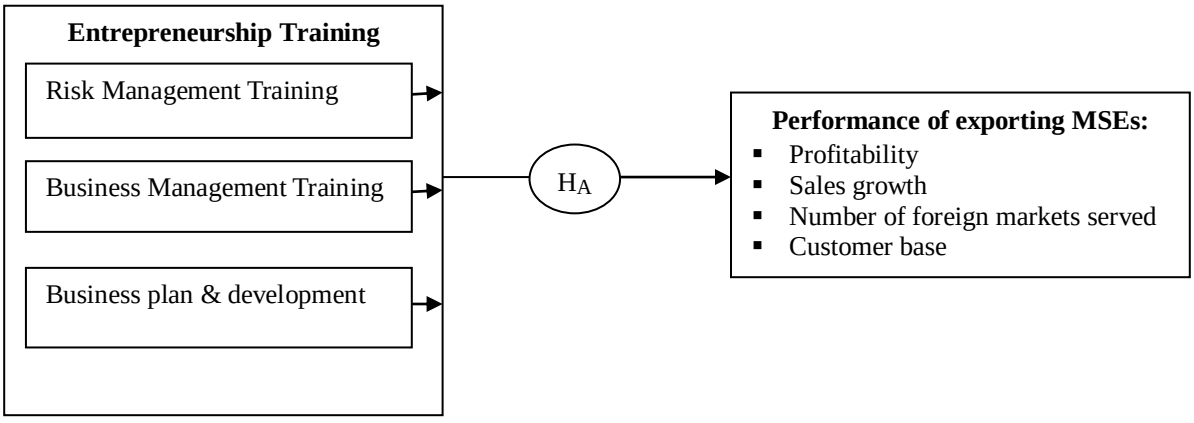

Figure 1: Conceptual framework for the study

2.4 Empirical Review

A number of researchers (e.g. Kessy and Temu, 2010; Mwaanga, 2014; Mori, 2015; Kimando, *et al*, 2012; Osinde, *et al.*, 2013) have attempted to look at entrepreneurship training and performance aspects of MSEs. They have thus attempted to help us understand enterprise performance dynamics. This study reviews of various studies done in the area of

Vol. 2, No. 01; 2018

ISSN: 2456-7760

entrepreneurship training and MSEs performance. Specifically, it documents how access to and use of entrepreneurship training, is critical for the performance of exporting handicrafts MSEs. It highlights the strengths and weaknesses in terms of theoretical, contextual, and methodological aspects. This adds into the body of knowledge of performance of handicrafts exporting MSEs in Tanzania.

A study by Yahya, Othman and Shamsuri (2012) on the impact of training on SMEs performance in Malaysia, delved into factors that impact training in SMEs, based on three perspectives which are manager's, enterprise's and external characteristics. The study found that manager's characteristics (age, experience, education, perceptions, awareness and skills), enterprises characteristics (life stage, sector, size and profits) and external characteristics (tax, type of training and source of fund) affected the manager's and SMEs involvement in employees training market. It was also found that training had a positive impact on SMEs performance in the form of profits, revenues and firm size. The study concluded that managers' perceptions and beliefs about benefits of training appeared to be a major determinant of training. The study suggested that government or other associated agencies must target SMEs managers to be convinced, whenever they want to increase the awareness and benefits of a particular training programme. The study recommended that negative factors that might deter SMEs from sending their employees for training and their reluctance in spending for training be taken into account. Government and relevant authorizes that are entrusted to develop SMEs must put more effort to change the owner managers' perception of training from being a "cost' to being an "investment". Training must be regarded as an investment instead of a cost. The study by Yahya, *et al.*, (2012) mainly covered firms in the context other than Africa. However the findings are quite interesting and of great help to MSEs owners, operators and Tanzanian business community as well. The study also focused on the overall performance of SMEs, unlike the current study, which focuses on the performance of handicrafts exporting MSEs with specific emphasis on profitability, sales, number of foreign markets, and customer base. Despite these contextual disparities it is expected that this study's findings and recommendations will contribute the body of knowledge of performance of exporting MSEs.

Tambwe (2015) examined the impact of entrepreneurship training on Micro and Small Enterprises (MSEs) performance in Tanzania. The study findings revealed that proper entrepreneurship training leads to, successful performance of MSEs. The key skills perceived to be of the most importance by MSEs included financial, marketing, sector-specific technical and communication skills. The study recommended that efforts should be made by the government and BDSPs to ensure and enhance availability of these training to all MSEs in the country for sustainable economic growth. The study concluded that, due to the positive relationship between entrepreneurship training and MSEs performance. The study recommended that, efforts should be made by the government and BDSPs to enhance the availability of these training to all MSEs for sustainable economic growth. In addition, the government should initiate behavioural and social change by including entrepreneurship training in the education system so that learners are exposed to entrepreneurship from young age right from primary schools. The study further

Vol. 2, No. 01; 2018

ISSN: 2456-7760

suggested that entrepreneurship training materials be developed using simple Swahili language and delivered through ICT media so that they can easily be accessed by both rural and urban entrepreneurs.

Like the current study, the study by Tambwe (2015) was also done in the Tanzania, but did not cover most of the variables in this study (i.e. entrepreneurship training and performance of handicrafts exporting MSEs). However, entrepreneurship training and MSEs successful performance were found to have a positive relationship. Mungai (2012) and Kessy and Temu (2010) notes that training in the area of entrepreneurship has a significant impact on enterprise performance and growth. The study by Tambwe (2015) confirms the same which was also put into consideration in this study.

Mwaanga (2014) conducted a study on best BDS required by MSMEs and the impact of training programmes on their business performance in Zambia. Findings of the study revealed that training had significant impact on the survival of the business. The study concluded that providing training in management skills and practices improved the business performance of MSMEs and that there is a gap in terms of performance and practice between trained and untrained MSMEs. The study recommended the need to create awareness on the existence of training so that most MSMEs can have access to them and improve their performance. These are also a need for the private organisations, the government through its agencies and other stakeholders with interest and commitments in the development of this industry to take up a leading role in promoting the growth of entrepreneurship activities through training and provision of other assistance to the development of MSMEs. The study by Mwaanga (2014) mainly covered MSMEs in Zambia, focusing on a broader category of enterprises than of this study. The study focused on BDS components similar to this study, nevertheless, the findings are quite interesting and of great help to MSEs owners in terms of improved strategic, operational and technical skills which are vital in strengthening business performance. These were also of key interest in the current study.

3. Materials and Methods

This study used a descriptive research design as it gives information which describes organizations, industry, people, settings or phenomena (Raju & Prabhu, 2011). The design is also free from bias maximized reliability and it encompasses the use of both qualitative and quantitative data (Wilson, 2014). The study is centred at establishing the causal relationships between entrepreneurship training and the performance of handicraft exporting MSEs in Tanzania. Thus Positivism research paradigm (quantitative analysis) was found to be most appropriate (Burns & Burns, 2012). This paradigm offers the basis for explaining the phenomena under investigation using causal relationships between the study variables measured using quantitative techniques (Collies & Hussey, 2013).

The target population and sampling frame constituted of 1018 Tanzanian handicrafts exporting MSEs accessed entrepreneurship training from the Small Industries Development Organisation

Vol. 2, No. 01; 2018

ISSN: 2456-7760

(SIDO) in Dar es Salaam. The study targets Dar es Salaam since it is the largest commercial city in Tanzania. It has more than 15 informal and large handicraft markets in the Kariakoo Market on Tandamti Street, Mwenge Handicraft Centre, Nyumba ya Sanaa (House of Art), and the Village Museum, amongst others. These markets formed the strata of interest to this study. Dar es Salaam is also one of the most visited tourist destinations in Tanzania, and it attracts many local entrepreneurs and immigrants who engage in the handicraft trade (Walonzi, 2014).

The study used purposive sampling and proportionate stratified sampling techniques to select the respondents. In the first place handcrafts exporting MSEs that have been operating for, at least five, years were purposively sampled for the study. These are reliable for the study, under the assumption that their experience is adequate for assessing business performance. To ensure proper representation of each stratum, proportionate stratified sampling technique was then used to select the sample for the study. This approach is more popular than any other stratified sampling procedures as it has higher statistical efficacy (Cooper *et al.*, 2012). A sample size of 212 handicrafts exporting MSEs was calculated by using the following formula as the population is less than 10,000 (Mukulu, Odhiambo, Waititu, & Ndirangu, 2016; Odhiambo, Gichuhi, Ndirangu & Mukulu, 2016).

(N_o) = n/[1+(n-1/N]..... Equation (1)

Where: **n=Z*Z(P(1-P)/(D*D).....Equation (2)**

Z= Confidence level at 95% (standard value 1.96),

P=True proportion of factors in the population, or the expected frequency value,

D= Margin error at 6% (standard value 0.06).

$n= (1.96)^2(0.5)\ (0.5)/(0.06)2 =266.777$

Sample size (N_o) = n/[1+(n-1/N]……..…Equation (3)

N_o=267/ [1+266/1018] = 212

The study used questionnaires and interview guide for primary data collection. Questionnaire is favoured on the premise that it allows accurate and valid data to be gathered as respondents were given enough time and guidance to give much of their opinions on the research problem. Questionnaires are flexible, free from bias and researchers' influence, able to collect many information (Burns & Burns, 2012; Kothari & Garg, 2014), and usually with higher response rates (Bechhofer & Paterson, 2008). Interview guide was also used to compliment questionnaire data. A review of published documents and research reports related to the study helped to collect secondary data. This was done through perusing and reviewing of both empirical and theoretical literature sourced from published books, government reports, and policy documents. Others were baseline survey reports, research reports, research articles, trade associations' reports, records on MSEs' access to BDS, and sectorwise export trends and data. This technique was adopted since it provides real information and evidence in the study (Saunders, Lewis & Thornhill, 2012).

To ensure validity before the actual data collection, a pilot study was carried out on 14 randomly selected respondents to check the accuracy of instruments in order to make corrections where necessary. The pilot test falls within the rule of thumb by Cooper *et al.*, (2012), Cooper and Schilder (2011) and Creswell (2009) that 1% of the sample should constitute the pilot test. The

Vol. 2, No. 01; 2018

ISSN: 2456-7760

efficacy and quality of data collected were then checked and ambiguous questions are edited before actual field work, data entry and analysis. The Cronbach's alpha test was used to check the reliability the questionnaire (Cronbach, 1951). Cronbach's alpha has the most utility for multi-item scales at the interval level of measurement, requires only a single administration and provides a unique, quantitative estimate of the internal consistency of a scale (Sekaran, 2010; Cooper & Schindler, 2011).

Data Processing and Analysis

This study used both qualitative and quantitative data analysis to analyze data collected from the field. Quantitative data were analysed with descriptive statistical analysis such as percentages, frequencies, means, and standard deviations. Pearson correlation coefficient (r) was also used to test the strength of the linear relationship between variables of the study. The study used the factor analysis to establish the appropriateness of the variable constructs. Factor loadings were used to establish the weights of the various statements on extracted factors. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity were conducted prior to factor analysis to check the existence of adequate correlation between the individual items in each section of the questionnaire. Results of factor analysis, KMO statistic, and Bartlett's test of sphericity gave justification for further inferential statistical analysis. Binary logistic regression was used to establish the relationship between variables, and Hosmer and Lemeshow test to evaluate the goodness of fit of the model. Qualitative data were categorized into themes and arguments given by various interviewees were compared and contrasted. The explanations were then matched with the contents of the literature and empirical evidence.

Statistical Model and Hypothesis Testing

A binary logistic regression was used to model the relationship between entrepreneurship training, and performance of handcrafts exporting MSEs. In this study, the binary logistic regression model took the following equation:

Logit [p(x)] = log [p(x)/1-p(x)] = $\beta_o + \beta_1 X_1 + \varepsilon_o$....Equation (4)

The binary logistic regression involves fitting an equation of the following form to the data:

Logit (p_i) = $\beta_o + \beta_1 X_1 + \varepsilon_o$ ..... Equation (5)

Where:

Dependent Variable:

Logit (p_i) = Y_i Odds of Performance of handicrafts exporting MSEs (represents the probability that firm performs well or otherwise, coded as 1 or 0 respectively)

Independent Variable:

X_1 = Number of Entrepreneurship Trainings attended

β_0 = Co-efficient of the model

$\beta_1 - \beta_4$ = Beta Coefficient of regression for the independent variable X_1

ε_o = Stochastic Error Term

Data were then organized and interpreted with the assistance of the IBM Statistical Package for the Social Sciences (SPSS) software version 21. P-value and t-statistic were used to determine

Vol. 2, No. 01; 2018

ISSN: 2456-7760

the significance of the variable weights to the dependent variable at 5 per cent level of significance. If p-value is less than 0.05 the alternative hypothesis (H_A) is accepted, otherwise it is rejected (Cooper, Schindler & Sharma, 2012).

Operationalization and Measurement of Variables

The dependent variable in this study is the performance of handicrafts exporting MSEs in Tanzania. Measures of firms' export performance are usually grouped into two broad categories: (i) Observed measures (indicators which are based on the absolute value of firm's export sales volume, profits, and market share, amongst others) and (ii) Perceived measures (management's perception of the similar indicators of firm performance) (Kumar & Singh, 2014). As in numerous previous studies (Yahya, *et, al.* 2012; Linyiru, 2015; Brouthers, E. L., Nakos, Hadjimarcou, & Brouthers D. 2009), this study used perceptual measure of firm performance. Perceptual measures are considered appropriate when: (i) firms are either unwilling or unable to provide financial data, (ii) financial records are unavailable or unreliable due to accounting-based distortions, (iii) most firms are privately held and secondary data cannot be accessed, and (iv) most managers are reluctant to provide secondary data due to competitive and proprietary reasons (Freiling & Schelhowe, 2014).

In this study, respondents were required to rate how well their firms perform in relation to profitability, sales growth, number of foreign markets served, and customer base over the past five years of export operations. To model the relationship between the dependent and the independent variables of the study, binary logistic regression was also used. Logistic regression is useful where the dependent variable is categorical (IBM (2010). This was also the case in the current study, where the dependent variable is categorical and constituted of 1 if the firm perform well and 0 otherwise. Numerical measures were used to determine the number of entrepreneurship trainings attended (dependent variable) by handicrafts exporting MSEs annually. Based on theories and models in the literature review, the Likert-scale comprised an ordinal scale of 1-5 (1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree) was adopted to reflect owner-managers perception of access of entrepreneurship training to exporting handicrafts MSEs.

4. Findings and Discussions

4.1 Reliability Tests

The reliability test was done by using Cronbach's Alpha coefficient to check how well a set of variables measure a single uni-dimensional latent construct that is a coefficient of reliability or consistency. The reliability coefficient lies between 0 and 1.00. The higher the coefficient, the more reliable is the test (Muse, Njeru & Waiganjo, 2016). The Cronbach's Alpha Coefficient test on entrepreneurship training and firm performance reveals a coefficient of 0.822 (Table 1). These results agree with Cronbach (1951), Saunders, *et al.* (2012) and Christensen, Johnson and Turner (2011) who established that scales of 0.7 and above, show acceptable and satisfactory reliability. It is from this basis that, all the 18 statements under the entrepreneurship training in

Vol. 2, No. 01; 2018

ISSN: 2456-7760

this study were considered to have adequate internal consistency and therefore, reliable for the analysis and generalization on the population.

Table 1: Reliability Test for Entrepreneurship training

Item	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We have a solid understanding of scale and the management options of our biggest risks	.085	.827
We invest in high risk projects which promises high returns	.333	.817
We have been trained on sensitivity analyses of our risks.	.265	.820
We have been trained on systematic risks taking	.291	.819
Our firm takes the risks assumed into account when monitoring performance	.267	.820
We keep all business records in a book of accounts or ledger book	.243	.821
We normally receive expert advice in accounting	.358	.816
We have attended Business start-up trainings	.224	.822
We have been trained on Business registration and formalization	.247	.821
We have been trained on documentation for exports	.351	.816
Our business has a good knowledge of export process	.323	.818
We prepare the business plan on our own	.466	.810
Business plan contributes to the success of our business	.628	.800
Business plan attracts business partners and investors to share in the business risk	.602	.800
We use our business plan to tests the feasibility of our business	.700	.794
We use business plan to check profitability of our business	.718	.793
Business plan enhances the survival and going concern of our business	.621	.800
The firm finances its projects through borrowing	.402	.814
Number of items	18	
Cronbach's Alpha	.822	

4.2 Sampling Adequacy

To confirm if data collected are adequate and appropriate for statistical analysis, two tests (Kaiser-Meyer-Olkin (KMO)-measure of sampling adequacy and Barlett's test of sphericity) were performed. Findings in Table 2 shows that the KMO index of 0.810 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2013; Kaiser 1970, 1974). The Bartlett's test of sphericity was also highly significant (Chi-square = 1959.386 with 153 degrees of freedom, at $p < 0.05$). Thus, all the 18 statements were concluded to have an adequate internal consistency, and therefore reliable for further statistical analysis and generalization on the population.

Vol. 2, No. 01; 2018

ISSN: 2456-7760

Table 2: KMO Sampling Adequacy and Bartlett's Sphericity Tests

Test	Coefficient
Kaiser-Meyer-Olkin Measure	.810
Bartlett's Chi-Square	1959.386
Bartlett's df	153
Bartlett's Sig.	.000

4. 3 Factor Analysis

Factor analysis was conducted after successful testing of validity and reliability using KMO and Cronbach alpha coefficients. Factor analysis was conducted using Principal Components Analysis (PCA) approach. The extraction of the factors followed the K1method proposed by Kaiser (1960) whereby only the factors that have eigenvalues greater than one were retained for interpretation. Total Variance analysis indicates that the 18 statements on entrepreneurship training and firm performance can be factored into 5 factors. The total variance explained by the extracted factor is 73.848% as shown in Table 3. The factor communalities of the 18 variable constructs are all above 0.5. This is in line with Izquierdo, Olea and Abad (2014) who pointed out that 100 or 200 subjects are usually sufficient if the communalities are higher than 0.5 and each factor is defined by a minimum 7 variables. The factor communalities of the variable are shown in Appendix I.

Table 3: Entrepreneurship training Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.075	28.194	28.194	5.075	28.194	28.194
2	3.748	20.821	49.015	3.748	20.821	49.015
3	1.860	10.332	59.347	1.860	10.332	59.347
4	1.507	8.369	67.717	1.507	8.369	67.717
5	1.104	6.131	73.848	1.104	6.131	73.848
6	.910	5.054	78.902			
7	.705	3.918	82.820			
8	.592	3.292	86.112			
9	.468	2.600	88.712			
10	.376	2.091	90.803			
11	.321	1.785	92.587			
12	.278	1.545	94.132			
13	.271	1.508	95.640			
14	.225	1.250	96.891			
15	.213	1.183	98.073			
16	.164	.914	98.987			

Vol. 2, No. 01; 2018

ISSN: 2456-7760

17	.106	.588	99.575
18	.077	.425	100.000

Extraction Method: Principal Component Analysis.

A simplified factor loading matrix or a pattern matrix for sub-constructs of entrepreneurship training in Table 4 shows the factor loadings for sub-constructs of entrepreneurship training. All the 18 statements attracted coefficients of more than 0.4 and therefore retained for further statistical analysis. A factor loading equal to or greater than 0.4 is considered adequate as it has good factor stability and lead to desirable and acceptable solutions (Rahn, 2010; Zandi, 2006; Black, 2002 in Linyiru, and Ketyenya (2017).

Table 4: Loadings and Cross-Loadings for entrepreneurship training

Item	Component				
	1	2	3	4	5
We use our business plan to test the feasibility of our business	.942				
We use business plan to check profitability of our business	.927				
Business plan enhances the survival and going concern of our firm	.906				
Business plan attracts business partners and investors to share business risks	.905				
Business plan contributes to the success of our business	.893				
We prepare the business plan on our own	.785				
The firm finances its projects through borrowing		.820			
Our firm systematically takes risks.		.808			
We invest in high risk projects which promises high returns		.757			
Our firm takes the risks assumed into account when monitoring performance		.754			
We regularly conduct sensitivity analyses of our risks.		.711			
We have attended Business start-up trainings			.862		
We normally receive expert advice in accounting			.775		
We have been trained on Business registration and formalization			.633		
Our business keeps all business records in a book of accounts or ledger book			.495		
Our business has a good knowledge of export process				.793	
We have been trained on documentation for exports				.759	
We have a solid understanding of scale and management options of our biggest risks					.844

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

4.4 Descriptive Analysis

Vol. 2, No. 01; 2018

ISSN: 2456-7760

Table 5 gives a summary of descriptive statistics on percent of providers of entrepreneurship training and frequency of accessing training among the operators of handicrafts MSEs in Tanzania. The study findings reveal that most operators (63.7%) in this industry only access entrepreneurship training annually. This calls for the need to invest more in entrepreneurship training for the sustainability of this sector. The statistics further shows that 49.7% obtain training from Government agencies, followed by 24.0% trade associations and 20.5% from private BDSPs. These findings verify the role of Government agencies and trade associations like SIDO, VETA, TCCIA, TWCC, TanCrafts and TradeMark East Africa in facilitating handicrafts operators in entrepreneurship training. The study findings also show the need to invest more in entrepreneurship training to among the owner-managers of the exporting handicrafts MSEs in Tanzania. This observation corroborates with Singh and Fatima (2015) who contended that there is a need to run more training programs for the up gradation of skilled, semi-skilled and unskilled operators in the handicraft industry. The findings further agree with those of Tambwe (2015) who asserted that efforts should be made by the government and BDS providers to ensure and enhance availability of these training to all MSEs in the country for sustainable economic growth.

Table 5: MSEs access to Entrepreneurship Training

Provider of entrepreneurship training			**Frequency of accessing Training**		
Provider	**Frequency**	**Percent**	**Category**	**Frequency**	**Percent**
BDSPs	35	20.5%	Quarterly	10	5.8%
Government Agency	85	49.7%	Semi Annually	28	16.4%
NGOs	7	4.1%	Annually	109	63.7%
Trade Associations	41	24.0%	After every two years	20	11.7%
None	3	1.8%	Not at all	4	2.4%
Total	**171**	**100.0**	**Total**	**171**	**100.0**

The influence of entrepreneurship training on the performance of exporting handicraft MSEs was measured using a five point Likert scale with 1 indicating "strongly disagree" and 5 "strongly agreed". This was measured by using 18 constructs which asked respondents to state how their handicrafts MSEs have been accessing and benefited from entrepreneurship training over the past five years of handicrafts export in terms of : (i) an understanding about the scale and the management options of biggest risks (RM1), (ii) investing in high risk projects which promises high returns (RM2), (iii) conduct sensitivity analyses of our risks (RM3), (iv) firm's ability to systematically takes risks (RM4), (v)the firm finances its projects through borrowing (RM5), and (vi) taking risks assumed into account when monitoring performance (RM6), (vii) keeping all business records in a book of accounts or ledger book (BMT1), (viii) receiving expert advice in accounting (BMT2), (ix) attended business start-up trainings (BMT3), (x) trained on business registration and formalization (BMT4), (xi) trained on documentation for exports (BMT5), and

Vol. 2, No. 01; 2018

ISSN: 2456-7760

(xii) business has a good knowledge of export process (BMT6). Finally respondents were also asked to rate the extent to which they access business plan training and benefit in a way that they: (xiii) prepare the business plan (BPL1), (xiv) use of business plan contributes to the business success (BPL2), (xv) use business plan to attracts business partners and investors to share in the business risk (BPL3), (xvi) use of business plan to tests the feasibility of our business (BPL4), (xvii) use of business plan to check firm profitability (BPL5), and (xviii) use of business plan to enhances the survival and going concern of business (BPL6).

Findings in Table 6 shows the responses of MSEs owner-managers trained on risk management. It was revealed that 93% of respondents agreed to have a solid understanding about the scale and the management options of their business risks, 87.2% agreed that they invests in high risk projects which promises high returns. In addition, 83.1% of MSEs owner-managers agreed to analyse their risks, 76.6% agreed to have been systematically taking business risks, 77.8% of the respondents finance their projects through borrowing, and 81.9% of respondents take the risks assumed into account when monitoring business performance. In terms of business management training; 86.5% of respondents disagreed that they business keeps all business records, 89.50% agreed that they normally receive expert advice in accounting, while 81.80% agreed that they attended business start-up trainings, 82.50% agreed that trained on business registration and formalization. 60.80% trained on documentation for exports, and 87.70% agreed that they possess a good knowledge of export process. Furthermore, respondent were asked to rate their accessibility to training and use of business planning. 69.80% of respondents disagreed that they prepare their own business plans, 74.30% agreed that business plan contributes to the success of their businesses, 76.60% agreed business plan to attract business partners and investors. On top of that 75.40% of the respondents agreed that they use business plan to test the feasibility of their businesses, 74.20% of respondents agreed that they use business plan to check profitability of our business, and finally 76.60% agreed that they use business plans to enhance the survival and going concern of their businesses.

The study established an entrepreneurship training index based on the Likert means and standard deviations. In this index, means ranging between 1 and 1.5 implied that entrepreneurship training influenced performance to no extent. Means greater than 1.5 and less than 2.5 implied that entrepreneurship training influenced performance to a little extent. Means greater than 2.5 and less than 3.5 implied that entrepreneurship training influenced performance to a moderate extent. Means greater than 3.5 and less than 4.5 implied that entrepreneurship training influenced performance to a greater extent. Means greater than 4.5 implied that entrepreneurship training influenced performance to a very great extent. Results in Table 6 shows a Likert mean score of 3.948994 for responses in this section which indicates that majority of the respondents agreed that entrepreneurship training influences the performance of exporting handicrafts MSEs performance to a greater extent. This observation agreed to by Yahya, *et, al.* (2012) who found that entrepreneurship training has a positive impact on enterprise performance.

Vol. 2, No. 01; 2018

ISSN: 2456-7760

The standard deviation on the other hand describes the distribution of the response in relation to the mean. It provides an indication of how far the individual responses to each factor vary from the mean. A standard deviation of more than 1 indicates that the responses are moderately distributed, while less than 1 indicates that there is no consensus on the responses obtained. In table 7 an average of 0.956634 for all statements on entrepreneurship training indicates the absence of consensus on the responses on entrepreneurship training.

Table 6: Entrepreneurship training and MSEs Performance Descriptive Analysis

Item	SD	D	N	A	SA	Likert Mean	Std. Deviation
RM1	1.8%	1.2%	4.1%	66.7%	26.3%	4.1462	0.70019
RM2	0.0%	5.3%	7.6%	58.5%	28.7%	4.1053	0.75188
RM3	0.6%	2.9%	13.5%	55.6%	27.5%	4.0643	0.76039
RM4	2.3%	4.7%	16.4%	46.2%	30.4%	3.9766	0.93276
RM5	8.8%	5.8%	7.6%	46.2%	31.6%	3.8596	1.18478
RM6	1.8%	5.8%	10.5%	48.0%	33.9%	4.0643	0.91488
BMT1	30.5%	56.0%	0.0%	5.4%	8.1%	4.0936	0.79151
BMT2	1.2%	4.1%	5.3%	55.6%	33.9%	4.1696	0.79736
BMT3	0.0%	4.7%	8.8%	59.6%	22.2%	4.1053	0.74402
BMT4	2.9%	7.0%	7.6%	43.9%	38.6%	3.9181	0.89065
BMT5	13.5%	12.3%	13.5%	42.1%	18.7%	4.0819	1.00251
BMT6	2.9%	2.9%	6.4%	60.8%	26.9%	4.0585	0.84511
BPL1	22.7%	47.1%	13.5%	7.3%	9.8%	3.4035	1.29514
BPL2	1.8%	18.1%	5.8%	53.8%	20.5%	3.7310	1.03930
BPL3	9.4%	9.4%	4.7%	48.5%	28.1%	3.7661	1.22389
BPL4	5.8%	11.1%	7.6%	45.0%	30.4%	3.8304	1.15321
BPL5	4.1%	12.9%	8.8%	44.4%	29.8%	3.8304	1.11693
BPL6	3.5%	11.7%	8.2%	46.8%	29.8%	3.8772	1.07490
Average	**4.1389%**	**7.6056%**	**8.85%**	**51.0778%**	**28.1%**	**3.948994**	**0.956634**

SD = Strongly Disagree, D = Disagree, N = neutral , A = Agree, SA= Strongly Agree

Overall, findings from descriptive statistics, corroborates with the results from interviews show that entrepreneurship training has a very important contribution to the firm performance. One interviewee said:

> *"…for the past two years we have attended four entrepreneurship trainings. These training programmes have been very useful, they enabled us to get a lot of entrepreneurial and technical skills that we were not exposed to before. We also interact with other experienced business owners, we exchange ideas and establish new business relationships vital for the performance of our business…" (Interview field data, Dar es Salaam July10th, 2017).*

Vol. 2, No. 01; 2018

ISSN: 2456-7760

Further results from the interviews depicts that operators in this industry only access entrepreneurship training annually, and the programmes are expensive, unsustainable and are designed solely to suit the needs of the donors. Besides, it was mentioned that owner-managers of handicrafts exporting MSEs need to be trained in aspects such as: Export procedures and formalities, documentations, foreign market surveys for handicrafts. Other identified areas were cross border trade, product development for export quality, and trade marks. Intellectual property, licensing, and product innovations were also pointed out as areas need training interventions.

4.5 Relationship between Entrepreneurship training and performance of handicrafts exporting MSEs

The study used the person moment correlation coefficient to determine the strength of the relationship between entrepreneurship training and performance of exporting handicrafts MSEs. Findings in Table 7 show the correlation results which indicate that there was a positive and significant relationship between variables of the study. This was evidenced by the p value of 0.000 which is less than that of critical value (0.05) at 0.749. In view of the fact that access to entrepreneurship training is within the range -1 to +1 it was retained in the current study.

Table 7: Correlation between Entrepreneurship training and Performance of handicrafts exporting MSEs

		Performance of handicrafts exporting MSEs	**Entrepreneurship Training**
Performance of handicrafts exporting MSEs	Pearson Correlation	1	.749**
	Sig. (2-tailed)		.000
Entrepreneurship Training	Pearson Correlation	.749**	1
	Sig. (2-tailed)	.000	

***. Correlation is significant at the 0.01 level (2-tailed).*

4.6 Binary Logistic Regression Analysis

Binary logistic regression model was used to model the relationship between entrepreneurship training and performance of handicrafts exporting MSEs. Based on the reviewed literature, it was hypothesised that, there is a significant relationship between access to entrepreneurship training and performance of handicraft exporting MSEs in Tanzania. Table 8 shows that entrepreneurship training was statistically associated with the performance of handicrafts exporting MSEs (p=0.004).

4.6.1 Overall test of relationship

The overall significance of the model was assessed by using Omnibus tests of model coefficients which shows the relationship between the dependent and independent variable. The model fitting information it Table 8 produced a Chi-square of 9.471and a p-value of 0.002 less than the level of significance of 0.05 (i.e. $p < 0.05$). From this observation, it can be concluded that the overall

Vol. 2, No. 01; 2018

ISSN: 2456-7760

relationship between entrepreneurship training and performance of handicrafts exporting MSEs is significant.

4.6.2 Strength of binary logistic regression relationship

The study also intended to establish the strength of the binary logistic regression relationship, by using the correlation measure to estimate the strength of the relationship (Pseudo R square measures, such as Nagelkerke's R). The Cox and Snell R Square and the Nagelkerke R square value, provide a sign of the amount of variation in the dependent variable. Results in the Table 8, shows that Cox and Snell R square and Nagelkerke R square values are 0.054 and 0.271 respectively. This suggests that 5.4% to 27.1% of the variability in the performance of handicrafts exporting MSEs is explained by the variation in access to entrepreneurship training. The Wald test also shows that the independent variable is statistically significant. That is a Wald statistic of 8.515 shows that entrepreneurship training contributed highly to the performance of handicrafts exporting MSEs. Findings in table 9 also shows that entrepreneurship training had an Odds Ratio (OR) = 0.124 (95% CI 0.31 to 0.504), p =0.004. This implies that a unit change in entrepreneurship training increases the performance of handicrafts exporting MSEs by 0.124 units.

Table 8: Logistic Regression for Entrepreneurship training

Variable	β	S.E.	Wald	df	Sig.	Exp(B)	95% C. I. for EXP(B)	
							Lower	Upper
Entrepreneurship training	2.088	.715	8.515	1	.004	.124	.031	.504
Constant	12.892	3.515	13.451	1	.000	397093.432		

Omnibus test of Model Coefficients (Chi-square = 9.471; Sig 0.002)
Log likelihood = 28.478[a]; Cox & Snell R Square = 0.054; Nagelkerke R Square = 0.271
Hosmer and Lemeshow Test (Chi-square = 0.942; Sig 0.625)
Dependent variable: Performance of handicrafts Exporting MSEs = Binary: Y =1 if performing well , Y = 0 if otherwise

4.6.3 Hosmer and Lemeshow Test

The Hosmer and Lemeshow test the hypothesis that there is a linear relationship between the predictor variables and the log odds of the criterion variable. For a good fit of the model the Hosmer-Lemeshow test must be greater than 0.05 (Mendes & Ganga, 2013; Hosmer & Lemeshow, 2000). Findings in Table 8 indicate a Chi-square = 0.942 and p-value of 0.625 was obtained. This indicates that the model adequately fits the data, and thus there is a positive and significant relationship between the predictor variables and the log odds of the criterion variable. From table 9, the model produced a p-value of 0.004, hence, research hypothesis (H_A) is accepted. Thus, it is concluded that there is a significant relationship between access to entrepreneurship training and performance of exporting handicraft MSEs in Tanzania. This observation corroborates with findings by Tambwe (2015), Kessy and Temu (2010) and Msoka

Vol. 2, No. 01; 2018

ISSN: 2456-7760

(2013) who set that there is a significant relationship between entrepreneurship training and the performance of small scale businesses.

5. Conclusion and Recommendations

5.1 Conclusion

Entrepreneurship training was found to have an effect on the performance of exporting handicrafts MSEs. It can thus be concluded that exporting handicrafts MSEs that nurture an entrepreneurial culture and tendencies through attending training programmes in risk management, business management, and business planning and development are likely to experience better performance results. It was also concluded that the success of the firms was achieved because of the right management decisions by MSEs owner-managers, e.g. finance their businesses through borrowing, investing in high risk projects with high returns, and conducting sensitivity analyses of their risks. Others include attending training in business start-up, business registration, formalization and documentation for exports. Furthermore, the success was also attributed by a positive approach to drive the business forward through the use business plan.

5.2 Recommendations

One of the key problems which were found to thwart the performance of exporting handicrafts MSEs is costs related to entrepreneurship trainings. It was discovered that such programmes are expensive, unsustainable and are designed to suit the needs of the donors. Therefore the study recommends deliberate efforts to be directed at the initiation of frameworks and advisory bodies. These will help exporting MSEs owner-managers by advising them on strategic business knowledge in areas of product development, marketing, technology development, business plans, formalisation, export procedures, entrepreneurship and general business management at sustainable and cheap costs.

The current study advocates the need for the government as a policy setting organ to come up with policy guide on regulatory and supervisory frameworks, market infrastructure, and public interventions to improve MSEs' access to entrepreneurship training. There is also a need for the government to design and enforce an enabling regulatory environment and BDS infrastructure which improves the efficiency and effectiveness of MSEs in Tanzania. It is further recommended that the government should put in place a much more supportive institutional framework for SMEs. The government should come up with a policy to support the provision of entrepreneurship training programmes to inculcate entrepreneurial aspects to exporting enterprises operating in the grassroot level. This will help to transform innovative ideas into products and services that meet the desired export market quality standards hence improved performance of MSEs. This, according to URT (2016) will help in transforming MSMEs into viable and sustainable business entities capable of contributing up to 50 percent of manufacturing GDP.

Vol. 2, No. 01; 2018

ISSN: 2456-7760

MSEs owner-managers need business management skills to be able to lead and manage the enterprise to long term sustainability and performance of the enterprise. Particularly the owner-manager requires conceptual skills such as records keeping, business planning, business registration, start-ups and formalization, documentation and export process. Such skills will drive the MSMEs to long term performance as attributed by efficiency and product quality enhancement strategies as highlighted in the National Five Years Development Plan 2016/2017-2020-2021. These skills will also help the owner-manager to impart an entrepreneurial culture in the enterprise which may drive the employees to continuously create new and improved handicrafts products that will meet the quality standards of the export markets.

5.3 Areas for Further Research

This study identified the causal effect relationships between entrepreneurship training and performance of exporting handicrafts exporting MSEs. A replica of this study can be carried out with a further scope to include other sectors and industries with dominance of MSEs like the agro and food processing MSMEs and see whether the findings hold true. Future studies should apply different research instruments like key informant interview and focus group discussions to engage respondents more in discussions so as to generate detailed information which would help in bringing out better entrepreneurship training models and strategies for enhanced performance of exporting handicrafts MSEs in Tanzania.

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Vol. 2, No. 01; 2018

ISSN: 2456-7760

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Vol. 2, No. 01; 2018

ISSN: 2456-7760

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Vol. 2, No. 01; 2018

ISSN: 2456-7760

APPENDIX I: Communalities

Main Factor	Communalities Item	Initial	Extraction
Entrepreneurship training	Our firm has a solid understanding about the scale and the management options of our biggest risks	1.000	.753
	We invest in high risk projects which promises high returns	1.000	.706
	We regularly conduct sensitivity analyses of our risks	1.000	.566
	Our firm systematically takes risks	1.000	.719
	The firm finances its projects through borrowing	1.000	.690
	Our firm takes the risks assumed into account when monitoring performance	1.000	.592
	Our business keeps all business records in a book of accounts or ledger book	1.000	.657
	We normally receive expert advice in accounting	1.000	.800
	We have attended Business start-up trainings	1.000	.784
	We have been trained on Business registration and formalization	1.000	.631
	We have been trained on documentation for exports	1.000	.731
	Our business has a good knowledge of export process	1.000	.710
	We prepare the business plan on our own	1.000	.670
	Business plan contributes to the success of our business	1.000	.804
	We use business plan to attract business partners and investors to share in the business risk	1.000	.860
		1.000	.904
	We use business plan to check profitability of our business	1.000	.880
	We use business plan to enhance the survival and going concern of our business	1.000	.834
Performance of Exporting MSEs	Export sales growth	1.000	.675
	Firm profit growth	1.000	.786
	Number of customers served	1.000	.600
	Number of foreign markets served	1.000	.596

Extraction Method: Principal Component Analysis.