Original Article

Performance of Small Businesses in Tanzania: Human Resources-Based View

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Abstract

This study examined the performance of small businesses in Tanzania using human resources-based approach. A sample of 380 small business owners was surveyed using a structured questionnaire. Multi-stage sampling technique was used, whereas proportionate stratified sampling was applied which was followed by random sampling technique. In addition, snowball sampling technique was used to select cases of interest for in-depth interview. Excel and a Statistical Package for Social Sciences (SPSS) were used as analytical tools for quantitative data. Content analysis was used to analyse qualitative data from four case studies developed. Binary logistic regression model was used to estimate the effects of employees' commitment, trustfulness and competencies on the performance of small businesses. The study revealed that employees' commitment, honesty and competencies had a significant positive effect on the performance of small businesses. The study recommends that special training programmes should be designed and implemented for the purpose of imparting competencies and behavioural change to employees of small businesses.

Keywords

Business performance, small businesses, human resources based view, human resources

Introduction

Small businesses dominate the economic life of most of African least developed countries (LDCs) (Gollin, 2008); they are regarded as the driving force of economic growth and poverty alleviation (UNCTAD, 2005). Mnenwa and Maliti (2008) mentioned small businesses as a number one source of

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income to low-income countries like Tanzania. According to Tanzania National Baseline Survey for Small, Micro and Medium Enterprises (2012), there are more than 3 million small businesses in Tanzania engaging in trade and service sectors, most of which are informal. It employs about 5,206,168 people; of those, 3,447,469 are owners/spouses; 964,246 are paid workers; 718,663 are relatives and friends; and 79,390 are apprentices. Thus, small businesses are important in the livelihood and economic growth of LDCs' economy (Kumburu et al., 2019). In order to grow, small businesses need to assess performance of their operations and resources from time to time; this will ensure that the resources are used efficiently according to pre-determined objectives and that the necessary actions are taken in time.

Assessment of the business performance is one of the fundamental aspects of total quality management in any form of enterprise, as it helps to get the real picture/health of an organization. Traditionally, performance measures have been used to see organizational success through accounting and finance indicators (Kennerley & Neely, 2003). The traditional method of assessing performance by using sales volume, profit, return on investment, return on capital employed and other financial and accounting-based parameters has lost its importance due to business convolution. Contemporary enterprises use both finance and non-finance parameters to gauge their health. A survey conducted on company directors in the USA found that currently, there is too much emphasis on the use of non-financial parameters such as customer and employee satisfaction, innovation and quality, delivery of sales people and general conduct of employees (Ittner & Larcker, 2000). Iveta (2012) found that in the recent period, strategic managers are shifting from the use of only finance-based performance indicators to other indicators like human resources, which would take the 'wind from sail' to their rivals in the market. Human resources are one of the useful non-financial indicators that are used to assess the organizational performance. The popular acceptance of human resources as a performance indicator has been attributed by the fact that it is the main source of competitive advantage of an enterprise (Iveta, 2012). Previous studies have found a positive relationship between human resources traits and business performance; however, mostly they didn't discuss in details the specific human resources traits and how they affect business performance. The competences and the acts of the employees of an enterprise can affect the level of productivity of an enterprise both directly and indirectly. Karami (2013) concluded that the competences of human resources in an organization are a key to business performance, though they did not specify which human competences.

The success of any business elsewhere in the world depends on many factors including labour, capital, land and entrepreneurship. In most cases, entrepreneurs set enterprises by combining together the factors of production in order to realize profit. In Tanzania, despite the role played by small businesses in economic development, most of them are constrained with some factors, which hinder their performance. For instance, a study by Nkonoki (2010) on factors limiting the success and/or growth of small and medium-sized enterprises (SMEs) in Tanzania indicated that theft/cheating and lack of trust, people factor/lack of needed talent, lack of education and training and lack of experience are some of internal factors limiting small business growth in Tanzania, but it does not discuss how such factors limit the performance of small businesses. Also the study conducted by Mhede (2012) in Dar es Salaam involving entrepreneurs in industrial clusters revealed that the current growth of furniture manufacturing firms is affected by insufficient business skills, but the study does not tell the extent to which insufficient business skills affect the performance of such entrepreneurs.

Though the performance of small businesses is associated with many aforementioned factors, the relationship between the performance of small businesses and human resources (commitment, honesty and competencies) has not been rigorously studied in Tanzania. In many previous studies regarding factors affecting the performance of small businesses in Tanzania, the variables of human resources have been assumed and not measured within the studies. Vedastus (2010), on the determinants of performance of commercial banks in Tanzania, suggested that the aspect of human resources as a competitive advantage in commercial banks has been understudied in the previous studies. This implies that variables of human resources, on the performance of small businesses, have been used as residual factors and not explanatory factors. The question of interest is how labour commitment, honesty and competencies influence the performance of small businesses in Tanzania. Thus, the intention of this study is to examine the performance of small businesses in Tanzania using indicators of human resources.

In examining the performance of small businesses in Tanzania using indicators of human resources, this article is organized into seven sections: the first section presents the background information and the status of the research topic; the second section presents the review of literature, which provides the theoretical and empirical underpinnings of the study. The third section presents objectives, which show the aim as well as the importance of the study. The fourth section describes the methodology used in the study, whereas the fifth section presents the analysis and discussion. The sixth section presents conclusions, managerial implications and recommendations and finally, the seventh section contains the acknowledgement.

Review of Literature

There is no single uniformly accepted definition of a small business because a small business in one industry might have different levels of capitalization, sales and employment compared to others from different industries (Gorondutse & Hilman, 2019). The European Commission defines micro, small and medium-sized enterprises as follows: A micro enterprise is a business with up to 10 employees, a small business has up to 50 employees and a medium enterprise has less than or equal to 250 employees. In the context of Tanzania, micro enterprises are those engaging up to four people, in most cases, family members or employing capital amounting up to TZS 5 million. The majority of micro enterprises fall under the informal sector. Small enterprises are mostly formalized undertakings engaging between 5 and 49 employees or with capital investment from TZS 5 to TZS 200 million. Medium enterprises employ between 50 and 99 people or use capital investment from TZS 200 to TZS 800 million. Large enterprises employ 100+ people or use capital above TZS 800 million. However, in the event of an enterprise falling under more than one category, the level of investment will be the deciding factor (United Republic of Tanzania [URT], 2003). In this study, the definition was limited to micro and small enterprises (MSEs) in Tanzania; that is, enterprises with a maximum capital investment of TZS 200 million. This choice of definition is due to the fact that most enterprises in Tanzania fall under this category.

The term ‘performance’ includes overall activities and operations performed by entrepreneurs in strengthening their enterprises (Kotane & Merlino, 2017). In measuring business performance, there are indicators that are used to measure business performance. Such indicators include sales revenues, number of employees, assets level, gross sales turnover, use of business income, size of the business, targets and goals of the entrepreneurs, profitability, firm age, innovation, research and development and capital increase (Zahra, 2011). However, in this study, growth in capital was used as the measure of the performance of small businesses. The performance of small businesses was measured in the period of 5 years (2013–2017). Mashenene (2016) also used the same indicator to measure the performance of SMEs in the period of 5 years.

The essential contribution of the small business sector to the performance of the economy is a critical motive for scholars to investigate the key success factors behind this sector (Raguž et al., 2015). Small businesses are faced by drawbacks that hinder their growth or even further cause a permanent shutdown. The rate of such growth is considerably variable and the key factors behind it require a great deal of investigation. Therefore, it is very important to identify and examine these factors that lead small businesses to survive and succeed. Many small business studies have been undertaken to identify success factors in different countries. There have been a considerable number of studies ranging from single case studies to comprehensive surveys, which explicitly investigated the factors of success of small businesses. Most of these studies concluded that business success is the result of a web of interacting factors.

Globally, several studies have been conducted to assess factors affecting the performance of SMEs. The study of Raguž et al. (2015) in Croatia identified three categories of factors that are thought to influence the likelihood of small business success: entrepreneurial characteristics, start-up behaviour and the firm's overall strategy. These categories of factors require a homogenous well-planned integration to achieve adequate growth. The characteristics of the entrepreneur and the business strategies adopted mainly determine the growth of small firms. Hyder and Lussier (2016) in Pakistan developed a non-financial model that included 15 factors as independent variables, which were tested for their significance using logistic regression. These factors were planning, professional advisors, managers' education, staffing, family business ownership, capital, financial control, industry experience, management experience, product/service timing, age of owner, economic timing, partnership business, minority ownership and marketing skills. Analysis of the results suggested that only the first four factors were significant predictors of success. Furthermore, Wiklund and Shepherd (2005) investigated the entrepreneurial orientation of small businesses in European listed firms and found that a main-effects-only analysis provided an incomplete picture of performance. Chao and Spillan (2010) conducted a comparative study of US and Taiwanese SMEs; the findings indicated that responsiveness was the only significant predictor of the three market orientation indicators (i.e., intelligence generation, intelligence dissemination and responsiveness). Responsiveness, as a marketing variable, is embedded in the human resources variables such as commitment, honesty and competencies, since it is about the willingness of the service provider to help customers.

In Africa, the study of Kamunge et al. (2014) in Kenya and Tuffour et al. (2020) in Ghana investigated several factors affecting the performance of SMEs. The findings found that access to finance, availability of management experience, government policy and regulations, access to infrastructure, access to business information and financial literacy were the main factors affecting the performance of SMEs. In South Africa, advancement in technology was revealed to improve business performance, while competition was found to be a major challenge to business performance and it was statistically significant (Sitharam & Hoque, 2016). The study of Abebaw et al. (2018) in Ethiopia revealed that the performance of SMEs was statistically positively related to leadership skills, finance, labour skills, infrastructure and entrepreneurship. The findings from these studies were inclined to other factors affecting the performance of SMEs but did not take into account the human factor; hence, it creates a knowledge gap.

In Tanzania, Nkwabi and Mboya (2019) tested a number of factors affecting the growth of SMEs. The findings revealed that financial constraints, capital constraints, tight regulations and poor technologies impacted the growth of SMEs. Connectedly, Kasililika (2018) investigated factors affecting the performance of SMEs in Tanzania. The findings pointed out that limited access to land for investment, denied access to finance, unfavourable transport networks, unfavourable port services, unreliable and inefficient cost of electricity services were the major factors inhibiting the performance of SMEs. The study of Mashenene (2016) in Tanzania revealed that the determinants of entrepreneurial capabilities of SMEs are norms, attitudes, values, beliefs, perceptions and social setting from which SMEs owners operate. Though this study covered the socio-cultural determinants and entrepreneurial capabilities, its focus was on the owners of the SMEs and not on employees. According to Danga et al. (2019), political factors, access to finance, access to market, tax regimes, social factors, entrepreneurs' characteristics, business location, legal framework and business skills were identified to be the major factors for improved business performance among SMEs in Tanzania. Like in any other African countries, the findings from all these studies showed that the human factor was not considered as an important factor to be included in the studies, something which possess knowledge gap.

In an extensive review of empirical studies, scholars described organization commitment as a bond between an individual (the employee) and the organization (the employer). Buchanan (1974) views commitment as a strong belief in and acceptance of the organization's goals and willingness to exert considerable effort on behalf of the organization. Marthis and Jackson (2000) also define employee commitment as the extent to which employees stay with organizations and consider about organizational objectives seriously. Employee's commitment is believed to reduce undesirable working conducts such as lateness, less turnover, laziness, fraud and theft. Albdour and Altarawneh (2014) argued that while high levels of employees' commitment increased job satisfaction, job performance, total return to shareholders and sales, they decreased employee turnover, intention to leave, intention to search for alternative employer and absenteeism. Mahdi et al. (2014), in Malaysia, revealed that committed employees are more motivated and dedicated towards meeting and achieving organizational goals. However, these may differ depending on the nature of the organization and the particular business environment.

An honest employee is one who is a facet of moral character and connotes positive and virtuous attributes such as integrity, truthfulness and straightforwardness including good conduct, along with the absence of lying, cheating and theft. It is an assumption of employers that employees shall work hard with maximum level of honesties, so as to achieve the company's objectives. Ying and Brian (2005) mentioned employee's lying and theft as one of the top employees' dishonest practices. Mazar et al. (2008) contended that employees usually like to think and call themselves honest while being dishonest, and hence retardate the performance of the business.

Competencies, in the most general terms, are 'qualities' that an individual must demonstrate to be effective in a job, role, function, task or duty. These 'qualities' include job-relevant behaviour (what a person says or does that results in a good or poor performance), motivation (how a person feels about a job, organization or geographical location) and technical knowledge/skills (what a person knows/demonstrates regarding facts, technologies, a profession, procedures, a job, an organization, etc.) (Harvard University Competency Dictionary). Bowen et al. (2009), in Kenya, revealed that relevant training is positively related to business success, in which 51 per cent of those who received training said that their businesses were doing well while 60.8 per cent of those not trained reported that were doing poorly. In this study therefore, employees' competencies will include relevant training, educational qualifications, experience, expertise (e.g., use of computers), innovation, time management, marketing skills, team building skills, communication skills, and conflict management skills. To fill the knowledge gap from the existing literature, this study attempts to examine the performance of small businesses in Tanzania using indicators of human resources (commitment, honesty and competencies).

Objectives

Contribution of the small business sector to the performance of the economy is critical; however, the sector has not been fully exploited to the extent that it gives full potential to the economy. In this view, this study aims to examine the performance of small businesses in Tanzania using indicators of human resources (commitment, honesty and competencies). In doing so, this study will help to inform policymakers and SMEs owners on how to promote and accelerate the performance of their firms, thus becoming an important source of employment and economic growth for the Tanzanian economy.

Theoretical Framework

This study situates itself in the domain of the resource-based view (RBV) because this framework is used to assess factors that influence the performance of a small-scale business. It assumes that firms' internal resources and capabilities generate comparative advantages (Barney, 1991). Firms' performance is generated from unique sets of resources, which are not easily imitated and substituted. The RBV theory provides a useful theoretical framework to explain the factors that influence performances of firms (Rahman & Ramli, 2014). Firm resources in accounting and finance literature have been defined differently. For instance, Barney (1991) categorizes firm's resource into three sub-groups: human, physical and organizational capital resources. While human capital resources denote experience, training, technical know-how, relationships and knowledge of firm managers and staff, physical capital resources imply firm's technology, machinery, location and access to productive inputs (Essel et al., 2019). Labour commitment, honesty and competencies are also regarded as key resources. According to Radzi et al. (2017), tangible assets are limited to human, physical, financial and technological resources. However, assets including knowledge, capabilities, skills and reputations are termed as intangible assets. Radzi et al. (2017) argue that firms have the desire to access and control resources either in the short or long term, provided the resources will offer a competitive advantage over rivalries. These firms may have disparities in the access and control of the various resources, thus generating uniqueness in different products or services they offer. Thus, a firm's performance is determined from the effective utilization of resources and capabilities possessed in the business (Saffu et al., 2012), since such resources are required for innovations to gain and sustain competitive advantage (Radzi et al., 2017). The RBV theory provides a perfect contextual framework to analyse small business performance in developing economies, where firms are constrained with inadequate access to resources and expertise (Saffu et al., 2012). Thus, RBV postulates that firms' resources and capabilities are the main determinants of performance, which are adapted for this study.

Methodology

Data

The cross-sectional research design using survey was used since it allows data to be collected at one point and it is considered to be useful because of resources' limitation (Kothari, 2009). A survey method makes it possible to test the ideas generated from case study research and those derived from theories (Kimeme, 2005). The study was conducted in Dodoma city. The Dodoma city was chosen for this study due to the fact that it is the fastest growing city in Tanzania with a reasonable number of SMEs. The population of the study included owners of small businesses in Dodoma city. The decision to include owner-managers in the study was due to the fact that owner-managers had rich information relevant to the study. The study included only businesses, which had been in operation for 5 years since their establishment (i.e., from 2013 to 2017), in order to allow researchers get sufficient data to address research questions.

Proportionate stratified sampling technique was used in which the population was divided into different strata of business units based on business sector and then randomly selecting final subjects proportionally from strata. Also, snowball sampling technique was used in order to select subjects in case studies. The choice of this technique is appropriate when there is lack of database of respondents from the responsible authorities. A sample of 380 business owners was involved and it was calculated using the formula:

$$n = Z^2.pq/d^2 \quad (1)$$

where n is the sample size, Z is the standard variate which is 1.96 for a 95 per cent confidence level, p is the proportion in the largest population which is 50 per cent, q is $1-p$ and d is the degree of accuracy, set at 0.05. Then, $n = (1.96)^2 \times (0.5 \times 0.5)/(0.05)^2 = 384$. The response rate for questionnaire administered was 98.96 per cent as 380 questionnaires out of 384 were returned and all of them were useful. The study used primary data gathered using a questionnaire survey and in-depth interview and observation. It was necessary to use a combination of data collection methods in order to complement each other and to obtain sufficient and insightful information for the study.

Analytical Model

Data collected using in-depth interview and observation were analysed qualitatively using content analysis that consisted of examining, categorizing, tabulating and recombining the evidences in order to address the research problem (Yin, 2014). During analysis, researchers tried to understand respondent's views from case studies and observation and interpreted them (Mashenene, 2016). The explanations and observations were matched with the literature and empirical evidence elsewhere (Kumburu & Kessy, 2018).

Quantitative data were analysed using the Statistical Package for Social Sciences (SPSS) as an analytical tool. Descriptive statistics was performed, whereas frequencies percentages and means were computed. Binary logistic regression model was used to determine the effect of employees' trust, commitment, competencies, age, education level, sex and experience on the performance of small businesses. Before logit was performed, the dependent variable was treated in a binary response, whether capital of businesses graduated from micro to small businesses or not. Dummy variable was created with 0 = businesses whose capital growth ≤TZS 5 million, 1 = capital growth >TZS 5 million.

Further, independent variables were treated in various ways. Employees' honesty, 5-point Likert scale, statements were transformed and segregated into index scores. Employees' commitment was measured using number of occurrence of defects, frequency of meeting targets, number of days not at job, number of hours delayed at work and number of days involved in problem solving. Competence of employees was measured using dummy variables (1 = Yes, 0 = No). The binary logistic regression model was given by the following equation:

$$\Pr(Y=1) = \beta_0 + \beta_1 \mathrm{Hn}_i + \beta_2 \mathrm{Cm}_i + \beta_3 \mathrm{Cp}_i + \beta_4 \mathrm{Age}_i + \beta_5 \mathrm{Sex}_i + \beta_6 \mathrm{Ed}_i + \beta_8 \mathrm{Ex}_i + \varepsilon_i \quad (2)$$

where

Y = performance of small businesses

Hn = employees' honesty

Cm= employees' commitment

Cp = employees' competencies

Age = age of respondents

Sex= sex of respondents

Ed = education level of respondents

Ex = experience of respondents in business

β_0 = coefficients estimated from the model

Findings and Discussion

Reliability Test

Cronbach's alpha (α) was calculated for each independent variable. Normally, Cronbach's α reliability coefficients range from 0 to 1 with a greater internal reliability showing the result closer to 1 (Mashenene, 2016). The interpretation of the size of coefficient α is that a 'high' reliability coefficient (usually ≥0.90) is considered to be very good or excellent. An Alpha between 0.80 and 0.89 is considered good, while that between 0.70 and 0.79 is considered adequate or acceptable. Alpha between 0.60 and 0.70 is considered questionable, while that between 0.50 and 0.60 is considered poor, and values less than 0.50 are considered to be unacceptable. Table 1 shows the Cronbach's Alpha for each factor. All of the variables had α value above the recommended value, that is, 0.70. This signifies that the measurement instrument, which was used, was both valid and reliable.

Sample Characteristics

Sex of Respondents

Table 2 presents the distribution of respondents based on sex. It was revealed that the proportion of male to female in the study was almost 1:1 ratio since there were 179 (47.11%) females compared to 201 (52.89%) males. The proportion of male to female suggests that, in Tanzanian business environment, there has been enough effort to promote balance of both sexes to participate in business. These findings are supported by those of URT (2012), which revealed that the proportion of female to male in SME sector was almost the same.

Table 1. Cronbach's Alpha Test

Factors	Cronbach's Alpha	Number of Items
Honesty	0.902	5
Commitment	0.782	5
Competencies	0.909	4

Source: The authors.

Table 2. Sample Characteristics (n = 380)

Variables	Frequency	Percentage
Sex		
Female	179	47.11

(*Table 2 continued*)

(*Table 2 continued*)

Variables	Frequency	Percentage
Male	201	52.89
Total	**380**	**100.0**
Age		
18–29	51	13.4
30–39	174	45.8
40–49	110	28.9
> 50	45	11.8
Total	**380**	**100.0**
Mean age	**35.5**	
Education level		
Primary	153	40.3
Secondary	123	32.4
Tertiary	104	27.3
Total	**380**	**100.0**
Experience in years (mean)	**7.5**	

Source: The authors.

Age of Respondents

The mean age (Table 2) was found to be 35.5 years, implying that the majority of small business owners were youth. Further findings (Table 2) show age distribution, where the majority (45.8%) of small business owners were those in the range between 30 years and 39 years. These findings are in harmony with those of Mashenene (2016), which indicated that the majority (41.3%) of SMEs owners were aged between 30 and 40 years.

Education Level

Table 2 shows that the respondents with primary education were the majority (40.3%), which was followed by those with secondary education (32.4%). These findings imply that, in Tanzania, the majority of citizens engaging in small business are those with primary and secondary education, constituting a total of 72.5 per cent of the total sample under the study. These findings are similar to those of Maziku et al. (2014), which indicated the majority of SMEs in Tanzania were those with primary education.

Experience in Business

Table 2 shows that respondents had an experience in business with a mean score of 7.5 years, implying that SME owners were in business for the period of above 5 years, the experience that was adequate to enable researchers measure the performance of small businesses.

Table 3. Human Resources Variables

Human Resources Variables	Frequency	Percentage
Honesty	380	100.0
Commitment	380	100.0
Competencies	380	100.0
Total	**380**	**100.0**

Source: The authors.

Descriptive Statistics Results

Human Resources Variables

The results in Table 3 indicate that employees' honesty, commitment and competencies were important predictors of business performance. These findings are supported by those of Mashenene and Rumanyika (2014), which found that theft/robbery, lack of competencies and commitment of employees are among the constraints confronting small businesses in Tanzania.

Ranking of Human Resources Variables

The findings (Table 4) indicate that employees' honesty was ranked number one of all constructs, implying that the performance of small businesses is highly affected by employees' honesty. These findings are consistent with those of Nkonoki (2010), who revealed that theft/cheating and lack of trust of employees are among the challenges facing small businesses in Tanzania.

Empirical Results

Binary Logistic Regression Results

The results in Table 5 show the overall model fitness was statistically significant ($p < 0.01$), implying that the model was able to predict that employees' honesty, commitment and competencies have effect on the performance of small businesses. Nagelkerke R^2 and Cox & Snell R^2 values were 0.401 and 0.324, indicating that independent variables entered in the model explained 40.1 per cent and 32.4 per cent of variance of small business performance. Nagelkerke R^2 and Cox & Snell R^2 values give an indication of the amount of variation in the dependent variable explained in the model (from a minimum value of 0 to a maximum of $\approx$1). Nagelkerke R^2 and Cox & Snell R^2 are presented as pseudo R^2 statistics rather than the true R^2 values in multiple regressions (Mashenene, 2019).

Table 4. Rank of Human Resources Variables

Human Resources Variables	Rank
Honesty	1
Commitment	3
Competencies	2

Source: The authors.

Table 5. Binary Logistic Regression Results

Human Resources Variables	*B*	S.E.	Exp(*B*)
Honesty (index)	0.758***	0.151	1.912
Commitment (continuous)	0.692***	0.146	1.746
Competencies (dummy)	0.801**	0.162	2.201
Age (years)	0.792***	0.531	1.988
Sex (dummy)	0.024	0.064	0.756
Education (years)	0.122	0.076	0.183
Experience (years)	0.665**	0.142	1.275
Constant	−0.321*	0.138	0.816
Chi-square Hosmer and Lemeshow $-\chi^2$	47.149*** 4.967 (8)(p = 0.701)		
Cox & Snell R^2	0.324		
Nagelkerke R^2	0.401		
−2 Log likelihood	262.641		

Source: The authors.

Notes: Dependent variable: capital growth (capital ≤ TZS 5 million = 0), capital > TZS 5 million = 1). *, ** and *** Represent significance levels at 10%, 5% and 1% respectively.

The findings (Table 5) show that the coefficient of honesty was positively (0.758) related to small business performance and it was statistically significant (p < 0.01), suggesting that a unit change in employee's honesty will cause 75.8 per cent increase in the performance of small businesses. Further, the odds ratio was found to be 1.92, suggesting that the likelihood of honest to increase business performance was 1.9 times. Since the coefficient of honesty was positive, an alternative hypothesis was accepted with the fact that honesty has more contribution towards the performance of small businesses. In general, the findings are consistent with those of Majenga (2013), which indicate that honesty of employees is among the challenges confronting SMEs in Tanzania. Accordingly, these findings were exhibited by those from qualitative results as evidenced in the case study of AKM[1].... *My employee damaged my business badly as she was transferring money from m.pesa business account into her personal account without my attention* .... Accordingly, the case study of MRN[2] evidenced the same … *It was a sad day to me when my employee stole TZS 15 million from my business and disappeared away*....

Regarding commitment, it was found that the coefficient of commitment was positively (0.692) related to small business performance and it was statistically significant (p < 0.01), implying that a unit change in employee's commitment will result in 69.2 per cent increase in the performance of small businesses. Accordingly, the odd ratio was 1.746 depicting that the likelihood of employee's commitment to increase business performance was approximately 1.8 times. It was inferred from these results that when employees' commitment is improved, the performance of small businesses is improved as well. Since the coefficient of honesty was positive, an alternative hypothesis was accepted with the fact that commitment has more contribution towards the performance of small businesses. These results are supported by those in Majenga (2013), which indicated that employees' commitment is an important attribute to the performance of small businesses. The case study of EVM[3] exhibits these results as follows: *...the success in my business is the outcome of the commitment demonstrated by my employees. My employees are very committed with job as they work very hard with minimum supervision* .... On the other hand, the case study of EMM[4] exhibits these results differently: *...my employees are lazy as the result close supervision is required. Sometimes when I travel, my employees absente themselves from the job or they report late ....*

Based on employees' competencies, it was found that the coefficient of employees' competencies was positively (0.801) related to small business performance and it was statistically significant ($p < 0.05$), indicating that a unit change in employee's competencies will result into 80.1 per cent increase in the performance of small businesses. Further, the odd ratio was 2.201, suggesting that the likelihood of employee's competencies to increase business performance was 2.2 times. Since the coefficient of competencies was positive, it can be concluded that a unit increase in employees' competence will result in increase in business performance, and that honesty has more contribution towards the performance of small businesses. These results are in harmony with those of Mashenene and Rumanyika (2014), which indicated that business training is an important aspect in building employees' competencies.

Further, findings in Table 2 show that age of small business owners was significantly and positively related to small business performance ($p < 0.01$) with a coefficient of 0.792. Connectedly, experience of owners in small businesses was also significantly and positively related to small business performance ($p < 0.05$) with the coefficient of 0.665. These findings imply that age of business owners and their experience in business were predictors of small business performance.

Conclusions, Managerial Implications and Recommendations

The study concludes that employees' honesty, commitment and competencies have a significant effect on the performance of small businesses in Tanzania. The study further revealed from qualitative results that businesses whose employees were honest, committed and competent had better performance than those with dishonest, less committed and incompetent employees. The study recommends the policymakers, particularly the Ministry of Education, Science and Technology, to put much effort in the implementation of syllabi relating to ethical issues and commitment, so as to prepare good citizens from primary education. Further, it recommends the Ministry of Industry, Trade and Investment to design entrepreneurship and business management training to small business owners and their employees as capacity-building programme. This programme will instil competencies to both small business owners and employees and consequently, it will result in the improved performance of small businesses.

Moreover, the study recommends the business owners to solicit training for their employees on the issues related to business ethics, entrepreneurship and small business management. This training programme is likely to suppress the ill behaviour demonstrated by the majority of employees. In the same line, the study recommends to donors like International Labour Organization (ILO), United States Agency for International Development Development (USAID), United Nations Industrial Development Organization (UNIDO) and Non Governmental Organizations (NGOs) to give support to small business owners on the aspect of capacity building.

Furthermore, the study recommends the following areas for further researches to academicians. A study needs to be conducted on the same topic involving both small business owners and employees in order to establish the root cause of the outcome. Also, a study needs to be conducted in more than one region in Tanzania in order to be in a position to conclude if employees' honesty, commitment and competencies have the same effect on small business performance throughout the country.

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Notes

1. AKM is a nick name representing business owner used in a case study. AKM was interviewed on 20 May 2017.
2. MNR is a nick name representing business owner used in a case study. MNR was interviewed on 25 May 2017.
3. EVM is a nick name representing business owner used in a case study. EVM was interviewed on 27 May 2017.
4. EMM is a nick name representing business owner used in a case study. EMM was interviewed on 29 May 2017.

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