

# **The impact of training on small and medium enterprise productivity**

**Neema Robert Towo**

**Master of Arts. (Economics).**

**University of Dar es Salaam, College of Social Sciences, 2014**

This study examines the impact of training on productivity. Using the panel data which was created from 275 small and medium Enterprises from Tanzania, involving 1372 observations, the impact of training variable was analyzed on productivity using different estimation techniques. Off job and training variables were estimated differently to establish their separate impact on productivity, while location was tested as an intervening/moderating variable. The finding showed that, training is a significant variable and it has a positive impact on the Tanzania SME productivity, however, the impact level derived is not satisfactory to achieve the targeted labour productivity level. The off job trainings showed high positive significant impact while on job trainings had negative impact on productivity. In this regard, timing on when to provide training for higher productivity should be considered as one of the strategies to derive higher positive impact from the training variable on productivity. The study recommends that, the training providers should consider the timing of providing trainings as an impact on SMEs productivity. Since the majority of SMEs do not have background of business education and have not achieved higher level of education, providing them with work related trainings which will impart them with right business skills and knowledge before they commence business will result to higher productivity. This will contribute on the fast growth and development of their businesses which covers large percent of informal sector employing more than half of Tanzania labour force.