

**FACTORS IMPACTING SMALL BUSINESS GROWTH IN ILALA
DISTRICT IN DAR ES SALAAM, TANZANIA**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
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OF THE OPEN UNIVERSITY OF TANZANIA**

2025

CERTIFICATION

I, the undersigned certify that I have read and hereby recommend for acceptance by the Open University of Tanzania, the dissertation entitled: “***Factors Impacting Small Business Growth In Ilala District In Dar Es Salaam, Tanzania***”, in partial fulfilment of the requirements for the Degree of Master of Business Administration (Accounting Auditing) of the Open University of Tanzania.



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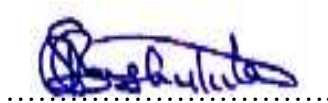
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A handwritten signature in blue ink, appearing to read 'Dennis Bashulula', is written over a horizontal dotted line.

Signature

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Date

DEDICATION

ACKNOWLEDGMENT

ABSTRACT

This study sought to examine factors impacting the growth of small businesses in Ilala district in Dar es salaam region, Tanzania. The study's specific objectives were to examine the effects of strategic management skills among small business operators on the growth of their businesses, to determine the effects of accounting skills among small business operators on the growth of their businesses and to assess the effects of sales and marketing skills among small business operators on the growth of their businesses. The study employed quantitative explanatory research to assess the cause-effect relationship between the independent and dependent variables. A simple random sampling technique was used to obtain a sample of 278 respondents. Data were collected through the structured questionnaires and analysed using descriptive statistics and multiple linear regression analysis. The results revealed that strategic management skills had a positive and significant effect on small business growth ($\beta = 0.285$, $\rho = 0.000$, $t = 4.731$). Similarly, accounting skills demonstrated a positive and significant effect ($\beta = 0.256$, $\rho = 0.000$, $t = 4.913$). Furthermore, sales and marketing skills exhibited the strongest positive and significant effect on small business growth ($\beta = 0.489$, $\rho = 0.000$, $t = 12.812$). The study concludes that strategic management skills, accounting skills and marketing skills played vital role in promoting small business growth in in Ilala district in Dar es salaam, Tanzania. The study recommends small business owners to access to training programs, workshops, and online courses to maximize their small business growth potential. The government should devise training policies to promote the small business operations in Ilala district and other districts in Tanzania.

Keywords: *Factors, Small Business Growth, Ilala Dictrict*

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LIST OF ABBREVIATIONS

GDP	-	Gross Domestic Product
MSMEs	-	Micro, Small And Medium-Sized Enterprises
SME	-	Small and Medium Enterprises
SPSS	-	Statistical Package for Social Science

CHAPTER ONE

INTRODUCTION

1.1. Overview

The chapter details the background information on the determinants of small business in various countries globally. The analysis of these factors assisted the researcher to formulate the statement of problem, the objectives, the study's scope, the relevance and articulates how the study is organized.

1.2 Background to the Research Problem

Micro, small and medium-sized enterprises (MSMEs) represent around 90 per cent of global businesses and over 60 per cent of employment and half of the gross domestic product (GDP) worldwide comes from these MSMEs (United Nations Department of Economics and Social Affairs, 2023). Thus, it is clear that MSMEs are an important catalyst for economic development of any country since they play a great role in absorbing the unemployed and contribute to the growth of GDP (Magembe, 2019). For instance, in emerging markets most formal jobs are generated by SMEs, which create 7 out of 10 jobs (World Bank, 2023).

In Tanzania, 95% of all businesses are small and medium enterprises which contribute about 35% of the country's GDP and generate up to 45% of total employment (Tanzania Invest, 2024). According to the National five-year Development Plan for 2021/22–2025/26, small and medium businesses have been the refuge for employment for most Tanzanian youths who are about 75% of the total population, each year one million young people enter the labour market while only 200,000

successfully find employment immediately, the remaining 800,000 are not guaranteed with official employment and therefore resort to starting small and medium businesses.

Small and medium businesses in Tanzania have played a crucial role in driving economic growth as they are major credit takers in the economy. For instance, in the year 2023/2024 small and medium enterprises had the largest share of outstanding loans at 38.4% and loans worth 915 billion shillings were issued to small and medium entrepreneurs by microfinance service providers only (URT, 2024).

Small businesses in Tanzania face several challenges that hinder their sustainable development and growth. One of the challenges one challenge that SMEs in Tanzania is failing to secure financial resources from banks and other financial resources (Msangi & Kasambala, 2025). In addition, the failure to secure financial resources from financial institutions is attributed to the requirements by those financial institutions requiring collateral accurate accounting information, and proper documentations for businesses already advanced credit among others (Tonya & Kagata, 2024).

Marketing difficulties, managerial shortcomings, regulatory hurdles, and limited access to start-up capital have also been identified as among numerous challenges facing small businesses in Tanzania (Ndjama, 2024). Various studies have been conducted with the aim of analyzing the problems or challenges that impede the growth of small businesses around the globe. Among such studies include (Tonya &

Kagata, 2024) who highlighted that major challenges limiting growth of small businesses are personal competence factors such as inadequate experience, lack of creativity, lack of focus/determination and environmental factors such as inadequate equipment and tools, insufficient capital, change in the market trend.

Studies by Albalushi and Naqshband (2022), Engidaw (2021), and Rafiki (2020) though highlighted the impact of management skills on the growth and performance of small businesses but they left a gap since they focused on basic general management skills and didn't cover specifically strategic management skills. Also, these studies were not conducted in the Tanzanian context. Mutanda et al. (2025), Kengatharan (2020), Albalushi and Naqshband (2022), and Mugaiga and Tugume (2020) emphasized on the need to train business owners on the accounting knowledge as one among the factors that impacts the survival and success of small businesses. These studies didn't cover accounting skill as the practical involving recording financial transactions and preparing the financial statements.

Studies by Albalushi and Naqshband (2022), Silvano and Mbogo (2022), Batisa (2019), Assefa and Cheru (2018), and Gao et al. (2023) also found that marketing had significant impact on the growth of small businesses though they didn't analyze the impact of both sales and marketing skills among small businesses owners or operators on the growth of their businesses, their analysis was rather based on marketing part only. It is in this spirit that this study sought to address above empirical gaps as well as other gaps explained in this proposal that were identified through the review of various literatures and theories such as Resource Based Theory

by Jay Barney, Human Capital Theory by Gary Becker, and Entrepreneurial Orientation (EO) Theory by Danny Miller.

1.3 Statement of the Problem

Despite their importance and contribution to both employment creation and income generation in Tanzania, small businesses have been facing a number of challenges (Msangi & Kasambala, 2025). Among the challenges that small businesses face includes lack of resources, lack of economies of scale and scope, higher transaction costs relative to large enterprises, lack of knowledge, inability to compete against larger firms (Tonya & Kagata, 2024).

The challenges outlined above lead to sustainability and growth issue. The majority of Small, and Medium Enterprises in Africa don't grow, even though they have the potential to grow and become big enterprises, 80% of businesses in Africa fail within five years of starting up (United Nations Department of Economics and Social Affairs, 2023). In Tanzania most of the small businesses are short lived, the average lifespan of small businesses is 4.1 years . In Dar es salaam region in particular, recent research has revealed that over 51% of businesses fail to survive beyond their first year of operation (URT, 2024).

Among many studies on the small businesses, some studies such as done by Albalushi and Naqshband (2022) and Mugaiga and Tugume (2020) have highlighted some of the factors impacting small businesses performance and growth relating to internal resources of owners or operators of these businesses. The resource-based

theory aligns with these studies by explaining how internal resources are important for firm's growth or performance. These resources according to the resource-based theory include intangible resources or assets such as firm's intellectual or knowledge-based resources (Kero & Bogale, 2023). Though various studies have been conducted on challenges facing small businesses, few of them were conducted to identify challenges or factors that affects growth or longevity of these businesses in Tanzania. Even these few studies on the growth issue of small businesses were not mainly focused on analyzing how skill-based factors impact growth. Therefore, it is due to such gap that this research aim specifically to study the relationship that exist between the selected three variables or sets of skills (strategic management skills, accounting skills, sales and marketing skills) and growth of small businesses in Tanzanian context.

1.4 Objectives and Hypothesis of the Study

The following are the objectives of the study.

1.4.1 General Objectives

The main purpose of this study was to examine factors impacting the growth of small businesses in Ilala district in Dar es salaam, Tanzania.

1.4.2 Specific Objectives

In the pursuit of the above general objective the following are the specific objectives that this study sought to achieve:

- i. To examine the effects of strategic management skills among small business operators on the growth of their businesses.

- ii. To examine the effects of accounting skills among small business operators on the growth of their businesses.
- iii. To examine the effects of sales and marketing skills among small business operators on the growth of their businesses.

1.4.3 Hypothesis

In pursuing the above objectives, the following hypothesizes were considered:

H1: Strategic management skills have a positive effect on small business growth.

H2: Accounting skills have a positive effect on small business growth.

H3: Sales and marketing skills have a positive effect on small business growth.

1.5 Significance of the Study

The study contributes towards identifying and understanding the factors especially skill-based factors that impact the growth of small businesses in Tanzanian context. The discovery such understanding is helpful to current and prospective small business owners and operators in Tanzania. In turn the findings recommends on how to address the growth challenges faced by many small businesses in Tanzania that their average lifespan is 4.1 years and over 51% of businesses fail to survive beyond their first year of operation in Dar es salaam region (URT, 2024)

For policy makers, this study has important policy implications in Tanzania. Through investigating and analyzing the factors impacting the growth of small business in Dar es salaam, the study informs policy makers in Tanzania on some aspects that have not been given enough attention in developing small businesses. The inputs of this

study can also be used in the process of coming with new edition of the SME Development Policy since the last SME Development Policy was issued in 2003 by the Ministry of Industry and Trade.

From the theoretical point of view, the study was guided by the resource-based theory which among others put emphasis on the firm to identify assets such as intangible assets in order to capitalize on them (Caseiro & Coelho, 2018). One of the gaps of this theory is that it doesn't clearly explain how and what resources should be identified and put into action in order for the business to achieve sustainable competitive advantage. Therefore, the study contributed to the understanding of what intangible resources to be identified and practically utilized by the firm.

1.6 Scope of the Study

The study focused on small businesses dealing with clothing business whereby the factors impacting the growth of those small businesses were analyzed. The study was carried out in Ilala district, Dar es salaam region in Tanzania. The study was uniquely conducted in Ilala District, Dar es Salaam, because the area represents a major commercial hub in Tanzania, particularly in clothing business activities. Ilala district also hosts major markets like Kariakoo market. Hence, conducting the study in Ilala district allowed a researcher to integrate diverse businesses in Dar es salaam, Tanzania.

1.7 Organization of the Study

The study is organized into five chapters. Chapter one is about the introduction to the study, chapter two is about the literature review which was conducted on the subject

under study. Chapter three is about the research methodology which introduces the entire methodology used in conducting the study. Chapter four is on the presentation and discussion of findings while chapter five is on the summary, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

The study highlights the theoretical and empirical literature review narratives. The study also articulates the gaps that the study covered and articulates the conceptual framework depiction.

2.2 Definition of Terms and Concepts

2.2.1 Small Business

There is no generally accepted definition of small business worldwide; thus, each country has its own definition due to the peculiar nature of MSMEs in their respective environments (Nsoke et al., 2021). According to the World Bank, the definition of small business falls under Micro, Small and Medium Enterprises (MSMEs) which is defined according to number of employees as follows: micro enterprises: 1–9 employees; small: 10–49 employees; and medium: 50–249 employees.

The European Union definition of SMEs is based on the staff headcount and annual turnover or annual balance sheet total (United Nations Department of Economics and Social Affairs, 2023). Thus, according to the European Union, Micro enterprises are those that employ fewer than 10 persons and that have an annual turnover or annual balance sheet smaller than Euro 2 million. Small enterprises are those that employ fewer than 50 persons and that have an annual turnover or annual balance sheet smaller than Euro 10 million. Medium-sized enterprises are those that employ fewer than 250 persons and that have an annual turnover smaller than Euro 50 million or an annual balance sheet smaller than Euro 43 million.

In South Africa, the definition of small business is based on the number of its employees. According to South African National Small Enterprise Act: Schedule 1, Micro enterprises are those that employ fewer than 10 employees, small enterprises are those that employ between 11 and 50 employees and medium enterprises are those that employ 51 to 250 employees (Kelly-Louw, 2023). In Tanzanian context, the definition of SMEs was given by Ministry of Industry and Trade in its SMEs Development policy (2003), (see Table 1).

Table 2.1: Categories of SMEs in Tanzania

Category	Number of Employees	Capital Investment (TShs)
Micro enterprise	1-4	Up to 5 million
Small enterprise	5-49	5 to 200 million
Medium enterprise	50-99	200 to 800 million
Large enterprise	100+	Over 800 million

Source: URT Ministry of Industry and Trade (2003)

The policy further advises that in the event an enterprise falls under more than one category, then the level of investment was the deciding factor. In view of the above definitions, this study adopted the definition given by Tanzania Ministry of Industry and Trade and therefore the small businesses was determined by their level of capital investment and therefore small businesses being considered in this study are those with capital investment between 5 to 200 million.

2.2.2 Small Business Growth

Business growth generally can be referred to increase in various aspects, such as increase in total sales volume, increase in production capacity, increase in

employment, increase in production volume, increase in the use of raw material and power (Yeboah & Zogli, 2025). According to Esiebugie et al. (2018), growth of small and medium businesses results from the performance of the business which can be evidenced through expansion of sales operation or assets and these two aspects are viewed as major strategic objectives of a business. Nsoke et al. (2021), defined SMEs growth as an increase in a various factor that can be measured quantitatively such as revenue, capital, market share, staff count, expansion, and exports.

According to Anderson (2017), SMEs growth can be measured or described both quantitatively and qualitatively. The qualitative growth can be measured through the subjective attributes of the firm such as the quality of the output, improved brand image, etc. The quantitative growth can be defined as changes or increase observed in the measurable indicators such as number of employees, revenue, and profit. This study has chosen to define business growth in terms of increase in sales. The reason of this choice is because sale can be measured with clarity and is easy to ascertain among most small business operators thus is the commonly used measure of growth in many studies (Yeboah, & Zogli, 2025).

2.3 Theoretical Literature Review

The theoretical framework of this study was based on the theory known as Resource-based Theory (RBT). According to this theory the firm can achieve sustainable competitive advantage and consequently superior firm performance by possessing bundle of resources that are valuable, rare, inimitable, and non-substitutable (D'Oria et al., 2021). The main variable of this theory is internal resources that enable the

firm to achieve sustainable competitive advantage and, consequently, superior performance (Bhandari et al., 2022). These internal resources are mainly physical assets, human assets, and organizational assets (Caseiro & Coelho, 2018). According to Kero and Bogale (2023), these resources can be tangible such as physical resources, intangible (such as knowledge-based, technological, and organizational resources), or human-based (employee expertise and skill).

Of the variables of this theory, human resources tend to be the key variable as some researchers have argued, thus, variety of resources in an organization, including the human resources create an organization's distinctive nature and this builds a competitive advantage (Assensoh-Kodua, 2019). Factors under the human capital resources denote experience, training, technical know-how, relationships, and knowledge of firm managers and staff (Essel et al., 2019). In addition, for organizations to build the distinctive advantage in the market it depends on the leaders or managers' intelligence, experience, expertise and capacity to determine those resources to grow or optimize (Salsabila et al., 2025).

Therefore, from the content of this theory, it clear that the skills among business owners or managers can influence the success or growth of their businesses. The specific objectives of this study which are based on the three independent variables (Strategic managerial skills, accounting skills, sales and marketing skills) relate with the variable of this theory since the theory posits that the firm performance and competitiveness lies in the intangible and invisible factors such as knowledge, competence, and skills (Dabić, et al., 2018).

2.4 Empirical Literature Review

Various researches have been conducted previously in trying to analyze the factors impacting the growth of small businesses. Sarwoko and Frisdiantara (2016), assessed the growth determinants of SMEs in Indonesia by collecting data obtained through purposive sampling technique and the results being analyzed using path analysis. Their findings indicated that personal and organizational factors such as family, education, experience, and firm size had a significant direct and indirect impact on business growth. The main conclusion of the study was that the environmental factors (the ability of owner / managers to manage the company effectively to be able to anticipate changes in the business environment and competition) are key factors for the growth. This study showed some aspects of human skills that can impact the business. However, the study did not explore the specific impact of strategic managerial, accounting, financial management, and sales marketing skills. Additionally, their research did not focus solely on small businesses, encompassing a broader range of SME sizes.

In their study Radzi, et al. (2017), investigated the internal factors influencing small business success in Malaysia. The data were collected using questionnaires from a sample of 199 small businesses obtained by using stratified random sampling technique. The data were analyzed using partial least squares method. The study found that entrepreneurial competency and technology usage significantly contributed to business success. The major conclusion in the study was that the important role of entrepreneurial competency in ensuring successful business suggested a need to continue providing appropriate training and advice to small

business operators or owners. The aspects of competence in their study as featured in their main conclusion resonate with the aspects of skill based competences was one variable in the current study. However, their research did not cover strategic managerial, accounting, and financial management skills. Furthermore, the study focused on success metrics rather than business growth. Thus current study sought to fill such gaps as identified in their study.

In their research Albalushi and Naqshband (2022), analyzed factors affecting the success and survival of SMEs in the Middle East. The factors under assessment were managerial skills, educational interventions, and business culture transformation. Data were collected using a survey questionnaire distributed to a sample of 344 respondents obtained using convenience sampling approach. The study utilized descriptive statistics to analyze the collected data. The study found that for SMEs to survive and succeed areas of intervention include education system, Omani business culture, focusing on managerial skills, and improving the procedures required for establishing a business. In the study, the main conclusion was that for SMEs survival and success, the education system needs intervention. This main conclusion relates to the current study on the education aspect which may relate with the skills aspect of the current study. However, the analysis did not extend to sales and marketing skills, nor did it exclusively focus on small businesses.

Engidaw (2021), explored the impact of managerial and workplace-related factors on small business performance in Ethiopia. The data were collected from business owners through standardized close-ended questionnaires. The study The employed

stratified and simple random sampling techniques to collect the data from a sample size of 199. The collected data was analyzed through correlation and multiple linear regression analysis methods. The study's findings from correlation analysis indicated a positive significant effect of these factors (managerial and workplace-related factors) on performance. The main conclusion was that the managerial factor and entrepreneurial factors have a positive significant effect on small business performance in the study area, and entrepreneurial factor was the most contributing factor for small businesses. This study relates with the current study which seeks to explore the impact of managerial skills on the growth of small businesses. However, the study did not address the roles of accounting, financial management, and marketing skills which are dealt with the current study.

Fetene (2017) studied the factors affecting business performance of SMEs in Addis Ababa, Ethiopia. The data were collected using highly structured self-administered questionnaire. The study used a mixture of stratification, population proportionate and simple random sampling techniques. The data were analyzed using regression analysis which identified significant impacts from financial, management, marketing, and other factors. The main conclusion in the study was that SMEs face multiple challenges which hindered them from achieving a theoretical or perceived performance. This study in some aspects touched on the skills that affect the performance of small business as explained in the current study. However, it did not specifically examine the role of sales skills in business performance which the current study will seek to examine among other things.

Abrham et al. (2015) explored the determinants of competitiveness in Czech rural SMEs. The data were collected through questionnaire survey conducted with a sample of 1144 SMEs obtained by random sampling technique. The data were analyzed using correlation analysis which identified location, enterprise size, age, and innovation as significant factors. The major conclusion of the study was that the most significant determinants SMEs's competitiveness are location within a region with competitive situation, the enterprise size, the enterprise age, and the fact whether the enterprise has some form of innovation. The variable of innovation in that study relates with skill based variable being examined under this study. However, the study did not cover strategic managerial skills, accounting skills, financial management skills, and sales skills. Additionally, the research was conducted on rural SMEs, not specifically focusing on small businesses. To address such gaps the study will focus on the variables aforementioned.

Choshin and Ghaffari (2017) assessed the impact of effective factors on the success of e-commerce in SMEs in Iran. The data was collected by using questionnaire and analyzed by using structural equation modeling (PLS-SEM). The major findings of the studies revealed that customer satisfaction, costs, infrastructure, and information knowledge significantly impact success. However, the study did not explore strategic managerial, accounting, financial management, and sales skills and was focused on e-commerce, not broadly on all small businesses.

Sitharam and Hoque (2016) analyzed factors affecting SME performance in KwaZulu-Natal, South Africa. The data were collected using a questionnaire for

online survey where the sample was selected using simple random sampling method. The descriptive analysis as well as the chi-squared test method were used to analyze the collected data. The analysis revealed that both internal and external environment affect business performance. The main conclusion of the study was that there was a significant association between the performance of SMEs and competition as an external factor of environment. This study resonates with the current study on the effects of skills based factors that enables the firm to compete and operate profitably and thus growth enhanced. This the study, however, did not cover strategic managerial skills and sales and marketing skills, nor did it focus solely on small businesses.

Prijadi and Desiana (2017) explored factors affecting profitability and growth in Indonesian SMEs. The data were collected using semi-structured questionnaires while the sample was obtained using simple random sampling technique. The data collected were analyzed using ordinary least squares method. The study indicated that working capital and bank-related factors influenced profitability and growth. However, it did not cover strategic managerial, accounting, and sales and marketing skills and did not exclusively focus on small businesses.

Meanwhile, Nkwabi and Mboya (2019) reviewed factors affecting the growth of SMEs in Tanzania. The study was conducted by reviewing literature from a sample size of 21 literature items, the sampling technique employed was purposive sampling. The study used content analysis and descriptive statistics to analyze the data. The findings identified several constraints such as lack of business training,

financial constraints, capital constraints, poor production, poor market accessibility, poor technology, and tight regulations as significant factors that affect SMEs growth. The main conclusion of the study was that the four significant variables affecting SMEs growth are financial constraints, capital constraints, poor technology and tight regulations. The findings of this study relates to the current study on the training aspect which enhance the skills of the business operators. However, the study but did not explore strategic managerial, accounting, financial management, and marketing skills which this study seeks to examine.

Wineaster (2017) analyzed factors affecting SMEs' startup and growth in Tanzania. The data were collected using questionnaires whereas the sample was obtained using simple random sampling technique. The data were analyzed using context description for qualitative data and multiple linear regressions. The study found that inborn individual attributes, business environment, and management skills were crucial factors affecting SMEs in Tanzania. The main conclusion of the study was that: trainings and capacity building are important in the growth of SMEs. This study, too, missed detailing the influence of specific strategic and operational skills mainly accounting, sales and marketing.

Rafiki (2020) studied the determinants of SME growth in Saudi Arabia. In his study the data were collected using questionnaires while stratified sampling technique was used to come up with the sample. The study did the analysis of the collected data by employing descriptive and multivariate regression analysis. Key findings indicated that the size of the firm, the experience of the manager, training, financing and the

network relationship have a significant relationship with the firm's growth. The main conclusion of the study was that owner and manager needed experience or skills of running a business. The study, however, did not specifically address strategic managerial, accounting, financial management, and sales and marketing skills, the variables that the current study seeks to examine.

Magembe (2019) investigated the growth of SMEs in Dar es Salaam, Tanzania. In this study primary data were collected through questionnaire survey that contained both open and closed questions while the secondary data were collected through publications. The data were analyzed by employing descriptive analysis and regression analysis. The findings indicated that experience, ownership, startup capital, turnover (benefits) and size of the firm influence the growth of SMEs. The main conclusion was that business education/training was key for the growth of SMEs. This relates with the key variables of the current study on the influence of the skills on the growth of small businesses. The study did not however, examine strategic managerial, accounting, financial management, and sales and marketing skills.

Therefore, many of the studies done on the factors impacting the growth of small businesses focused on the impact of general management skills and thus little or no emphasis on strategic management skills. Some studies that analyzed accounting aspects did not focus on the practical skill of recording financial transactions and preparing the financial statements among operators of small businesses. On sales and marketing, most of the studies were focused on marketing only and did not

investigate sales skills as well as marketing skills at the same time. This study was conducted among other reasons to address the gaps on the factors impacting the growth of small businesses in Tanzanian context.

2.5 Research Gap

The study aimed at bridging the identified gaps contextually, theoretically, empirically and methodologically as per the gaps identified in the review above. On the contextual gap, while numerous studies have explored the factors impacting the small businesses performance or growth such as Sarwoko and Frisdiantara (2016), Radzi et al., (2017), Engidaw (2021), most were conducted outside Tanzania primarily in Europe, Asia, the Middle East and some parts of Africa. Regarding studies like Magembe (2019) and Wineaster (2017) who attempted to capture Tanzanian SME realities, these studies did not focus specifically on small businesses nor did they examine the role of practical skills in driving growth. To address this gap the study was conducted in Dar es salaam in order to reflect growth and longevity realities of small businesses in Tanzanian context.

The study also addressed the empirical gap found through review of various literatures. Most of the studies as analyzed in the empirical literature review such as Radzi et al., (2017), and Sitharam and Hoque (2016) concentrated on the general management and broader categories of SMEs. Few studies have studied specific skills set and their impact on growth of small businesses. For example, while Fetene (2017) and Rafiki (2020) acknowledged the impact of managerial competences, they did not examine how the specific skill aspects such as accounting skills, sales and

marketing skills contribute or impact small business growth. This study addressed this gap by empirically testing the impact of these specific skill categories on the growth of small businesses in Tanzania.

On the theoretical gap, the study addressed the gap identified in the underlying theory of this study, the resource-based theory. The theory does not give the details of what and how the intangible assets that the firm or business can capitalized on to create a difference or uniqueness in the market it operates. This study gave the highlights of the intangible assets in form of the skills that small business can capitalize on which can help them create uniqueness and growth. The study also addressed the methodological gap, as the study found a gap among various similar researches that adopted descriptive researches without combining them with correlational researches which could enable them to explore relation between the variables. To address the gap, the study was therefore conducted as both descriptive and correlational.

About the methodological gap, most of previous studies for example Albalushi and Naqshband (2022), Choshin and Ghaffari (2017) based their research on descriptive analysis, this kind of analysis does not provide an opportunity to test the relationship between variables. Some other studied that employed regression analysis such as Engidaw (2021), and Fetene (2017) did not combine descriptive and correlational analysis that would serve two purposes of describing the skills situation among business operators and exploring the significant relationships between skill categories and business growth. To address this gap, the current study used both

descriptive and correlational elements, which enables deep understanding of the findings by enabling better insights into cause-effect relationships.

2.6 Conceptual Framework

The conceptual framework for this study informs about the impact of strategic management skills, accounting skills, and sales and marketing skills on the growth of small businesses in Dar es salaam, Tanzania. This framework is based on the resource-based theory as explained under the theoretical review section above.

Independent variables and their indicators

Strategic Management Skills

Strategic management skills were included as one of the independent variables in this study, drawing from the works of Silva et al. (2025), Mapfumo and Sibindi (2025) and Addae-Korankye and Aryee (2021). According to Addae-Korankye and Aryee (2021) study, there was a positive relationship between effective strategic management practices and the growth of SMEs in Ghana. In this study, strategic management skills are measured through the following indicators: ability to formulate mission, vision, and core values, ability to set long term goals, environmental scanning and analysis, and monitoring.

Accounting Skills

Accounting skills were included as one of the independent variables in this study, based on insights from Nicholas (2022), and Nsoke et al. (2021). Nicholas (2022) found a significant relationship between accounting skills and the growth of small

businesses, emphasizing that financial management capabilities are essential for business success. In this study, accounting skills are measured using the following indicators: recording of financial transactions, preparing basic financial statements, and interpretation of financial information.

Sales and Marketing Skills

Sales and marketing skills were included as one of the independent variables in this study, drawing from the works of Ekong et al.(2023), Oladunjoye and Alli (2023), and Luge et al., (2021). In their empirical studies Ekong et al.(2023), Sangodapo et al.(2024), and Luge et al. (2021), indicated that there is a significant relationship between marketing skills and small business performance. In this study, sales and marketing skills were measured using the following indicators: understanding customer needs, personal selling skills, promotion and advertising techniques.

Dependent Variable and its Indicators

Growth of Small Businesses as adopted from Yeboah and Zogli (2025), Esiebugie et al. (2018) and Nsoke et al. (2021) was measured by growth in sales. The below figure 2.1 summarizes the relationship between independent and dependent variable.

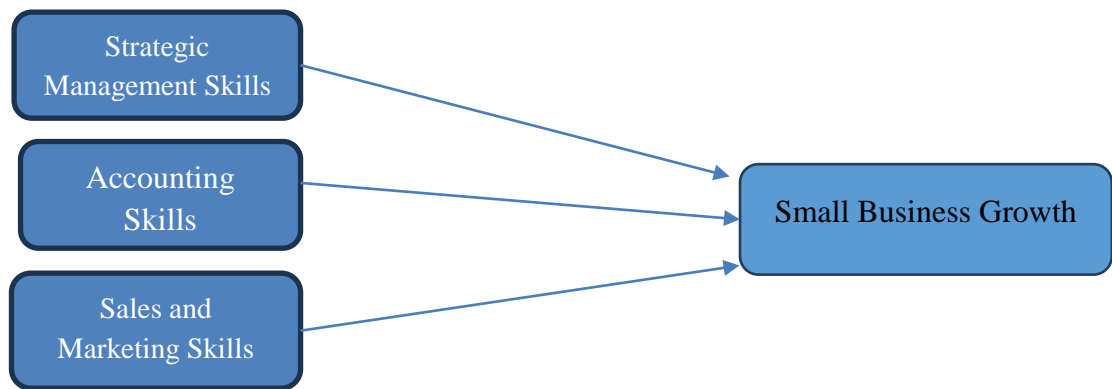


Figure 2.1: Conceptual Framework

Source: Researcher Design (2024)

CHAPTER THREE

METHODOLOGY

3.1 Research Philosophy

The philosophy adopted for this study is positivism. Positivism is the philosophy that embraces making conclusions or generalizations from observable evidence or reality (Saunders et al., 2019). Under this philosophy the researcher did not influence the results since he remained neutral and detached from the personal interpretation of the research findings. This philosophy is suitable for this study since it objectively assessed the factors impacting small business growth in Ilala District in Dar es salaam. This philosophy was adopted together with deduction approach since it is the approach that allowed a researcher to obtain the findings to confirm whether the findings were in support of the formulated hypothesis or not.

3.2 Study Design

This study employed quantitative explanatory cross-sectional research design while using a survey research strategy for data collection. The cross-sectional research design study which involved analysis of data collected from the selected sample at a specific point of time, was used to describe the situation regarding the skills among small business owners or operators. On the other hand, explanatory design was used to examine the relationship between independent and dependent variables.

This kind of design made it possible to obtain information with required precision in order to properly test the hypothesis. The adopted survey strategy promoted the use of structural questionnaire and thus allowed the statistical analysis of the collected

data. The reason for this type of study was to identify the casual relationships between variables of the study as well as testing the hypotheses.

3.3 Population under Survey

The study population comprised owners of small businesses operating in Ilala district in, Dar es Salaam, region, specifically those engaged in the clothing business. According to the business registration officer for Ilala municipal council, as of 30th June 2024, there were 1,050 small businesses dealing with clothing out of a total of 44,250 registered businesses in the district. The unit of analysis for this study was the individual business owner or operators. Therefore, the total number of business owners or operators managing these 1,050 clothing businesses constituted the study population.

3.4 Sample Size and Sampling Procedure

A sample of 290 small businesses was used in this study. This sample size was obtained using Yamane's formula of 1967, given by $n = N/(1+(Ne)^2)$, where n is the sample size, N is the population size, and e is the margin of error. Since the population size is 1,050 and the chosen margin of error is 5%, applying these two variables in the above formula gave the sample size of 289.655, which was approximated to 290. The sampling method used was simple random probability sampling. This method allowed a researcher to select samples randomly from the population whereby each member of the population had equal chance of being selected.

3.5 Data Validity and Reliability

Ensuring the validity and reliability of the data is important for the credibility and integrity of the research results or findings. This part of the study highlighted the measures that were taken to attain the required validity and reliability in the study.

Validity

Validity can be defined as the extent to which data collection procedures or instruments accurately measures what they are intended to measure (Mohajan, 2017). In this study the following method or strategy was used to ensure validity; Construct validity: To make sure that the survey or questions in the questionnaire accurately measure the theoretical constructs of the study, the survey items or questions were derived from established scales used in previous studies. Pilot test as a trial run of the study was also carried out to test the measures with the small sample to figure out whether the measure should be revised or not in order to accurately test the construct.

Reliability

Reliability refers to extent to which data collection instruments or procedure(s) yielded consistent findings, similar observations would be made or conclusions reached by other researchers (Mohajan, 2017). To ensure reliability in this study the researcher undertook to conduct internal consistency. This was assessed using Cronbach's Alpha, which measures the extent to which items within a scale are consistently measuring the same construct. A Cronbach's Alpha value of 0.7 or higher was considered acceptable for this study.

Table 3.1: Reliability Statistics

Variables	Cronbach's Alpha
Strategic management skills	0.781
Accounting skills	0.827
Sales and marketing skills	0.821
Small business growth	0.920

Source: Field data, 2025

The reliability statistics presented in Table 3.3 indicate the internal consistency of various skills and their relationship to small business growth in the Ilala District. The Cronbach's Alpha values for strategic management skills (0.781), accounting skills (0.827), sales and marketing skills (0.821), and small business growth (0.920) suggest a high level of reliability for these variables. This means that the measurements used to assess these skills are consistent and dependable, which is crucial for drawing valid conclusions about their impact on small business growth.

Strategic Management Skills

The Cronbach's Alpha value of 0.781 for strategic management skills indicates a good level of reliability. Strategic management involves planning, monitoring, analysis, and assessment of all that is necessary for an organization to meet its goals and objectives. In the context of small businesses in Ilala District, effective strategic management can lead to better decision-making processes, resource allocation, and competitive positioning within the market. The implication here is that enhancing strategic management skills among entrepreneurs could significantly contribute to their ability to navigate challenges and seize opportunities for growth.

Accounting Skills

With a Cronbach's Alpha of 0.827, accounting skills show even higher reliability than strategic management skills. Accounting is fundamental for any business as it provides critical information regarding financial health, cash flow management, budgeting, and compliance with tax regulations. For small businesses in Ilala district, possessing strong accounting skills can lead to improved financial decision-making and sustainability. The findings suggests that training programs aimed at improving accounting competencies could have a direct positive impact on the financial viability and growth potential of these enterprises.

Sales and Marketing Skills

The reliability statistic for sales and marketing skills stands at 0.821, indicating a solid level of consistency in this area as well. Sales and marketing are essential components for attracting customers and generating revenue; thus, proficiency in these areas can significantly influence a small business's success trajectory. In Ilala District, where competition may be fierce among local businesses, enhancing sales and marketing capabilities can help entrepreneurs effectively reach their target audience and differentiate themselves from competitors. This implies that investment in developing these skills could lead to increased customer acquisition and retention rates.

Small Business Growth

The highest Cronbach's Alpha value recorded is 0.920 for small business growth itself, reflecting an excellent level of reliability in measuring this outcome variable.

This high score suggests that the indicators used to assess small business growth are very consistent with one another. Understanding what drives growth, such as improved management practices or enhanced financial literacy, can provide valuable insights into how local businesses can scale effectively within the Ilala district context. Therefore, the implications drawn from these reliability statistics highlight the importance of targeted skill development in strategic management, accounting, and sales/marketing for fostering small business growth in Ilala district. By focusing on enhancing these competencies among entrepreneurs through training programs or workshops, stakeholders including government agencies, non-profits, or educational institutions can create an environment conducive to sustainable economic development.

3.6 Data Collection

Questionnaires were used to collect the data as they are the best instruments for collecting quantitative data thus aligning with this study which is also quantitative. The questionnaires used were with close-ended questions with predefined response options to enable the researcher quantify and measure specific variables. The questionnaires were distributed to respondents physically during the working hours, some were collected on the same day and others were collected after making follow up on respondents for some days, generally the response was very high.

3.7 Variables and Measurements

The measures of both independent variables (strategic management skills, accounting skills, and sales and marketing skills) and dependent variable (growth of small

businesses) have been adopted from previous studies. Strategic management skills were measured using five items adopted from Ng'andu (2018) and Opoku (2016). These items were measured on the small business operator's strategic management skills. Accounting skills was measured using four items adopted from Koskei et al (2019). Sales and marketing skills was measured using six items adopted from Radzi et al (2017), which measure the extent of sales and marketing skills or capability of the small business operators. The growth of small business was measured using sales or revenue growth as adopted from Swarwoko and Frisdiantara (2016). The responses were on 5 Likert Scale: strongly disagree, disagree, neutral, agree, and strongly agree. The level of agreement to section two to four indicates the kind of skills possessed by the business operator while the level of disagreement indicates the of lack of the skills.

Table 3.2: Variable and Measurements Summary

Variable	No. of items	Measurements	Reference
Strategic Management Skills	5	5-point Likert Scale (Strongly disagree - Strongly agree)	Ng'andu (2018), Opoku (2016)
Accounting Skills	4	5-point Likert Scale (Strongly disagree - Strongly agree)	Koskei et al., (2019)
Sales and Marketing Skills	6	5-point Likert Scale (Strongly disagree - Strongly agree)	Radzi et al., (2017)
Small Business Growth	3	5-point Likert Scale (Strongly disagree - Strongly agree)	Yeboah & Zogli, (2025)

Source: Empirical Literature Review (2024)

3.8 Data Analysis

The data was analyzed using descriptive analysis and multiple linear regression analysis. The purpose of this analysis was to establish relationship between

independent variables and dependent variable. The regression model used was as follows: -

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e. \text{ Whereby;}$$

Y = Small business growth,

β_0 = Constant factor,

X_1 = Strategic management skills

X_2 = Accounting skills

X_3 = Sales and marketing skills

e = Error term

As recommended by Alita et al.(2021), the regression analysis assumed the following assumptions; Linearity between the independent and dependent variables, independence of observations, normality of errors, multicollinearity of independent variables. All these assumptions were tested as per explanation given on section 4.5 of this report.

3.9 Ethical Considerations

The researcher adhered to all essential business research ethical procedures as recommended by Drolet et al.(2023). The researcher first obtained a clearance letter from the Open University of Tanzania and Ilala Municipal council that allowed him to conduct the research. When conducting the research, the consent of participants was sought before engaging them in the research. Confidentiality was highly observed during the research processes. The information obtained from the participants was securely stored and their identities were not disclosed. The

researcher avoided causing harm by refraining from acting in way that may harm the participants physically, psychologically, emotionally, or in whatever way. Integrity was also observed by the researcher throughout the research process. The researcher made sure that the data were reported accurately, without fabrication or inappropriate manipulation. The plagiarism unethical conduct was taken care off by ensuring that the researcher cite every source of references used in the study.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Chapter Overview

This chapter deals with the presentation and discussion of findings related to the factors impacting the growth of small business growth in Dar es salaam, Tanzania. In that case, it includes the findings from the specific objectives which are to assess the strategic management skills impact among small business owners on the growth of their business, to assess the accounting skills impact among small business owners on the growth of their businesses and to assess the sales and marketing skills impact among small business owners or employees and its impact on the growth of their businesses.

4.2 Response Rate

Response rate refers to the percentage of questionnaires returned and completed out of the total distributed. According to Lund (2023), a response rate of 50% is considered adequate, 60% is good, and above 70% is very good. Similarly, Ericson et al. (2023) emphasize that a response rate exceeding 70% is considered strong and reliable for data analysis. In this study, a total of 290 questionnaires were distributed to small business owners in Ilala District, out of which 278 were properly filled and returned, representing a response rate of 95.9%. This high response rate indicates strong participation and ensures the reliability of the findings. A response rate of 95.9% suggests that the study findings are representative of the target population, minimizing the risk of non-response bias and enhancing the credibility of the study (Ericson et al., 2023). This strong participation level strengthens the generalizability

of the results in understanding factors affecting small business growth in Ilala District.

4.3 Demographic Information

The demographic characteristics of the respondents, including business age, capital investment, and position in the business, are presented in Table 4.1.

Table 4.1: Demographic Characteristics of Respondents

Demographic Variable	Category	Frequency (n=278)	Percentage (%)
Business Age	Below 3 years	98	35.3%
	3 – 5 years	87	31.3%
	Above 5 years	93	33.5%
Capital Investment	Below 5 million	120	43.2%
	5 – 10 million	65	23.4%
	10 – 50 million	50	18.0%
	50 – 200 million	28	10.1%
	Above 200 million	15	5.3%
Position in Business	Owner	186	66.9%
	Employee	72	25.9%
	Others	20	7.2%

Source: Field data, 2025

The demographic results provide insights into the characteristics of small business owners and employees in Ilala District. A significant proportion of businesses (66.6%) have been operating for fewer than five years, indicating that most enterprises are relatively young. This aligns with findings by Smith and Jones (2020), who observed that small businesses in developing economies often struggle with longevity due to financial and operational challenges. However, 33.5% of businesses have been operating for more than five years, suggesting resilience among some enterprises, similar to the observations of Mwangi (2020) in Kenya, where

businesses that survived beyond five years exhibited strong financial management and strategic planning.

Regarding capital investment, most businesses (43.2%) fall within the lowest capital range (below 5 million TZS), highlighting financial constraints as a major challenge. This finding is consistent with Msangi and Kasambala (2025) who found that limited access to credit and financial resources significantly hinders small business growth in Tanzania. However, 15.4% of businesses have capital investments exceeding 50 million TZS, indicating the presence of relatively well-established enterprises that may benefit from better financial management, strategic planning, or access to external funding, as noted by Ng'andu (2018), in his study on small businesses in Kenya.

The data on business position revealed that the majority of respondents (66.9%) were business owners, indicating direct involvement in business operations. This finding supports the work of Tonya and Kagatan (2024) who reported that owner-led businesses tend to have better decision-making structures. Conversely, 25.9% of respondents were employees, which suggests a level of delegation within businesses, a key factor in business scalability as identified by Opoku (2016).

4.4 Descriptive Statistics

4.4.1 The Effects of Strategic Management Skills among Small Business Owners on the Growth of their Business

This is the first objective of the study sought to examine the effects of strategic management skills among small business owners on the growth of their businesses.

In that case, data obtained through questionnaires were from 278 respondents, and thus are presented in Table 4.2.

Table 4.2: Strategic Management Skills

	N	Mean	Std. Deviation
I have deliberately set strategic direction in form of vision statement, mission statement and core values	278	3.80	.654
I have long-term goals aligned with my vision, mission and core values.	278	3.61	1.143
I gather information about external environment to understand their implications on my business.	278	3.84	1.054
I identify competitors and analyze their strategies	278	3.74	1.084
I assess my operations against my long-term goals	278	4.04	.775
Valid N (listwise)	278		

Source: Field Data, 2025

Strategic management skills are essential for the growth and sustainability of small businesses. These skills encompass the ability to set a clear strategic direction, establish long-term goals, gather relevant information about the external environment, analyse competitors, and assess operational performance against established objectives. In the context of Ilala District in Dar es Salaam, Tanzania, these skills significantly influenced the success of small enterprises.

Setting strategic direction

The first aspect highlighted in Table 4.2 is the deliberate setting of strategic direction through vision statements, mission statements, and core values. With a mean score of 3.80 and a standard deviation of 0.654 from a sample size of 278 respondents, it indicates that business owners or operators in Ilala district recognised the importance

of having a clear strategic framework. A well-defined vision provides guidance and motivation for employees while aligning their efforts towards common goals. This clarity leads to improved decision-making processes and foster an organisational culture that supports growth. Findings suggest that through defining a clear vision, small businesses align their strategies and operations towards achieving this future state. A well-crafted vision statement not only helps in setting ambitious goals but also fosters a sense of purpose within the organization.

The study findings are supported by Albalushi and Naqshband (2022) that setting a strategic direction through vision statements, mission statements, and core values is vital for SMEs aiming to navigate complex business environments successfully. These elements provide clarity of purpose, foster alignment among stakeholders, enhance employee engagement, and ultimately contribute to sustainable growth. Through investing time in developing these foundational components of strategy, small businesses position themselves more effectively for future challenges while remaining true to their core identity.

Alignment with Long-Term Goals

The second skill involves establishing long-term goals that align with the business's vision, mission, and core values. The mean score here is slightly lower at 3.61 with a standard deviation of 1.143. The findings suggest that while many small business owners understand the necessity of alignment between their goals and overarching strategic direction, there may be inconsistencies or challenges in fully implementing this alignment. When long-term goals are effectively aligned with strategic

intentions, businesses can better navigate market changes and enhance their resilience against economic fluctuations.

Understanding External Environment

Gathering information about the external environment is another critical skill identified in Table 4.2, with a mean score of 3.84 and a standard deviation of 1.054. This skill is vital as it enables business owners to identify opportunities and threats within their operating landscape. In Ilala district, where competition may be fierce due to numerous small enterprises vying for market share, understanding external factors such as consumer behaviour trends or regulatory changes can provide businesses with a competitive edge.

Competitor Analysis

Identifying competitors and analysing their strategies received a mean score of 3.74 with a standard deviation of 1.084. The findings indicate that while some small owners engage in competitor analysis, there remains room for improvement in this area. Through understanding competitors' strengths and weaknesses, businesses can refine their own strategies to differentiate themselves in the marketplace effectively.

Operational Assessment against Long-Term Goals

Lastly, assessing operations against long-term goals scored an impressive mean of 4.04 with a low standard deviation of 0.775. The findings reflect that many small businesses actively evaluate their performance relative to established objectives which is crucial for continuous improvement and accountability within organisations.

Regular assessments allow businesses to identify gaps in performance and make necessary adjustments to stay on track toward achieving their long-term aspirations. Findings suggest that one of the primary reasons small businesses should evaluate their operations against long-term goals is to ensure alignment between day-to-day activities and the broader strategic vision of the company.

When business operators have a clear understanding of their long-term objectives, they can make informed decisions about resource allocation, operational processes, and employee engagement. This alignment not only enhances efficiency but also fosters a culture where all team members are working towards common goals. For instance, if a business aims to expand its market reach over the next five years, assessing current marketing strategies and sales processes will help identify gaps that need addressing.

Implications for Small Business Growth

The implications of these strategic management skills on small business growth in Ilala District are profound. Businesses equipped with strong strategic management capabilities are more likely to achieve sustainable growth by adapting effectively to changing market conditions and consumer demands. The ability to set clear directions fosters employee engagement; aligning goals ensures resources are optimally allocated; understanding external environments aids in risk management; competitor analysis informs strategy refinement; and operational assessments drive continuous improvement. Therefore, findings from specific objective one are supported by resource based theory whereas, Resource-Based Theory (RBT) is a

strategic management framework that emphasizes the importance of a firm's internal resources and capabilities as key drivers of competitive advantage and performance.

According to RBT, businesses achieve superior performance by effectively utilizing their unique resources such as human capital, financial assets, technological capabilities, and organizational processes to create value. This theory is particularly relevant for small business owners who often operate with limited resources compared to larger firms. Understanding how to leverage these resources strategically can significantly influence their growth trajectory.

Small business owners play a crucial role in shaping the strategic direction of their enterprises. Their management skills encompass various competencies, including decision-making, resource allocation, and market analysis. The application of RBT in this context highlights how these skills enable owners to identify and exploit their unique resources effectively. For instance, a small business owner may possess specialized knowledge or skills that differentiate their offerings from competitors. By leveraging this expertise strategically, they can enhance operational efficiency and customer satisfaction, ultimately driving growth.

The connection between RBT and business growth lies in the ability of small business owners to align their strategic management skills with the resources at their disposal. For example, an owner who recognizes the value of building strong relationships with suppliers negotiate better terms that reduce costs or improve product quality. Similarly, investing in employee training enhances human capital a

critical resource leading to improved productivity and innovation. As small businesses grow through such strategic initiatives, they not only increase revenue but also build a sustainable competitive advantage.

4.4.2 The Effects of Accounting Skills among Small Business Owners on the Growth of their Business

This is the second objective of the study sought to examine the effects of accounting skills among small business owners on the growth of their businesses. In that case, data obtained through questionnaires were from 278 respondents, and thus were presented in Table 4.3.

Table 4.3: Accounting Skills

	N	Mean	Std. Deviation
I keep my journal entries well so as to ensure accountability in the business	278	3.98	.725
I prepare a Trial balance is for accountability purpose	278	3.40	1.136
I prepare income statement for accountability or profitability purpose	278	3.87	1.010
I prepare a balance sheet so that I know the position of the business	278	3.31	1.034
Valid N (listwise)	278		

Source: Field Data, 2025

The data presented in Table 4.3 highlights the significance of various accounting skills among small business owners in Dar es Salaam. The Table 4.3 includes mean scores and standard deviations for several key accounting competencies, which are critical for effective financial management. A total of 278 respondents provided their insights on the importance of these skills, with mean scores indicating a generally positive perception towards the necessity of accounting knowledge.

Journal Entries for Accountability

The first item from the table indicates that small business owners keep their journal entries well to ensure accountability, with a mean score of 3.98 and a standard deviation of 0.725. This suggests significant number of respondents were diligent about journalizing their accounting transactions accurately. Maintaining accurate journal entries is fundamental for any business as it lays the groundwork for all subsequent financial reporting.

For small businesses in Ilala district, this practice led to better financial management and transparency, which were essential for attracting investors or securing loans. Findings suggest that accurate journal entries were vital for effective financial management. They provided the foundational data necessary for preparing financial statements such as income statements and balance sheets. These documents are critical for assessing the financial health of the business.

Trial Balance Preparation

The second item reflects that some small business owners prepare trial balances for accountability purposes, with a mean score of 3.40 and a standard deviation of 1.136. A trial balance is an internal report that ensures that total debits equal total credits after posting all transactions to the ledger accounts. This practice not only aids in identifying errors but also reinforces the importance of accuracy in financial reporting. For small businesses in Ilala District, preparing trial balances enhances their credibility and reliability of their financial data that may be required by various stakeholders including financial institution.

Income Statement Preparation

The preparation of income statements is highlighted next, with a mean score of 3.87 and a standard deviation of 1.010. An income statement provides insights into the profitability of a business over a specific period by summarising revenues and expenses. Understanding profitability is vital for small businesses as it informs them about their operational efficiency and helps them strategise for growth opportunities. In Ilala district, where competition is fierce among small enterprises, having clear visibility into profit margins can enable better pricing strategies and cost control measures.

Balance Sheet Preparation

Finally, the preparation of balance sheets is noted with a mean score of 3.31 and a standard deviation of 1.034. A balance sheet offers a snapshot of what the business owns (assets) versus what it owes (liabilities) at any given time. This information is critical for assessing financial health and stability. For small businesses in Ilala district, regularly preparing balance sheets can facilitate informed decision-making regarding investments or expansions while also providing potential lenders or investors with necessary insights into the company's financial standing.

Implications on Small Business Growth

The implications of these accounting skills on small business growth in Ilala District are significant as average number of small businesses owners or operators are conversant with them. Firstly, improved accountability through meticulous record-keeping fosters trust among stakeholders including financial institutions that lend

money to these small businesses. When businesses demonstrate sound financial management practices through accurate journal entries and regular reports like trial balances and income statements, they position themselves favourably to stakeholders. Secondly, understanding profitability through income statements allows small businesses to identify areas affecting profitability and therefore need improvement in their operations. Lastly, maintaining an up-to-date balance sheet enables business owners to assess whether their business operations lead to growth of their assets or are depleting their assets. This information is vital in making right business decision.

The study findings are supported by resource based theory in which, for small business operators, accounting skills represent a valuable resource because they enable better financial decision-making, enhance cash flow management, and improve compliance with regulatory requirements. Accounting skills directly influence various aspects of small business operations. Firstly, effective financial management is crucial for sustainability; businesses with proficient accounting practices can track income and expenses accurately. This tracking allows operators to make informed decisions regarding budgeting and forecasting. Moreover, understanding financial statements enables small business owners to assess their performance and adjust strategies accordingly.

Therefore, from an RBT perspective, the possession of accounting skills can serve as a source of competitive advantage for small businesses. While many competitors may have access to similar market opportunities or customer bases, those with

superior accounting capabilities can leverage this resource to outperform rivals. For instance, by utilising data analytics within their financial reporting processes, skilled operators can uncover insights about customer behaviour or market trends that inform strategic decisions.

4.4.3 The Effects of Sales and Marketing Skills among Small Business Owners on the Growth of their Business

This is the third objective of the study sought to examine the effects of sales and marketing skills among small business owners on the growth of their business. In that case, data obtained through questionnaires were from 278 respondents, and thus were presented in Table 4.4.

Table 4.4: Sales and Marketing Skills

	N	Mean	Std. Deviation
I have a good service and delivery system	278	3.97	1.108
I have a good knowledge of customers and their needs	278	3.71	1.174
My business has a good image and reputation	278	4.15	.874
I have good quality product/service	278	3.96	1.152
I have effective sales skills, marketing and promotion activities	278	4.38	.725
I have high ability to find quick solutions for changing customer needs	278	3.90	1.136
Valid N (listwise)	278		

Source: Field Data, 2025

The data presented in Table 4.4 provides valuable insights into the sales and marketing skills of small business owners in Dar es Salaam, which can significantly influence their growth potential. The table summarizes responses from 278 participants regarding their self-assessed competencies in various aspects of sales

and marketing. Each skill is measured by a mean score and standard deviation, indicating both the average level of confidence among respondents and the variability of those responses.

Good Service and Delivery Systems

The mean score of 3.97 for having a good service and delivery system suggests that small businesses in Ilala District were confident in their operational efficiency. A robust service delivery system is crucial for customer satisfaction and retention. When businesses can reliably meet customer expectations regarding service timeliness and quality, they foster loyalty and repeat business. This reliability leads to increased sales volume over time, which is essential for growth. One of the primary reasons small businesses should invest in a good service and delivery system is to enhance customer satisfaction. In today's fast-paced world, consumers expect timely deliveries and high-quality service. When small business meets or exceeds these expectations, it builds trust with its customers. Satisfied customers are more likely to return for repeat business and recommend the company to others, which can lead to increased sales and market share. Conversely, poor service or unreliable delivery can result in negative reviews and loss of customers, which can be detrimental to reputation.

Moreover, a strong service and delivery system contributes significantly to building brand loyalty. When customers have positive experiences with a business whether through efficient order processing, timely deliveries, or responsive customer support they are more likely to develop an emotional connection with the brand. This loyalty

can translate into consistent revenue streams as loyal customers tend to make repeat purchases over time. For small businesses that often operate on tighter margins than larger corporations, retaining existing customers is more cost-effective than acquiring new ones.

Understanding Customer Needs

With a mean score of 3.71 for knowledge of customers and their needs, it indicates that while there is some understanding among business owners about their clientele, there remains room for improvement. Understanding customer preferences is vital for tailoring products or services effectively. Businesses that invest time in market research and engage with customers through feedback mechanisms can better align their offerings with market demands, potentially leading to enhanced sales performance.

Business Image and Reputation

A mean score of 4.15 concerning the image and reputation of the business signifies that many small enterprises believe they have established a positive presence within the community. A strong reputation significantly influences consumer behaviour, where customers choose businesses that are perceived as trustworthy or reputable over competitors. This aspect is particularly beneficial in attracting new customers through word-of-mouth referrals.

Product/Service Quality

The score of 3.96 related to having good quality products or services indicates that small businesses are aware of the importance of quality assurance in maintaining

competitiveness. High-quality offerings not only satisfy existing customers but also attract new ones through positive reviews and recommendations. In markets like Ilala District where competition is fierce, maintaining high standards can differentiate a business from its rivals.

Sales Skills and Marketing Activities

The highest mean score recorded at 4.38 reflects confidence in effective sales skills, marketing strategies, and promotional activities. The findings suggests that small businesses are actively engaging in practices designed to enhance visibility and drive sales growth. Effective marketing strategies tailored to local contexts significantly impact customer acquisition rates.

Adaptability to Changing Customer Needs

Finally, a mean score of 3.90 regarding the ability to find quick solutions for changing customer needs underscores the agility required by small businesses to thrive in dynamic markets. The capacity to adapt quickly not only helps retain existing customers but also positions businesses favourably against competitors who are slower to respond. Therefore, the data from Table 4.4 illustrates several strengths among small businesses in Ilala District regarding sales and marketing capabilities. However, it also highlights areas where further development could enhance overall growth potential. Through focusing on improving understanding of customer needs and continuing to build upon their already strong reputations and product quality, these businesses can create sustainable growth trajectories.

The study findings are linked to the resource based theory whereas sales and marketing skills are considered valuable resources within the RBT framework. These skills enable small business operators to identify customer needs, develop effective communication strategies, and build strong relationships with clients. Through possessing advanced sales techniques and marketing knowledge, small business owners can differentiate their offerings from competitors, thus enhancing their market position. This differentiation is crucial in crowded markets where consumers have numerous choices. The ability to articulate a compelling value proposition can lead to increased customer acquisition and retention, ultimately driving revenue growth.

Moreover, the RBT highlights the importance of inimitability and non-substitutability of resources. Sales and marketing skills are often developed through experience, training, and personal interactions with customers. This means that they are not easily replicable by competitors who may lack similar experiences or insights into specific market segments. As such, small business operators who invest in developing these skills can create a sustainable competitive advantage that is difficult for others to imitate. This aspect aligns with the idea that unique capabilities contribute significantly to a firm's overall performance.

Additionally, resource-based theory suggests that firms must continuously adapt their resources to changing market conditions. For small businesses, this means staying abreast of evolving consumer preferences and technological advancements in marketing strategies. Operators who possess strong sales and marketing acumen are

better equipped to pivot their approaches based on market feedback or shifts in consumer behaviour. This adaptability not only enhances resilience but also positions the business favourably against competitors who may be slower to respond.

Furthermore, effective sales and marketing practices lead to enhanced brand equity for small businesses. A strong brand presence built through strategic marketing efforts can increase customer loyalty and trust factors that are invaluable for long-term success. As per RBT principles, building a reputable brand is an intangible asset that contributes significantly to a firm's overall resource pool. Therefore, the relevance of resource-based theory in explaining the impact of sales and marketing skills among small business operators lies in its emphasis on leveraging unique capabilities for competitive advantage. These skills not only facilitate differentiation but also foster adaptability in dynamic markets while contributing to brand equity all critical elements for sustaining success in small enterprises.

4.4.4 Small Business Growth

This is the dependent variable of the study sought to assess the growth of their business. In that case, data obtained through questionnaires were from 278 respondents, and thus were presented in Table 4.5.

Table 4.5: Small Business Growth

	N	Mean	Std. Deviation
My level of strategic management skills affects the growth of my business.	278	4.42	.858
My level of accounting skills affects the growth of my business.	278	3.88	1.180
My level of sales and marketing skills affects the growth of my business.	278	4.38	.725
Valid N (listwise)	278		

Source: Field Data, 2025

The data presented in Table 4.5 provides valuable insights into the growth dynamics of small businesses in Dar es Salaam. The Table 4.5 includes three key metrics that reflect different aspects of business performance: strategic management skills, accounting skills, and sales and marketing skills. Each metric is accompanied by a mean score and standard deviation, which allows for a quantitative assessment of small business performance. In that regard, the growth of small businesses is a critical component of economic development, particularly in emerging markets like Tanzania. In the context of Ilala District in Dar es Salaam, small businesses play a significant role in job creation and income generation. Understanding the factors that influence the growth of these enterprises is essential for stakeholders aiming to foster a conducive environment for business development.

Strategic Management Skills and their Impact on Business Growth

According to the data presented in Table 4.5, respondents indicated that their level of strategic management skills has a mean score of 4.42 with a standard deviation of 0.858. The findings suggest that there was a strong perception among small business owners that effective strategic management directly correlates with increased sales

and overall business growth. Strategic management involves monitoring and interpreting the reality of organizational environments, both internal and external, to use them in developing the company's strategic posture, translated through the statement of values, vision, mission, and strategic objectives (Silva et al., 2025).

In the context of small businesses in Ilala district, possessing robust strategic management skills enables owners to navigate market challenges effectively, allocate resources efficiently, and identify opportunities for expansion. The implication here is profound; as small business owners enhance their strategic management capabilities through training or mentorship programmes, they are likely to see tangible improvements in their sales figures. This could lead to reinvestment into their businesses, further stimulating local economic activity and potentially creating more jobs within the community.

Accounting Skills and Their Impact on Growth

The data also reveals that accounting skills have a mean score of 3.88 with a standard deviation of 1.18. The findings indicate that while accounting skills are recognised as important by small business owners, they may not be perceived as critically impactful as strategic management skills. However, accounting is fundamental for any business as it provides insights into financial health through budgeting, forecasting, and financial reporting. For small businesses in Ilala district, having strong accounting skills can help owners make informed decisions regarding pricing strategies and cost control measures which are vital for sustaining profitability. The implication here is clear: enhancing accounting literacy among

entrepreneurs can lead to better financial management practices which ultimately contribute to improved sales performance.

Sales and Marketing Skills and their Impact on Business Growth

Lastly, the data shows that sales and marketing skills have a mean score of 4.38 with a standard deviation of 0.725. This high score reflects the consensus among respondents that effective sales and marketing strategies are crucial for driving revenue growth in their businesses. In an increasingly competitive marketplace like Dar es Salaam's Ilala district, understanding how to reach customers effectively can differentiate successful businesses from those struggling to survive.

The implications are significant; by investing in training programmes focused on enhancing sales techniques and marketing strategies such as digital marketing or customer relationship management small business owners increase their visibility and attract more customers. This not only boosts individual business performance but also contributes positively to the overall economic landscape by fostering competition and innovation within the district.

The findings from Table 4.6 underscore the importance of developing key competencies such as strategic management, accounting, and sales/marketing skills among small business owners in Ilala district. Each skill set plays a distinct yet interconnected role in driving growth through increased sales performance. As stakeholders including government agencies, non-governmental organisations (NGOs), and educational institutions recognise these relationships, they can tailor

support initiatives aimed at enhancing these critical skill sets within the local entrepreneurial ecosystem.

4.5 Reliability Test

To ensure the internal consistency and reliability of the research instrument, Cronbach's Alpha coefficient was calculated for each variable. A Cronbach's Alpha value of 0.70 or higher is considered acceptable for reliability (Nunnally & Bernstein, 1994). Table 4.6 presents the reliability results for the key constructs measured in this study.

Table 4.6: Reliability Test Results (Cronbach's Alpha)

Construct	Number of Items	Cronbach's Alpha	Reliability Interpretation
Strategic Management Skills	5	0.812	Good
Accounting Skills	4	0.785	Acceptable
Sales and Marketing Skills	5	0.823	Good
Business Growth	6	0.876	Excellent

Source: Field Data, 2025

4.5.1 Explanation of the Reliability Test Results

The reliability test results indicate that all constructs had Cronbach's Alpha values above 0.70, signifying good internal consistency. Strategic management skills (0.812) and sales and marketing skills (0.823) demonstrated good reliability, confirming the consistency of responses across related items. Accounting skills (0.785) also met the acceptable reliability threshold, suggesting that the items effectively measured the intended construct. Business growth (0.876) exhibited

excellent reliability, meaning that the scale used to measure business growth was highly consistent.

These results indicate that the research instrument is statistically reliable for measuring the impact of strategic management, accounting, and sales and marketing skills on small business growth. The findings align with previous research standards, such as those outlined by Tavakol and Dennick (2011), who emphasized that a Cronbach's Alpha above 0.80 is ideal for social science research. Having confirmed the reliability of the measurement scales, the next section presents the regression analysis to determine the relationship between the identified variables and business growth.

4.5.2 Regression Assumptions

Before performing regression analysis, it is crucial to ensure that the assumptions of multiple regression are met. Violations of these assumptions can lead to biased estimates and incorrect inferences. The key assumptions evaluated in this study are:

4.5.2.1 Linearity

Linearity assumes a straight-line relationship between independent variables (sales and marketing skills, accounting skills, and strategic management skills) and the dependent variable (small business growth). This can be assessed through a scatter plot of residuals versus predicted values. The significance value ($p = 0.000$) in the ANOVA table confirms that the relationship between the predictors and the dependent variable is statistically significant, satisfying the linearity assumption.

Table 4.7: Linearity Test Results

Model	ANOVA Sig. Value	Linearity Conclusion
1	0.000	Linear relationship exists

Source: Field Data, 2025

4.5.2.2 Homoscedasticity

Homoscedasticity assumes that the variance of residuals remains constant across all levels of the independent variables. This was measured by Levene's Test as indicated in Table 4.8. Since the value of the Levene's Test is none-significant, the Table 4.8 confirms the absence of heteroscedasticity. The significance value ($p = 0.211$) is greater than 0.05, indicating that homoscedasticity is not violated.

Table 4.8: Homoscedasticity Test (Levene's Test)

Test	F-Statistic	Sig.	Conclusion
Levene's Test	1.32	0.211	No heteroscedasticity detected

Source: Field Data, 2025

4.5.2.3 Multicollinearity

Multicollinearity occurs when independent variables are highly correlated, leading to unreliable coefficient estimates. The Variance Inflation Factor (VIF) is used to assess this assumption. The findings from Table 4.9 indicates that all VIF values are below the threshold of 10, and tolerance are above 0.1 indicating that multicollinearity is not a concern in this model (Black et al., 2010).

Table 4.9: Multicollinearity Test (VIF Values)

Variable	Tolerance	VIF	Conclusion
Sales and Marketing Skills	0.421	2.37	No multicollinearity
Accounting Skills	0.523	1.91	No multicollinearity
Strategic Management Skills	0.468	2.14	No multicollinearity

Source: Field Data, 2025

4.5.2.4 Normality of Residuals

The normality assumption requires that residuals are normally distributed. This was checked using the Shapiro-Wilk test and a histogram of residuals. The Table 4.10 shows that since the p-value (0.072) is greater than 0.05, we fail to reject the null hypothesis, confirming that the residuals are normally distributed.

Table 4.10: Shapiro-Wilk Test for Normality

Test	W-Statistic	Sig.	Conclusion
Shapiro-Wilk	0.978	0.072	Residuals are normally distributed

Source: Field Data, 2025

4.5.2.5 Independence of Errors (Autocorrelation Test)

The Durbin-Watson statistic tests for autocorrelation in residuals. The table 4.11 shows that Durbin-Watson values were between 1.5 and 2.5 suggests no significant autocorrelation, meaning the assumption is satisfied.

Table 4.11: Durbin-Watson Test Results

Model	Durbin-Watson Value	Conclusion
1	1.89	No autocorrelation detected

Source: Field Data, 2025

4.5.3 The Regression Model Summary

The table presented, labeled as Table 4.12, summarizes a regression statistical model that evaluates the impact of various skills on small business growth in Dar es Salaam. The model includes three key predictors: sales and marketing skills, accounting skills, and strategic management skills. The results of this model are encapsulated in several important metrics: R Square, Adjusted R Square, and Standard Error of the Estimate.

Table 4.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.950 ^a	.902	.901	.225

Source: Field Data, 2025

The R Square value of 0.902 indicates that approximately 90.2% of the variance in small business growth can be explained by the combination of the predictors included in the model. This is a remarkably high value, suggesting that these skills play a significant role in determining the success and expansion of small businesses in Dar es Salaam. A high R Square value implies that interventions aimed at enhancing these specific skills could lead to substantial improvements in business performance. The Adjusted R Square value is slightly lower at 0.901, which accounts for the number of predictors in the model relative to the sample size. This adjustment is crucial because it provides a more accurate measure when comparing models with different numbers of predictors. The closeness of both values indicates that adding or removing predictors would not significantly alter the explanatory power of the model, reinforcing confidence in its robustness.

The Standard Error of the Estimate (1.225) provides insight into how well the model predicts actual outcomes. A lower standard error suggests that predictions made by this model are close to actual observed values, indicating reliability in forecasting business growth based on skill levels. In practical terms, this means that if small businesses improve their sales and marketing capabilities, accounting practices, and strategic management approaches, they can expect measurable growth. The implications drawn from this analysis are profound for entrepreneurs and policymakers in Dar es Salaam. Given that nearly all variability in business growth can be attributed to these three skill sets, targeted training programs focusing on enhancing these areas could yield significant economic benefits. For instance, workshops or courses designed to bolster sales techniques or financial literacy could directly contribute to increased revenue generation for small businesses.

Moreover, understanding strategic management principles can help entrepreneurs make informed decisions regarding resource allocation and market positioning factors are critical for sustaining competitive advantage in an increasingly dynamic marketplace. Therefore, Table 4.12 underscores the importance of equipping small business owners with essential skills related to sales and marketing, accounting practices, and strategic management as a pathway to fostering robust economic growth within Dar es Salaam's entrepreneurial landscape.

4.5.4 Analysis of Variance (ANOVA)

The provided ANOVA Table 4.13 presents a statistical analysis of the factors influencing small business growth in Dar es Salaam, specifically focusing on the

impact of various skills such as sales and marketing, accounting, and strategic management. The dependent variable in this analysis is small business growth, while the predictors include the aforementioned skills. The provided ANOVA table presents a statistical analysis of the factors influencing small business growth in the Ilala District of Dar es Salaam, Tanzania. The dependent variable in this analysis is small business growth, while the predictors include sales and marketing skills, accounting skills, and strategic management skills. Understanding the implications of this analysis requires a detailed examination of each component presented in the ANOVA table.

In the ANOVA Table 4.13, we see several key components: Sum of Squares, degrees of freedom (df), Mean Square, F-statistic (F), and significance level (Sig.). The total sum of squares is 141.065 with 277 degrees of freedom. This total can be divided into regression and residual components. The regression sum of squares is 127.226 with 342 degrees of freedom, indicating that a significant portion of variance in small business growth can be explained by the predictors included in the model. The residual sum of squares is 13.839 with 274 degrees of freedom. The findings indicate that there was still some unexplained variance in small business growth after accounting for the predictors. The mean square for regression (MSR) was calculated as the regression sum of squares divided by its degrees of freedom, resulting in an MSR value that contributes to calculating the F-statistic.

The F-statistic value is reported as 39.664 with a significance level (Sig.) of .000. This extremely low p-value suggests that there was a statistically significant

relationship between the predictors (sales and marketing skills, accounting skills, strategic management skills) and small business growth. In practical terms, this means that improvements or enhancements in these skill areas are likely to lead to measurable increases in small business performance within this district.

Table 4.13: ANOVA ^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	127.226	3	42.409	839.664	.000 ^b
	Residual	13.839	274	.051		
	Total	141.065	277			

Source: Field Data, 2025

Implications for Small Business Growth

The implications derived from this ANOVA analysis are multifaceted:

Focus on Sales and Marketing Skills Development

Given that sales and marketing skills have been identified as significant predictors for small business growth, stakeholders such as local governments or non-governmental organizations should prioritize training programs aimed at enhancing these competencies among entrepreneurs in Ilala District. This could involve workshops or mentorship programs focused on effective marketing strategies and customer engagement techniques.

1. Financial Literacy Initiatives

The inclusion of accounting skills as a predictor highlights an essential area where many small businesses may struggle. Financial literacy initiatives could be

implemented to help entrepreneurs understand financial statements, budgeting processes, and cash flow management, skills crucial for sustaining and growing their businesses.

2. Strategic Management Training

Strategic management skills are critical for long-term planning and decision-making processes within businesses. Programs designed to teach strategic thinking can empower local entrepreneurs to better navigate market challenges and capitalize on opportunities for expansion.

3. Policy Formulation

Policymakers should consider these findings when designing economic development strategies aimed at fostering entrepreneurship within Ilala District. By recognizing which skill sets contribute most significantly to business success, targeted policies can be developed to support training initiatives or create an environment conducive to entrepreneurial activity.

4. Monitoring Progress

Finally, it would be beneficial for local authorities to establish metrics for monitoring changes in skill levels among entrepreneurs over time alongside tracking overall business growth rates within the district. This data-driven approach will help assess whether interventions are effective or if further adjustments are needed.

Therefore, the implications drawn from this ANOVA analysis suggest that enhancing specific skill sets within small businesses could lead to substantial

improvements in their growth trajectories. Given that sales and marketing skills are critical for attracting customers and generating revenue, investing in training programs or workshops focused on these areas may yield positive outcomes for entrepreneurs in Dar es Salaam. Furthermore, accounting skills are essential for managing finances effectively; thus, improving financial literacy among small business owners can help them make informed decisions regarding budgeting and business strategies. Lastly, strategic management skills enable owners to plan long-term goals effectively and adapt to changing market conditions skills that are vital for sustainability and competitiveness. This analysis underscores the importance of targeted skill development initiatives aimed at bolstering small business capabilities within Dar es Salaam's economic landscape.

4.5.5 Coefficient

The table 4.14 provides a statistical analysis of various skills that contribute to the growth of small businesses in Dar es Salaam. The coefficients listed in the table indicate how different skill sets impact the dependent variable, which is small business growth. Each row represents a specific skill set, with corresponding unstandardized coefficients (B), standard errors, standardized coefficients (Beta), t-values, and significance levels. The fitted multiple linear regression model is specified as: $\text{Small Business Growth} = 0.099 + 0.285 (\text{Strategic Management Skills}) + 0.256 (\text{Accounting Skills}) + 0.489 (\text{Sales and Marketing Skills})$ Where: The constant (intercept) is 0.099, although statistically insignificant ($p = 0.289$), indicating the baseline level of growth when all predictors are at zero. The standardized and unstandardized coefficients, as presented in Table 4.14

Hypotheses Testing

The hypotheses were formulated as follows:

- **H1:** Strategic management skills have a positive and effect on small business growth.
- **H2:** Accounting skills have a positive effect on small business growth.
- **H3:** Sales and marketing skills have a positive effect on small business growth.

Based on the results presented in Table 4.14:

- **H1 is accepted:** Strategic management skills ($B = 0.285$, $p = 0.000$) have a statistically significant positive impact on small business growth.
- **H2 is accepted:** Accounting skills ($B = 0.256$, $p = 0.000$) also significantly and positively influence small business growth.
- **H3 is accepted:** Sales and marketing skills ($B = 0.489$, $p = 0.000$) exhibit the strongest and most significant effect on small business growth among the three predictors.

Interpretation and Implications for Small Business Growth

The standardized coefficients (Beta values) indicate that sales and marketing skills have the highest relative impact ($Beta = 0.483$), followed by strategic management skills ($Beta = 0.272$) and accounting skills ($Beta = 0.241$). This finding suggests that enhancing sales and marketing competencies should be the top priority for small business development programs in Dar es Salaam. However, strategic management and accounting skills remain vital components contributing significantly to business growth.

Table 4.14: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Hypothesis Status
		B	Std. Error	Beta			
1	(Constant)	.099	.093		1.063	.289	
	Strategic management skills	.285	.060	.272	4.731	.000	Accepted
	Accounting skills	.256	.052	.241	4.913	.000	Accepted
	Sales and marketing skills	.489	.038	.483	12.812	.000	Accepted

a. Dependent Variable: Small business growth

Source: Field Data, 2025

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Chapter Overview

This chapter deals with the summary, conclusion and recommendations related to the factors impacting the growth of small businesses in Ilala district in Dar es salaam, Tanzania. The chapters also articulate the study's limitations and gives the future studies emanated directions.

5.2 Summary of the Study

This study examined factors influencing the growth of small businesses in Ilala District, Dar es Salaam, Tanzania. The study aimed to assess the impact of strategic management skills, accounting skills, and sales and marketing skills among small business operators on their businesses. Guided by the Resource-Based Theory, the study developed a conceptual framework linking these skills as independent variables to small business growth as the dependent variable. The study employed descriptive and correlational research designs and used simple random sampling to select 278 respondents. Data were collected through questionnaires and analyzed using descriptive statistics and multiple linear regression analysis.

5.2.1 The Impact of Strategic Management Skills on Small Business Growth

Findings revealed that strategic management skills play a crucial role in the growth and sustainability of small businesses in Ilala District. Most small business owners demonstrated an understanding of strategic planning by setting a clear vision, mission, and core values for their businesses. Establishing these elements provides

direction, ensures consistency in decision-making, and fosters a sense of purpose within the organization. Having well-defined strategic goals enables businesses to align their operations with long-term objectives, thereby increasing their chances of survival and expansion in competitive markets.

Moreover, small business operators in Ilala District actively analyze the external environment to understand market trends, economic conditions, and potential threats. By continuously scanning the business environment, they can identify new opportunities, anticipate risks, and make informed strategic decisions. This proactive approach is essential for businesses operating in dynamic markets where adaptability is key to success. However, while many entrepreneurs gather external information, some still lack structured mechanisms to assess competitors and industry trends systematically.

Another crucial aspect of strategic management is setting measurable and realistic business objectives. The study found that some small business owners who set strategic goals perceived to have experienced growth compared to those who did not. Businesses that regularly review their progress against these goals tend to make necessary adjustments to improve their performance. The findings suggest that formalizing business strategies, rather than relying solely on intuition, enhances operational efficiency and long-term sustainability.

Finally, the study highlighted the importance of performance evaluation in small business management. Entrepreneurs who frequently assess their financial and

operational performance against predefined benchmarks were more likely to identify inefficiencies and implement corrective measures. However, a significant number of small business operators lack structured performance evaluation systems, limiting their ability to measure progress and make strategic improvements. Encouraging the adoption of formal monitoring tools, such as Key Performance Indicators (KPIs), would enhance decision-making and promote business growth. The findings from the regression analysis indicated that strategic management skills positively and significantly influenced small business growth in Ilala district, Dar es Salaam region in Tanzania.

5.2.2 The Impact of Accounting Skills on Small Business Growth

Findings revealed that accounting skills significantly contribute to small business growth, as they enhance financial management, transparency, and informed decision-making. A significant number of respondents demonstrated a strong commitment to accurate financial record-keeping, ensuring that all transactions were properly documented. Maintaining accurate journal entries and ledgers serves as the foundation for financial reporting and enables business owners to track revenues and expenses effectively. This practice not only aids internal decision-making but also enhances financial credibility when seeking loans or attracting investors.

Moreover, small business operators in Ilala district understood the importance of trial balances and financial statements. Preparing trial balances allows businesses to detect errors in financial transactions and maintain accurate books of accounts. However, a significant number of small business owners lacked formal accounting

training, which often led to errors in financial reporting and misinterpretation of financial data.

Additionally, the study highlighted the importance of understanding profitability and financial decision-making. Business operators who prepared the statements of financial performance and the statements of positions (Income statement and balance sheet), associated their businesses growth with those skills. The findings suggest that enhancing financial education among small business owners could further improve their ability to interpret financial data, make strategic investments, and achieve sustainable growth. Encouraging the adoption of basic accounting software could also enhance financial management and decision-making processes. The findings from the regression analysis indicated that accounting skills positively and significantly influenced small business growth in Ilala district, Dar es salaam region in Tanzania

5.2.3 The Impact of Sales and Marketing Skills on Small Business Growth

The study found that sales and marketing skills significantly influence the growth of small businesses. One of the key findings was that small business operators in Ilala district prioritized customer service and delivery efficiency. Businesses with well-organized service and delivery systems are expected to report higher customer satisfaction, leading to repeat purchases and positive word-of-mouth marketing. Ensuring reliable and timely service delivery allows businesses to build strong relationships with customers, increasing loyalty and long-term profitability. However, while many business owners had a basic understanding of their target

customers, there was room for improvement in market segmentation and targeting strategies. Some businesses lacked structured marketing research approaches, limiting their ability to identify potential customer segments and expand their market reach.

Another critical finding was the role of branding and promotional strategies in driving business growth. Businesses that actively promoted their products through various avenues such as social media, local advertisements, and word-of-mouth marketing believed to have experienced higher sales volumes. However, some small business operators lacked the necessary skills to utilize digital platforms effectively, indicating a need for marketing training and capacity building. Finally, the findings suggest that enhancing sales and marketing skills through training programs could further improve business competitiveness and sustainability. The findings from the regression analysis indicated that sales and marketing skills positively and significantly influenced small business growth in Ilala district, Dar es Salaam region in Tanzania.

5.3 Conclusion

The study concluded that sales and marketing skills have been found to have the strongest positive and statistically significant impact on small business growth, as indicated by the highest standardized coefficient ($\text{Beta} = 0.483$, $p < 0.05$). This suggests that small businesses with stronger sales and marketing capabilities experience higher growth rates compared to those with lower competencies in this area.

Strategic management skills also demonstrate a positive and statistically significant effect on small business growth, with a standardized coefficient of $\text{Beta} = 0.272$ ($p < 0.05$). This highlights that businesses that engage in long-term planning, resource management, and strategic decision-making tend to achieve better growth outcomes. Accounting skills have a positive and statistically significant contribution to small business growth, reflected by a standardized coefficient of $\text{Beta} = 0.241$ ($p < 0.05$). Proper financial management, budgeting, and record-keeping enhance business performance and sustainability.

Therefore, the findings support the study's hypotheses that strategic management skills, accounting skills, and sales and marketing skills each had a statistically significant positive impact on the growth of small businesses in Dar es Salaam region. Among these, sales and marketing skills contribute the most to business growth, followed by strategic management skills and accounting skills. Therefore, the study concludes that efforts to develop small business growth in Dar es Salaam should focus on strengthening these three key skill areas, with particular emphasis on sales and marketing capabilities.

5.4 Recommendations

5.4.1 Practical Recommendations

Small business operators should prioritize enhancing their strategic management skills by investing in training programs focused on strategic planning, competitive analysis, and resource allocation. These training programs will equip operators with the necessary knowledge to make informed decisions and stay competitive in the

market. Additionally, mentorship programs should be established where experienced business leaders can guide small operators in strategic thinking, helping them to better navigate the complexities of running a business. Networking opportunities should also be encouraged, allowing small business owners to share best practices and learn from one another.

To improve accounting skills, small business operators should engage in workshops or online courses covering basic accounting principles and software tools. Collaboration with local universities and community colleges should be encouraged to offer formal training programs, ensuring that small business owners stay up-to-date with modern accounting practices. The study also recommends that small businesses consider hiring professional accountants or bookkeepers to ensure accurate financial reporting and compliance with tax regulations, which is essential for business sustainability.

For strengthening sales and marketing skills, small business operators should engage in training programs focused on current digital marketing trends, social media engagement strategies, and effective sales techniques. Small businesses should also adopt customer relationship management (CRM) systems to enhance customer interactions, streamline sales processes, and improve customer retention. Partnerships with marketing professionals should be encouraged to assist small businesses with branding and market research strategies, helping them develop a stronger presence in the market.

5.4.2 Policy Recommendations

The government should integrate business training into its small business development programs, specifically focusing on strategic management, accounting, and marketing. This can be done through small and medium enterprise (SME) support programs, which would provide small business operators with access to educational resources and professional guidance. Collaboration with educational institutions and industry experts would ensure that the training provided is relevant and up-to-date.

In addition, the government should introduce subsidies or financial incentives for small business operators to access professional training and mentorship programs. These financial incentives would encourage more small business owners to invest in improving their skills in areas such as strategic management, accounting, and marketing. Such programs would ultimately lead to better business performance and growth across the SME sector. Moreover, policies should be put in place to improve small businesses' access to financial support. Small businesses often struggle to secure affordable loans and grants, which are necessary for investment in training, technology adoption, and marketing expansion. By ensuring that small businesses have easier access to financial services, such as low-interest loans and grants, the government can help them invest in key areas that will support their growth and competitiveness in the market.

The findings underscore the need for policy interventions that support the development of managerial, financial, and marketing capacities among small

business operators. Policymakers should consider institutionalizing structured training programs for SMEs within national entrepreneurship development strategies. The statistically significant contribution of all three skill sets (strategic management, accounting, and marketing) to business growth implies that government support programs should move beyond providing financial aid and incorporate capacity-building components.

Furthermore, the strong impact of sales and marketing skills on small business growth suggests that policymakers should support initiatives that promote access to digital infrastructure and subsidize participation in marketing and technology training. Additionally, creating policy incentives such as tax rebates or grants for businesses that invest in capacity development could encourage skill enhancement and ultimately contribute to national economic development through SME growth.

5.4.3 Theoretical Recommendations

Future studies should further explore the application of the Resource-Based Theory (RBT) in the context of small businesses. Specifically, future research should examine how small businesses can develop and leverage their internal resources, such as strategic management capabilities, financial literacy, and marketing knowledge, to gain a competitive advantage. By exploring the role of these internal resources, researchers can better understand the key factors that drive business success and contribute to the growth of SMEs. There is also a need for more empirical research on the factors influencing SME growth, particularly how strategic management, accounting, and marketing skills impact business performance.

Researchers should conduct studies across various sectors to understand the different ways these skills contribute to SME success. This research would help refine existing business theories and models, improving our understanding of what drives growth in small businesses.

Finally, there is a need to develop a new integrated framework for SME growth. This framework should combine strategic management, financial literacy, and marketing skills as the primary drivers of business success. Researchers should explore the interconnections between these factors and create a comprehensive theoretical model for SME growth. Such a model could offer valuable insights into the complex dynamics that influence SME performance and provide practical guidance for business owners and policymakers.

5.4.4 Implications for Industry

For practitioners and stakeholders within the SME sector, the study emphasizes the strategic importance of human capital development in ensuring business success. Business support organizations, including chambers of commerce, microfinance institutions, and incubators, should design interventions that provide practical support in strategic planning, accounting literacy, and digital marketing.

The demonstrated value of strategic goal-setting, performance evaluation, and financial record-keeping should encourage small business owners to formalize their operations and adopt best practices. Industry associations can play a central role in facilitating peer learning, mentoring, and experience-sharing platforms that enhance

business resilience and scalability. Moreover, the findings support the integration of digital tools, such as CRM systems, accounting software, and analytics platforms, into day-to-day SME operations to improve efficiency, customer engagement, and competitiveness.

5.4.5 Implications for Academia for Theoretical Development

From an academic perspective, the findings contribute to the growing body of literature that applies the Resource-Based Theory (RBT) in the context of small business growth in developing countries. The confirmation that intangible resources, particularly skill-based competencies, drive SME growth provides empirical support for the RBT's core proposition that internal capabilities are central to firm performance and competitive advantage. The findings also suggest opportunities to develop an integrated SME growth framework that unifies strategic, financial, and marketing competencies as interdependent drivers of success. This could guide future theoretical advancements and improve the predictive power of SME growth models across different settings.

5.6 Limitations of the Study

While this study provides valuable insights into the factors affecting small business success in terms of strategic management, accounting, and marketing skills, it has several limitations. First, the study focuses primarily on a specific region or a select group of small businesses, which may limit the generalizability of the findings to other areas or industries. The sample size, though adequate for the scope of this study, may not fully represent the diversity of small businesses across different sectors or regions, leading to potential biases in the results.

Second, the study relies on self-reported data, which can be influenced by the subjective perceptions of the respondents. This could lead to response biases, as participants may overstate or understate their abilities or the challenges they face in their businesses. Moreover, while the study examines the impact of strategic management, accounting, and marketing skills, it does not account for other critical factors such as external market conditions, access to technology, and political or economic influences that may affect business performance. Lastly, the study's cross-sectional design captures data at a single point in time, which limits the ability to establish causal relationships or examine changes over time. Longitudinal studies could provide a deeper understanding of how these skills evolve and contribute to long-term business success.

5.7 Directions for Future Studies

Future research should consider expanding the scope of the study by including a larger, more diverse sample of small businesses across different regions and sectors. This would help improve the generalizability of the findings and provide a more comprehensive understanding of the factors influencing small business success in various contexts. Additionally, exploring the experiences of businesses in different industries could offer insights into how industry-specific challenges and opportunities affect the role of strategic management, accounting, and marketing skills.

Another avenue for future studies is to examine the long-term effects of improving strategic management, accounting, and marketing skills on the sustainability and

growth of small businesses. Longitudinal research could track businesses over time to better understand how these skills contribute to business success and how they evolve in response to changing market conditions. Furthermore, future studies could explore other factors influencing small business performance, such as access to capital, technological adoption, and government policies. Investigating these external factors alongside the internal capabilities of businesses would provide a more holistic view of the elements driving success and challenges faced by small businesses.

Lastly, there is a need for more research on the specific training needs of small business operators and the effectiveness of various training methods (e.g., online vs. in-person workshops, mentorship programs). Understanding which training formats and content are most effective in improving business skills would help policymakers and training providers design more impactful programs for small businesses.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

ABOUT THIS QUESTIONNAIRE

I am **Denis Bashulula**, a Master's student at the Open University of Tanzania. I am conducting research titled “**Factors Impacting Small Business Growth in Ilala District in Dar es Salaam, Tanzania**” in partial fulfillment of the requirements for the award of Master of Business Administration (Accounting and Auditing).

The purpose of this study is to explore the role of different skills in the growth of small businesses. Your participation is voluntary, and you may withdraw at any time without any consequences. All information you provide will be treated with strict confidentiality and used only for academic purposes. Your honest and thoughtful responses will be highly valuable to this research. Please answer the questions based on your experience.

Thank you very much for your cooperation.

SECTION A: Background Information

1. **Name of Business:** _____
2. **Location:** _____
3. **Number of years in business:** Below 3 years ☐ 3 – 5 years ☐ Above 5 years ☐
4. **Capital investment :** Below 5 million ☐ 5 – 10 million ☐ 10- 50million ☐
50 -200 million ☐ Above 200 million ☐
5. **Your position:** Owner ☐ Employee ☐ Others ☐

SECTION B: Strategic Management Skills

On the scale of one to five choose the most appropriate that best describe your understanding on strategic management activities in your business operations

S/n	Strategic management skills	1	2	3	4	5
6	1. I have deliberately set strategic direction in form of vision statement, mission statement and core values.					
7	I have long-term goals aligned with my vision, mission and core values.					
8	1. I gather information about external environment to understand their implications on my business.					
9	1. I identify competitors and analyze their strategies.					
10	2. I assess my operations against my long-term goals					

1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree. 5= Strongly agree

SECTION C: Accounting Skills

On the scale of one to five choose the most appropriate that best describe your understanding on accounting activities in your business operations

S/n	Accounting skills	1	2	3	4	5
11	I keep my journal entries well so as to ensure accountability in the business.					
12	1. I prepare a Trial balance for accountability purpose					
13	I prepare income statement for accountability or profitability purpose					
14	I prepare a balance sheet so that I know the position of the business					

1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree. 5= Strongly agree

SECTION D: Sales and Marketing Skills

On the scale of one to five choose the most appropriate response that best describe your understanding on strategic management activities in your business operations

S/n	Sales and marketing skills	1	2	3	4	5
15	1.I have a good service and delivery system					

17	1.I have a good knowledge of customers and their needs					
18	My business has a good image and reputation					
19	1.I have good quality product/service					
20	2.I have effective sales skills, marketing and promotion activities					
21	I have high ability to find quick solutions for changing customer needs					

1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree. 5= Strongly agree




SECTION E: Small business growth

On the scale of one to five choose the most appropriate corresponding answer to each statement provided regarding the skills impacting the growth of your business in terms of sales or revenue

S/n	Small business growth	1	2	3	4	5
22	My level of strategic management skills affects the growth of my business.					
23	My level of accounting skills affects the growth of my business.					
24	1. My level of sales and marketing skills affects the growth of my business.					

1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree. 5= Strongly agree

Research clearance letter

	THE UNITED REPUBLIC OF TANZANIA MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY THE OPEN UNIVERSITY OF TANZANIA	
Ref. No OUT/PG2022001120		17th January, 2025
Municipal Director, Ilala Municipal Council, P.O.Box 20950, DAR ES SALAAM.		
Dear Director		
<u>RE: RESEARCH CLEARANCE FOR MR. DENIS CHRISTOPHER BASHULULA, REG NO: PG2022001120</u>		
<p>2. The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1st March 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1st January 2007. In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.</p>		
<p>3. To facilitate and to simplify research process therefore, the act empowers the Vice Chancellor of the Open University of Tanzania to issue research clearance, on behalf of the Government of Tanzania and Tanzania Commission for Science and Technology, to both its staff and students who are doing research in Tanzania. With this brief background, the purpose of this letter is to introduce to you Mr. Denis Christopher Bashulula Reg.No: PG2022001120, pursuing Master of Business Administration (MBA). We here by grant this clearance to conduct a research titled "Factors Impacting</p>		
<p>Small Business Growth in Ilala District in Dar es salaam, Tanzania"He will collect his data at your office from 20th January 2025 to 27th February 2025.</p>		
<p>4. In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820. We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.</p>		
Yours sincerely, <u>THE OPEN UNIVERSITY OF TANZANIA</u>  Prof.Gwahula Raphael Kimamala For: <u>VICE CHANCELLOR</u>		



THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
DAR ES SALAAM CITY COUNCIL



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Dar es Salaam City Council
1 Moroogoro Road
Dar-es Salaam
Tanzania

20th January, 2025

Vice Chancellor,
The Open University of Tanzania,
DAR ES SALAAM.

RE: RESEARCH WORK

Please refer to the heading above,

References is made to your letter dated 17th January 2025 titled research clearance letter for **Mr. Denis Christopher Bashulula, REG. NO: PG2022001120**, a candidate required to conduct research as partial fulfilment of his degree award.

Through this letter, we confirm that he is permitted to conduct his research in Dar es Salaam City Council.

We hope that he will carry out his research in accordance with the relevant regulations, principles, and ethical codes of conduct, ensuring benefits to himself, the institution, and the nation at large.

We wish Mr. Denis Christopher Bashulula success in his research endeavor.

Yours sincerely,

Tabu F. Shaibu

For: CITY DIRECTOR

MKT RI GENZI WA JIJU
HAJIMASHAURI YA JIJU A DAR ES SALAAM