

**TO DETERMINE THE EFFECT OF FINANCIAL TRAINING ON SMES GROWTH AT
KIBAHA TOWN COUNCIL**

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ABSTRACT

The study sought to examine the effect of training on SMEs growth at kibaha town council. The study employed positivist philosophy. Likewise, a quantitative approach research was used. To evaluate the impact of microfinance institutions on the expansion of small and medium-sized businesses, the study used a descriptive survey design. A sample of 370 respondents was drawn using a random sampling strategy from the target population of 4,855. Structured questionnaires were used to collect data. Descriptive statistics and linear multiple regression were used to analyze data. The study found that training was positive and significantly related to the dependent variable (Sacco's growth) at Kibaha town Council. From the findings, the study recommends that there should be a need to develop and offer training programs that are tailored to the specific needs and challenges faced by SMEs in different sectors and growth stages within Kibaha Town Council.

Keywords: Training, Microfinance Institutions (MFIs), SMEs Growth.

1. INTRODUCTION

There is a growing contribution and recognition of small and medium enterprises (SMEs) in economic development. The contribution and importance of the role of small and medium enterprises are recognized in job creation and new market orientation in domestic and international trade (Rankhumise et al, 2019). While developed industrialized economies expand and break through their business cycles, the business performance of SMEs in most of the developing countries is hampered by operation costs and indeterminate market demand which however affect their revenues (Rungani &Potgieter, 2018).

Micro and macroeconomic stabilization and adjustment have been critical policy objectives for both developed and developing countries over the decades. In most developing countries, the early 1980s witnessed a rapid transformation of the industrial and economic sectors as a whole. The design of appropriate domestic policies became focused on the international development paradox with the efforts to uncover short-run and long-run micro and macroeconomic fluctuations. However, the observation with developed industrialized countries suggests a strong correlation between investment and profit margin due to already stable domestic regularities and macro-finance corporations.

Considering the volatility of trade-related indicators, corporate and credit disbursement in most of the developing economies is less on average to reflect the commitment of small and medium enterprises to strong investment savings, stable allocation of recourse and absorptive capacity building (Ndiaye, Razak, Nagayev & Ng,2018). The stylized fact about business cycles for most

of the small and medium enterprises that mainly depend on micro-credits find it difficult to separate the length of the cycles used in assessing the growth performance of their business cycles.

According to ENTÜRK (2010), tiny, very small, and medium-sized businesses account for about 99% of the industrial sector in Japan, 98% in Kenya, 97.3% in Malaysia, 99.9% in Indonesia, 98% in Canada, and 99% in Germany.

In Africa, according to Ahiabor (2013), a sizable portion of SMEs are aware that MFIs exist, and some even recognise the beneficial effects that MFI loans have had on fostering their expansion. Strong evidence was presented by (Ofeimun et al., 2018) that access to microfinance does not promote the growth of micro and small businesses in Nigeria. Other firm-level factors, such as company size and location, are discovered to have a favourable impact on business expansion. Hussen, Wodajo, and Tasente (2021) discovered that SMEs had a beneficial impact on the income, employment, and quality of life of those who participated in the firms in the research region. The issues of providing financing, training, and advice, however, were not brought up.

Bouazza, Ardjouman and Abada, (2015) examined the percentage of the population having access to the banking sector in the country and Ghana and found that just 5 to 6% of the population has access to the banking sector. This is one of the biggest challenges SMEs face that inhibits their growth globally, particularly in developing countries. Due to this restriction, many SMEs in Tanzania must rely on personal funds to fund the start-up and operation of their companies, the majority of which fail to expand and/or continue. Governments in developing countries have implemented a variety of methods to promote the growth and expansion of SMEs to overcome this barrier. The policy environment and financial accessibility in all the East African countries have significantly improved (Vida et al., 2020).

According to Kipesha (2013), Tanzania has experienced remarkable growth in the establishment of microfinance institutions over the past twenty years, ranging in size from small to medium. The Tanzanian government created and implemented the first national microfinance policy in 2000 (NMP, 2000), which was revised in 2017 and replaced with the national microfinance policy in 2017 (NMP, 2017). This was done in recognition of the potential of the microfinance sub-sector to reduce poverty and stimulate economic growth. The primary goal of the policy, which was created to reflect the national strategy for implementing the Millennium Goals, is to encourage the growth of microfinance institutions as significant actors who serve a large number of clients, have a diverse clientele, and hold a sizable portion of the financial assets of low- and middle-income households (Kim-Soon et al., 2017).

However, in contrast to larger financial institutions, MFIs stand out for their entire penetration and focus on providing financial help and services to a sizable population of low-income households and small- to medium-sized businesses (Bvuma & Marnewick, 2020). The Microfinance Act of 2018 was passed by the Tanzanian government before the adoption of the microfinance policy, and it was given authority by the Bank of Tanzania (BOT) to control, license, and oversee domestic microfinance enterprises.

The vast majority of domestic and multilateral development banks, as well as non-governmental organizations (NGOs), have acknowledged and are anticipating future growth in the number of microfinance providers. Due to the importance of MFIs, it appears likely that they will continue to draw financial and technical support from a variety of sources, including both domestic and foreign investors and state donors (Daher & Saout, 2013). To examine the possible contribution

and role performed by microfinance institutions in improving the growth of SMEs in Tanzania, specifically Kibaha Town Council, this tenet inspires the conduction of research in this area.

The goal of the current administration is to maintain employment, which is also the main driver behind Tanzania's pursuit of an industrial economy. The development of domestic businesses and the attraction of foreign and local investors to invest cash and skills in the economy are important to achieving sustainable industrial growth and employment creation. Tanzania, like the majority of African nations, struggles with unemployment. 800000 new workers enter the Tanzanian labour force annually; however, the majority of them are unable to find employment (Hilson, 2020).

To support the concept of group lending among microfinance institutions, the study made use of the microfinance games theory (Agi, Famarazi-Oghani, & Hazr, 2021). The monitoring and self-enforcement of contracts by groups of borrowers is a key component of many emerging methods.

Despite having a unified contingency such as the administrative syndrome, microfinance institutions in the country possess some featured challenges that also tend to affect credit allocation to their stakeholders (Yusuph, 2019). It is anticipated that the return on investment to most of the enterprises is indeterminate as the result of non-performing loans, high-interest rates, high cycle time and uninformed borrowing decisions. In addition, while few business enterprises manage to break through their business cycles large pool of firms and clients have been subjected to low profit margins due to weak institutional capacity and inadequate working capital which however limit the scale of operations for both institutions and businesses (Rungani & Potgieter, 2018).

Empirical studies such as (Kipasha, 2013; Danga & Yusuph, 2019; Bvuma and Marnewick, 2020) mostly have focused on the factors affecting the growth of MFIs and their influence on the balance of financial and non-financial performance in the banking system related to financial metrics of transactions of commercial sector. However, the focus of MFIs is the tremendous increase in the number of firms engaged in business ventures and enterprises have not yet been adequately documented (Rungani & Potgieter, 2018). Thus, there is a need to realize the principles of MFIs in the conventional access to entities specialized in product and service delivery such as enterprises as training, financial provision and advisory roles

However, the majority of SMEs have struggled with access to financing. The cost of financing is also a problem in addition to that. Large microfinance institutions are being used to finance large, prosperous enterprises, that hardly ever encounter these issues (Wulandari & Kassim, 2016). The Ministry of Trade and Industry (2012) found that 35 per cent of SMEs received loans from family and friends, 29.2 per cent from microfinance organizations, 14.3 per cent from SACCOs, 10.3 per cent from banks, 7.5 per cent from donors, 3.1% from money lenders, 1.6% from suppliers, 1.5% from savings clubs, 1.2% from the local government, and 0.3% from Village Community Banks (VICOBA). Poor management and even member training at Saccos have been a concern. The issue of where to find suitable advice for both management and financial concerns is the final one. The core of this work has been set off by these three problems.

Tanzania started a financial sector reform in 1991, and since then the country has experienced a transformative financial system (BoT, 2017). The Bank of Tanzania was strengthened in its regulatory roles, administrative credit allocations were eliminated, state-owned financial

institutions were reorganized, and most importantly, local and private banks as well as other microfinance institutions were allowed to enter the market (BFIA Act of 1991 revised of 2006). These were the key components of the financial sector reform. This study aims to investigate how microfinance organizations could help small and medium-sized businesses in Kibaha Town Council thrive, paying special attention to training on Saccos.

2. LITERATURE REVIEW

Microfinance Institutions (MFIs)

Microfinance Institutions (MFIs) are financial institutions whose main goal is to offer low-income people access to financial services as well as the resources they need to meet their credit and saving needs (Hardy et al., 2003). Microcredit, microsaving, and micro-insurance are the three categories under which microfinance institutions fall (Bank of Tanzania, 2022). The MFI category known as "microcredit" was created specifically to provide small loans to micro and medium-sized businesses so they could expand and invest in their operations. According to Rangani and Potgieter (2018), the goal of the microwaving category is to provide access to tiny savings opportunities for current speculation or future investment as a hedge against economic gloom.

Cooperative and Cooperative Societies

A Cooperative is an established organization or association owned and controlled by the primary purpose of mitigating social, political, economic or cultural aspirations through a jointly and democratically controlled business or service for their members. Cooperative societies operate to safeguard the interests and welfare of their members by exploiting and raising capital by themselves through shares. The Government of Tanzania passed the Cooperative Society Act of 1991, which was revised in 2013, to strategically promote financial services and community development of low-income households and small- to medium-sized businesses. This law allows for the growth of Savings and Credit Cooperative Societies (SACCOS). By enabling members to borrow money at low interest rates and reasonable terms, this cooperative organization was created to offer savings and extend credit to promote economic interest (Bank of Tanzania, 2017). Consumer cooperative societies, producer cooperative societies, marketing cooperative societies, worker cooperative societies, farmer cooperative societies, credit cooperative societies, as well as housing cooperative societies are several types of cooperative societies.

Financial training

The process of gaining the abilities and knowledge necessary to confidently make decisions that best serve a person's needs as a personal, family, and global citizen. Typically, a financial training program helps participants either better manage their own money or prepare for a profession in finance (Bire, Sauw, & Maria, 2019). These kinds of programs can be computer-based or taught in classrooms by instructors. An individual or professional is taught how to successfully handle finances through the creation of a financial training program. When a student completes a financial program, they frequently receive a certificate or diploma attesting to their compliance with the program's criteria (Drexler, Fischer, & Schoar, 2014).

Small and Medium Enterprises (SMEs)

In the context of Tanzania, SMEs are defined as micro, small and medium-sized enterprises

comprised of non-farm activities including manufacturing, mining, and commerce and service lender organizations (Anderson, 2017). Supporting the industrialization program has a significant impact on satisfying the long-term financial basis of small and medium-sized enterprises. The realization of the development of SMEs in Tanzania is the core of the economic development strategy in the Second Five-Year Development Plan (FYDP2) whose goal of achieving a per capita income of around USD1,000.

Table1:Definition of SMEs According to Tanzania’s Small and Medium Enterprise Development Policy (2003)

Category	Number of Employees	Capital investment in machineries (in TZS)
Micro enterprises	1-4	Up to 5 million
Small enterprises	5-49	Above 5 million to 200 million
Medium enterprises	50-99	Above 200 million to 800 million
Large enterprises	100+	Above 800 million

Source: Final report Japan Economic Research Institute in Tanzania Survey, 2017

Performance of Microfinance Institutions in Tanzania

Up to the 1990s, there was a greater demand for effective and long-lasting financial institutions due to the shifting priorities among the various government-sponsored industries and economic subsectors. Due to the rise in the number of businesses offering microfinance services, including commercial banks and other small and medium profit-oriented businesses, the microfinance sector in Tanzania is currently experiencing phenomenal expansion (Kipasha, 2013). For the majority of microfinance stakeholders, maintaining the balance between financial and non-financial performance, which reflects the margin of profit-oriented form operating of these recognized financial enterprises, has been in prospects and a turning point.

It is recognized that the performance of microfinance projects is measured by the social impact of their undertakings on the welfare of the intended community. The institutional focus on efficient and sustainable use of funds to finance stakeholder operations outreach the strength and weakness of vast of microfinance institutions in the case of Tanzania; The increased competitive pressure on the evaluation of outcomes of profit-oriented organizations disguise financial metrics including the balance of financial and non-financial aggregates (Ndiaye et al, 2018).

Econometric theories suggest greater variations between large, small and medium microfinance institutions on performance to enrich the desires and needs of their respective clients. The predictive ability of financial services for most microfinance renders is yet indeterminate due to an unforeseen number of factors related to financial constraints, return on investment, and financial and non-financial measures of the organization in particular (Hermes and Hudon, 2018). However, financial outreach of poor measures in terms of collection and provision of loans to the clients discourage the sustainable ability of MFIs to cover operation costs out of their revenues generated in financing their activities to reach the demand of their clients and control the resources.

Theory Anchored the Study

The study is guided by empowerment theory (ET) which was first postulated by Marc Zimmerman, the theory centered its attention on how the community may be transformed with the help of external forces that incorporate the assistance of personal, economic social and political power to improve their livelihood. The theory centered its assumption and raised opportunities by going against the possible hindrances to socio-economic and political transformation and giving answers by fulfilling the esteemed needs of the people (Mrindoko and Pastory, 2022). Empowerment is an important construct that links individual or organizational strengths and competencies toward a natural helping system that lifts proactive behaviors to social, political, economic and cultural changes. Theoretically, this linkage compels the mental and physical well-being of the individual and system to create mutual responsiveness to growth. The theory is relevant to the study as it gives insight into the ways that microfinance institutions provide services to small and medium business ventures which has growth potential. Firms need capital to operate their day-to-day business; in the right of MFIs especially the SACCOS business owners can access credits. Furthermore, the theory of empowerment ought to provide the analytical tools that examine small-business enterprises' access to necessary services and their participation in income generation and capacity building as the means toward poverty reduction and sustainable development.

The limitation and weakness of the theory is that it is centred much on social works and provides principles and frameworks for marginalized community development on socio-economic barriers. In this case, it emphasizes transformative aspects that view the community as passive and helpless rather than self-empowered and fighting oppression mindset. Thus, the controversy for empowerment theory relies on a theoretical basis and imbalance of inherent powers. For the empowerment approach to be successful both parties must understand who doing the empowering and who determines the empowering.

The second theory, the theory of microfinance games, likewise backs the idea of cooperative lending among microfinance institutions. Numerous new strategies heavily depend on groups of borrowers monitoring and self-enforcing contracts. It is based on the Grameen microlending idea, which lends to particular groups of four to seven people while being influenced by peer pressure from the group. All group members jointly guarantee loan repayments, and access to additional loans is contingent upon successful repayment by all group members. Usually, payments are made once a week. Organizations like Grameen Bank (Bangladesh) have shown via the use of this type of microfinance method that the groups are effective at preventing defaults. The approach has also resulted in broader societal advantages because of the reciprocal trust connection at the center of the group guarantee system and the fact that groups frequently act as the building blocks for bigger social networks. 1999 saw Ledgewood. However, collusion and free-riding are commonly possible in group-based systems. It is common knowledge that situations like this can lead to inefficiency (Gruber, 2005).

A study on how training impacts the performance of small and medium-sized businesses (SMEs) was undertaken by Yahya, Othman, and Shamsuri in 2012. The techniques used include descriptive analysis, Pearson correlation, stepwise regression, and t-tests. Data was gathered through mailing questionnaires to the SMEs that were selected for the study. 500 SMEs in Malaysia were mailed surveys, and 27.6% of them answered and filled them out. The examination of the data gathered from SMEs revealed empirical evidence that managers,

enterprises, and external elements influence the desire for training and that training enhances SMEs' performance.

In the Jaffna district of Sri Lanka, Mayuran (2016) conducted research on the effects of entrepreneurship training on the performance of small businesses. This study attempted to examine how entrepreneurship training affected the performance of small businesses. Entrepreneurial behaviour is viewed as a byproduct of the training program in the conceptual framework, which is represented by a structural equation model. Under this paradigm, training in marketing, financial management, quality control, and customer service has been taken into consideration. Surveys were used to gather data from 60 employees of small businesses in the Jaffna District. Regression and correlation statistics were used in the study to analyze the data. The results demonstrated a strongly favourable effect of entrepreneurship training on small business performance. According to the results of the linear regression study, entrepreneurship training accounted for 85% of the success of small businesses in the Jaffna district. The study's findings have important ramifications for researchers, policymakers, and current and aspiring business owners.

Nkwabi and Mboya conducted an analysis of the factors affecting the growth of small and medium enterprises (SMEs) in Tanzania in 2019. When evaluating elements such as a lack of business training, capital restrictions, a lack of finance, poor infrastructure, a lack of collateral, poor production, poor technologies, strict regulations, corruption, and poor market accessibility, all factors were taken into consideration, including the business owners' motivation, information access restrictions, a lack of human competencies, and a lack of raw materials. In this study, a mixed-method approach was employed to extract the constraints from the 21 pieces of Tanzanian literature through content analysis. Then, using descriptive statistics to determine the frequency and proportion of the components, a quantitative technique was used to isolate the most crucial determinants impacting SME growth in Tanzania. The findings demonstrate that the biggest inhibitors to the growth of Tanzanian SMEs are financial constraints, capital restrictions, outmoded technology, and rigorous regulations.

Conceptual framework

Independent Variable

Dependent Variable



Figure 1 Conceptual framework

H1: There is a positive Relationship between Financial Training and SMEs growth at Kibaha Town Council.

3.METHODS

Research Approach

The research approach of this study took a quantitative approach. The quantitative approach is a type of research method in which the hypotheses are produced based on current theory, and afterwards research strategy is aimed at investigating the hypothesis, according to Sweeney,

Wilson, Loncar, and Brown (2019). Using a quantitative approach is primarily done so that data may be collected in numerical form, which makes it simple to construct statistical tests to determine the link between different factors. This method stresses the transformation of data quantities and statistical models for data measurement and analysis.

Research Design

To evaluate the impact of microfinance institutions on the expansion of small and medium-sized businesses, the study used a descriptive survey design (Störrle, 2017). The sampled components and the variables under study were simply noticed as they were with no attempt to influence or manipulate them; hence the survey methodology was adopted.

Targeted Population

By 2016, the cooperative societies held the following position in the council: By the Kibaha Town Council Strategic Plan 2016/17-2020/21, there are 78 Saving and Credit Cooperative Societies (SACCOS) and 4,855 cooperative society members (2,759 men and 2,096 women).

According to Cohen (2013), a targeted population refers to the entire group of individuals to whom the researcher is interested in gathering information about a particular study. The target population usually has varying characteristics and it is known as the theoretical population.

Table 2 Population of the Study

S/N	No of SACCOS	MALE MEMBERS	FEMALE MEMBERS
1	78	2,759,	2,096
Total		4,855	

Source: Kibaha Town Council (2023)

Sample Size

As an alternative to Cochran's method for calculating sample size from a population, Yamane (1998) proposed a more straightforward formula. He asserts that the sample size for a 95% confidence level and 0.5 should be used.

$$n = \frac{N}{1 + N (e^2)}$$

Where by

n = Sample size

N = Population

e = Level of Precisions (Level of tolerance 5% = 0.05)

1 = Constant

$$n = \frac{4,855}{1+4,855(0.05) (0.05)}$$

$$n = \frac{4,855}{13.1375}$$
$$n = 370 \text{ respondents}$$

Therefore, the sample is 370 respondents

Sampling Techniques

A sample, in the words of Kothari (2004), is a portion of a population from which a judgment is drawn. Although several respondents can be described in a multitude of ways, the term is used in this study to relate to the specified sample, which is described by Lavrakas (2008) as the total number of units chosen for contact or data collection. Krejcie and Morgan's (1970) random sampling strategy was used to determine the study's sample size. The study sample consisted of 370 Saccos members at Kibaha Town Council. Further, Data collection for the study used a convenience sample methodology, taking into account the availability of Saccos members at the time of data collection.

Questionnaire

Due to its objectivity, low cost, quickness, and increased degree of control over data collection, questionnaires were used to acquire essential information and primary data. A questionnaire, according to Kothari (2004), consists of a series of questions written or typed in a specific order on a form or set of forms that are given to respondents.

Data Analysis

Chapman, (2018) describes data analysis as the act of looking at, arranging, changing, and transforming data to extract usable information from it. It is also vital to guarantee that information analysis can be done ethically. To provide reliable and pertinent analysis, a data scientist must protect the integrity of the data. A trustworthy data analyst should be able to decipher statistical data and generate actionable insights. Scientific data is commonly misinterpreted, leading readers to draw the wrong conclusions from the facts. Data organization, data summarizing and classification, and data analysis are frequently three procedures that take place during data analysis. Both descriptive statistical techniques and regression analysis were used to analyze the data in this investigation.

Regression Model

$$DV = f(IVs)$$

$$Y = a + \beta_1 X_1 + \varepsilon$$

Where:

Where: Y= Employee Performance

a = Constant

X1 = Provision of financial Training

β_1 , = parameter

ε = Regression error

Regression Assumptions

A fundamental regression equation often takes into account the assumptions of ordinary least square (OLS) regression. To confirm that the data satisfied the criteria for analysis and the objectives of the regression analysis, the essential assumptions were investigated. The Ordinary Least Square's five presumptions have been explored by Kaur, et al. (2008); and Park (2011). Multicollinearity, homoscedasticity, outlier, linearity, and normality are a few of them.

4. RESULTS

Reliability Test Results

The internal consistency and dependability of the data-gathering method were evaluated using Cronbach's alpha. The reliability coefficient Cronbach's alpha offers an accurate evaluation of the generalizability of data. It was discovered that the cutoff value was 7. Also, to maintain the data's internal validity, precise coding, clear instructions, and fair interviews were used. SPSS was used to generate the coefficient known as Cronbach's alpha.

Table 3 Reliability Test Results

S/N	VARIABLE	Number of Items	Cronbach's Alpha
2	Financial Training	8	.754
4	SMEs Growth	5	.958

Source: Data Analysis, (2023)

Demographic Characteristics Results of the Respondents

Age, gender, race, ethnicity, level of education, wealth, and marital status are just a few examples of the characteristics known as demographic attributes that identify a certain group of individuals. These characteristics provide a way to represent and gain comprehension of the demographic group, allowing one to comprehend its needs and preferences.

Table 4.1 represents the frequency and percentage distribution of individuals in different age groups. The age group 31-40 has the highest frequency with 155 individuals, followed by the age group 21-30 with 85 individuals. The age group 18-20 has the lowest frequency with only 4 individuals. When we look at the percentage distribution, we can see that the largest proportion of individuals falls in the 31-40 age group, accounting for 43.9% of the sample. The 21-30 age group also has a substantial proportion, with 24.1% of the sample. The 41-50 age group represents 25.2% of the sample. The smallest proportions are in the 18-20 age group (1.1%) and the 51 and above age group (5.7%).

Table 4.1 presents the gender distribution of the respondents. The gender distribution in this sample is skewed towards males, with 59.2% of individuals being male and 40.8% being female. The frequency of males (209) is higher than that of females (144). The percentage distribution indicates that the majority of the sample consists of males.

Table 4.1 presents the marital status of the respondents. The sample consists of individuals with different marital statuses, and the distribution among these statuses is as follows: Married: 99 individuals (28.0%) Single: 93 individuals (26.3%) Divorced: 78 individuals (22.1%) Widowed: 83 individuals (23.5%). The highest percentage of individuals in this sample are categorized as widowed (23.5%), followed closely by married individuals (28.0%). Single individuals make up

26.3% of the sample, which is similar to the percentage of divorced individuals at 22.1%.

Table 4.1 presents the education level of the respondents. The samples consist of individuals with varying levels of education, and the distribution among these levels is as follows: Certificate: 164 individuals (46.5%) Diploma: 104 individuals (29.5%) Degree: 73 individuals (20.7%) Master: 11 individuals (3.1%) PhD: 1 individual (0.3%). The most common education level in the sample is a Certificate, with 46.5% of individuals having this qualification. Diploma holders make up the second-largest group, accounting for 29.5% of the sample. Degree holders represent 20.7% of the sample, indicating a lower prevalence compared to Certificate and Diploma holders. Master’s degree holders are a smaller group, comprising 3.1% of the sample. The smallest group in the sample is individuals with a PhD, constituting only 0.3%.

Table 4.1 presents the number of years respondents have been in Saccos. The sample consists of individuals with varying lengths of membership in the SACCOS, and the distribution among these groups is as follows: 1-5 years: 83 individuals (23.5%), 6-10 years: 109 individuals (30.9%), 11-15 years: 97 individuals (27.5%), 16-20 years: 34 individuals (9.6%). Above 20 years: 30 individuals (8.5%) The largest group in the sample are individuals who have been members for 6-10 years, constituting 30.9% of the sample. The second-largest group is individuals with 11-15 years of membership (27.5%). The 1-5 years and 16-20 years groups have similar proportions, with 23.5% and 9.6% of the sample, respectively. The smallest group in the sample is individuals with over 20 years of membership, making up 8.5% of the sample.

Table 4. Demographic Characteristics

S/N		Frequency	%
1	Age		
	18-20	4	1.1
	21-30	85	24.1
	31-40	155	43.9
	41-50	89	25.2
	51 and above	20	5.7
2	Gender	Frequency	Frequency
	Male	209	59.2
	Female	144	40.8
3	Marital Status	Frequency	Frequency
	Married	99	28.0
	Single	93	26.3
	Divorced	78	22.1
	Widowed	83	23.5
3	Education Level	Frequency	Frequency
	Certificate	164	46.5
	Diploma	104	29.5
	Degree	73	20.7
	Master	11	3.1
	PhD	1	.3
4	Years in SACCOS	Frequency	Frequency

1-5yrs	83	23.5
6-10yrs	109	30.9
11-15yrs	97	27.5
16-20yrs	34	9.6
above 20yrs	30	8.5

Source: Field Data (2023)

Descriptive Statistics for The Effect of Financial Training

Descriptive statistics for the effect of the effect of training was computed using descriptive statistics; minimum, maximum, mean and standard deviation Table 4.3. The frequency of training offered by the MFBs affects the financial performance of the business and received the highest score on scale of the effect of the effect of training (M = 3.9292, SD = 1.01022) followed by training on finance management skills tends to lead in growth of business (M = 3.8952, SD = 1.01287), Training on business survival techniques tend to lead on growth of business received the lowest on the scale of the effect of the effect of training (M = 3.6657, SD = 1.24608) followed by training on the proper use of the loans by the MFBs affects the financial performance of the business (M = 3.7025, SD = 1.28338).

The data suggests that respondents generally see training and skills development provided by MFBs as having a moderate impact on various aspects of business performance and growth. While there is some consensus on the importance of financial management skills and identifying creative business ideas, there is more diversity of opinion when it comes to the impact of training on other aspects, such as investment decisions and proper loan use.

Table 5 Descriptive Statistics for The Effect of Financial Training

	Min	Max	Mean	Std. Dev
Training on the investment areas by the MFBs affects the financial performance of the business	1.00	5.00	3.7252	1.14607
Training in Finance Management skills tends to lead to the growth of business	1.00	5.00	3.8952	1.01287
The frequency of training offered by the MFBs affects the financial performance of the business	1.00	5.00	3.9292	1.01022
Training on management skills by the MFBs affects the financial performance of the business	1.00	5.00	3.7479	1.17812
Effective Investment decisions	1.00	5.00	3.8187	1.02024
Identification of creative business idea	1.00	5.00	3.8414	.97572
Training on Business survival techniques tends to lead to the growth of business	1.00	5.00	3.6657	1.24608
Training on the proper use of the loans by the MFBs affects the financial performance of the business	1.00	5.00	3.7025	1.28338

Data Analysis, 2023

Regression Assumptions Results

The graphical representation in Figure 1 shows a bell-shaped curve, illustrating the distribution of residuals. These residuals display a normal distribution because they are close to a mean of approximately 0 and have a standard deviation close to 1. Figure 4.2 reinforces this observation by depicting residuals closely aligned along the diagonal, indicating the presence of outliers. Therefore, there is not a significant deviation from the expected pattern. The identification of outliers becomes evident when we note that some residual values in Figure 4.1 fall beyond the $|3|$ threshold, as defined by Tabachnick and Fidell (2007), who consider any value outside this range as an anomaly.

In Figure 2 we also observe a few outliers with residuals extending beyond the line, confirming their presence. However, the majority of data points follow a linear pattern along the diagonal line, suggesting linearity.

In Figure3 , the residual points associated with the case are distributed in a rectangular manner around zero, indicating homoscedasticity. This implies consistent variance, and there is no need for concern regarding heteroscedasticity, which would suggest unequal variance in the data

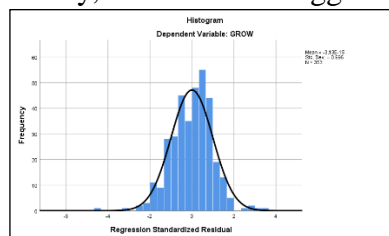


Figure1 Histogram

Source: Data Analysis, 2023

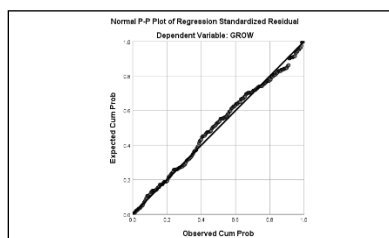


Figure 2 P – P Plot of Standardized Residual

Source: Data Analysis, 2023

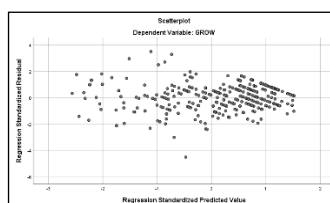


Figure 3 Scatter Plot for Standardized Residual

Source: Data Analysis, 2023

Regression Analysis Results

Linear Regression

A linear regression analysis was performed to identify the components (independent variable) of the effect of financial training on the growth of small and medium-scale enterprises in Tanzania: a survey of sacco kibaha (dependent variable). ANOVA and regression coefficient findings, as well as the outcomes of tests on the model summary, were provided.

Model Summary Results

The regression model results show that the relationship between professional training (PT) and growth of the company (GROW) is statistically significant and has a strong positive effect. The R-squared value of 0.555 indicates that the model explains 55.5% of the variation in GROW, which is a relatively high R-squared value. The adjusted R-squared value of 0.554 is slightly lower than the R-squared value, but is still relatively high, suggesting that the model is not overfitting the data.

Table 6

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.745 ^a	.555	.554	.63891
a. Predictors: (Constant), PT				
b. Dependent Variable: GROW				

ANOVA Results

The regression model results show that the relationship between professional training (PT) and growth of the company (GROW) is statistically significant ($F(1, 351) = 438.004, p < 0.001$). This means that the model explains a statistically significant amount of the variation in GROW.

Table 7 ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	178.795	1	178.795	438.004	.000 ^b
	Residual	143.280	351	.408		
	Total	322.075	352			
a. Dependent Variable: GROW						
b. Predictors: (Constant), PT						

Regression Analysis Results

The regression model results show that the relationship between PT (Professional Training) and GROW (Growth of the Company) is statistically significant ($t(171) = 20.929, p < 0.001$). This means that the model explains a statistically significant amount of the variation in GROW. The collinearity statistics are acceptable, indicating that collinearity is not a major problem in the model. VIF is less than 5 indicating there are no multicollinearity threats.

Table 8 Regression Coefficients Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.332	.165		2.012	.000
	PT	.890	.043	.745	20.929	.000

a. Dependent Variable: GROW

Source: Data Analysis, 2023

5. DISCUSSION

The Effect of Professional Training on SMES Growth at Kibaha Town Council

Savings and Credit Cooperative Societies (SACCOS) play a critical role in financial inclusion and community development, particularly in places like Kibaha Town Council, Tanzania. To ensure the sustainability and growth of these cooperatives, it's crucial to discuss the impact of training on SACCOS growth in this context. This study found that training is positive and significantly related to SACCOS growth at Kibaha. Training is a fundamental component of ensuring the growth and sustainability of SACCOS in Kibaha Town Council, Training programs enhance the financial literacy of SACCOS members, helping them better understand savings, investments, and the cooperative's operations. Training equips SACCOS board members and management with the knowledge and skills needed to make informed decisions, manage risks, and ensure good governance. Training programs teach members and staff how to identify and manage financial risks effectively, reducing the likelihood of financial crises.

Similarly, Yahya, Othman and Shamsuri (2021) found that managers, enterprises and external characteristics affect the demand for training, and training has a positive impact on SMEs' performance. Also, Mayuran (2016) found a significant positive impact of entrepreneurship training on the performance of small enterprises. On the other hand, Nkwabi and Mboya (2019) found that Tanzanian SME growth is mostly impacted by financial constraints, capital constraints, poor technology and tight regulations.

Therefore, training plays a pivotal role in the growth and sustainability of Savings and Credit Cooperative Societies in Kibaha Town Council. By investing in the knowledge and skills of their members and staff, SACCOS can enhance their financial performance, member engagement, and risk management capabilities. Addressing challenges and adopting a strategic approach to training will contribute to the continued growth and positive impact of SACCOS in the community.

6. CONCLUSION

The study found that professional training has a significant positive effect on the growth of small and medium-sized enterprises (SMEs) in Kibaha Town Council, Tanzania. The study used a regression model to analyze the relationship between professional training and SME growth, and the results showed that professional training is a statistically significant predictor of SME growth. The study also found that the R-squared value of 0.555 indicates that the model explains a moderate amount of the variation in SME growth, suggesting that there are other factors, besides professional training, that also influence SME growth.

7. RECOMMENDATIONS

To the government - Develop and implement policies and programs that support professional training for SMEs. This could include providing financial assistance to SMEs to cover the costs of professional training, as well as encouraging training providers to offer affordable and accessible training programs to SMEs. Work with the private sector to develop and deliver professional training programs that are tailored to the needs of SMEs and Raise awareness of the importance of professional training for SMEs among business owners and policymakers.

To SMEs - SMEs: Invest in professional training for employees. This could involve sending employees to training courses, workshops, and seminars, or providing in-house training. Identify the specific training needs of their employees and develop training programs that address those needs and measure the impact of professional training on employee performance and business growth.

Training providers; Training providers: Develop and deliver affordable and accessible professional training programs that are tailored to the needs of SMEs. Work with government and businesses to identify the specific training needs of SMEs. Offer flexible training options, such as online and evening courses, to meet the needs of working adults. For further studies it is suggested that, conduct a longitudinal study to track the impact of professional training on SME growth over time. This would allow for a better understanding of the long-term effects of professional training, as well as the potential for compound effects over time. Conduct a study to identify the specific types of professional training that are most beneficial for SMEs. This would help to inform SMEs and policymakers about the types of training that are most likely to lead to positive outcomes.

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