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ABSTRACT

The issue of performance of small businesses including small scale manufacturing enterprises is crucial globally including Tanzania. This study investigated skill gaps and their effects on the performance of small-scale manufacturing firms in Dar es Salaam and Mwanza regions in Tanzania. A sample of 175 owner and employed managers of small-scale firms were randomly selected and structured questionnaire was used to collect quantitative data. To supplement quantitative data, face to face interviews were conducted to collect qualitative data. The documentary review was used to collect secondary data. Excel and a Statistical Package for Social Sciences (SPSS) were used as analytical tools for quantitative data. Content analysis was used to analyze qualitative data. Both descriptive statistics and inferential statistics were used to analyze quantitative data. Descriptive statistics involved computations of means, standard deviations, Chi-Square, frequency and per cent. To estimate the effect of skill gaps on the performance of small-scale manufacturing firms, a binary logistic regression model was performed. The findings revealed that skills gaps and satisfied employees were statistically significant to small scale manufacturing sector in Tanzania. It is recommended that policymakers should make use of the developed framework to enhance employee retention.

Keywords: Skill gaps, small-scale manufacturing sector, business performance