

**Effects of Vocational Education Training on Business Performance Among Self-employed Vocational and Non-vocational Graduates in Arusha and Dar es Salaam Cities, Tanzania**

**By**

**Nicodemus Simon Mwakilema**

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Skills and knowledge acquired through Vocational Education and Training (VET) have much potential for improving performance among firms owned by self-employed VET graduates. However, studies debate on whether such skills and knowledge contribute to better firms' performance. Effects of vocational education and training on business performance among self-employed VET and non-VET graduates and their contribution to attainment of sustainable livelihoods outcomes have not been sufficiently explored. The study on which this thesis is based was conducted in Arusha and Dar es Salaam Cities, Tanzania, to contribute to this knowledge gap. Specifically, the study (i) assessed factors that influence self-employment among graduates, (ii) determined firms' competitive strategies used in attainment of profitability, (iii) compared effects of assets capitalisation on revenue performance. and (iv) determined livelihood assets owned and chances for sustainable livelihoods outcomes attainment among self-employed graduates. Quantitative and qualitative data were collected in March and April 2018 through a cross-sectional survey involving a sample of 384 self-employed VET and non-VET graduates. Quantitative data were analysed using Statistical Package for Social Sciences and Microsoft Excel computer programmes while qualitative data were transcribed into text and analysed using constant comparison content analysis approach. Binary logistic regression results indicated that four factors influenced self-employment among VET graduates while seven factors influenced self-employment among non-VET graduates. The results on competitive strategies indicated that implementation of cost-leadership and differentiation strategies among both VET and non-VET graduates were positively related to firms' profitability. However, further findings indicated that there was no difference in profitability variables performance between VET and non-VFT graduates. Multiple linear regression results indicated that tangible and intangible capital (experience in business) positively influenced revenue attainment among firms owned by both categories of graduates. The results further indicated that there was no significant difference in livelihood assets owned and thus chances for sustainable livelihoods outcomes among the them were almost the same and limited to the level of assets owned. It is, therefore, concluded that seven factors influence self-employment, whereby among the factors, seven are significant among non-VET while four

factors are significant among VET graduates towards self-employment. It is also concluded That cost-leadership and differentiation are the two strategies that influence profitability among firms owned by both VET and non-VET graduates. On the basis that tangible and intangible assets positively influence firms' revenue for both graduates' businesses. it is concluded that tangible and intangible assets (experience in business) are the main factors that influence revenue generation among firms owned by VET graduates and non-VET graduates respectively. It is also concluded that households' assets owned by VET and non-VET graduates are almost equal and the sustainability chances of livelihoods outcomes attainment are the almost same and limited to the level of assets owned by each group. Based on the factors that can be improved, it is recommended that Business Registration and Licensing Authority (BRFLA) and Local Government Authorities (LGAs), in partnership with Vocational Education and Training Authority (VETA), should make collaborative efforts to come up solutions that meet the current demands of the labour market for self-employment among graduates. The efforts are expected to not only provide a solution to unemployment problems but also address the skills and knowledge gap needed for self-employment among graduates. As some of the self-employment determining factors cannot be altered. policy interventions by BRELA should focus on improving knowledge related to firms' registration procedures while LGAs interventions should focus more on provision of knowledge related to business licensing procedures among final year students in the training institutions. LGAs should also establish special seed funds the LGAs annual budgets to provide start-up loans among self-employed graduates. VETA, on its part, should improve the provision of entrepreneurship training in its training programmes in order to equip graduates with knowledge and skills needed for self-employment and also arrange for appropriate apprenticeship programmes industries to equip students with the needed self-employment experience. It is further recommended that in improving profitability among firms, VET and non-VET graduates should employ both cost-leadership and differentiation strategies. Moreover, it is recommended that policy intervention by LGAs and other development partners should be directed at financing small businesses through capital assets. Self-employed graduates should also ensure maximum utilisation of both tangible and intangibles assets (experience in business) them to attain higher revenues in their businesses. Lastly. it is recontended that LGAs and other development partners should prioritize in their development agendas to support graduates with capital assets necessary for improving their livelihood assets and increase chances for sustainable livelihoods among them. Graduates also should consider establishing self-help institutions such as SACCOs from which they can access funds for financing livelihood assets to be employed in their self-employment activities.