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Does Learning Orientation Enhance Financial Performance of Micro and Small Food Agro-processing Enterprises? Lessons from Tanzania

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Abstract: *This study was set to investigate the relationship between learning orientation and financial performance of micro and small food agro-processing enterprises. The study was carried out in Arusha, Morogoro and Dar es Salaam regions in Tanzania. A quantitative approach and a cross-sectional survey design were employed. A total of 302 owner-managers were assessed using semi-structured questionnaire whereas stratified sampling technique was used to pick the sample. Data analysis was performed through structural equation modelling. The study confirmed positive link between learning orientation and the financial performance of food micro and small agro-processing enterprises in Tanzania. More specifically, both gross profit margin and net profit margin showed positive significant relationship with firm's learning orientation. On the other hand, return on capital employed was found to have positive none significant relationship with learning orientation. The findings provide an indication that, deliberate efforts for improving learning behaviours are needed for improved financial performance of micro and small agro-processing firms. Hence, business owners of food agro-processing MSEs need to establish their learning frameworks by attending workshops, training and business exhibitions where they can acquire necessary business knowledge for improving their firms' financial performance. Again, government and trainers can enhance learning habits of the agro-processing MSEs by establishing conducive environment for the enterprises to learn and acquire knowledge to positively enhance financial outcomes of these firms.*

Keywords: Learning Orientation, MSEs, Food Agro-processing, Financial Performance.

JEL classification: C35, D63, I40

1.0 Introduction

The performance food agro-processing MSEs in the economy has remained relatively low compared to large agro-processing firms (Mazungunye, 2020). Nevertheless, micro and small food agro-processing lose a large number of customers the scenario which affect their financial performance (Daninga, 2020). This is a result of high competition, ever changing customer

tastes and preference and limited resources in micro and small food agro-processing enterprises compared to large enterprises of the same nature (Daninga , 2020). Similarly, extant literature indicates that, a number of the MSEs close up at the initial stages of operations. It is estimated that, about 50% of newly established food agro-processing enterprises in developed countries and about 75% of them in developing countries fail within the first five years of establishment (Muriithi, 2017; Mazungunye, 2020). Again, it has been established that, about 70% of the food agro-processing MSEs in Tanzania do not generate substantially income at both individual and nation level (Daninga, 2020). The prevalence of the financial performance challenge in food agro-processing MSEs in Tanzania is also indicated in the report of auditor general which shows high failure rates of MSMEs compared to growth rates resulting into low contribution of these firms to the economy (National Audit Office (NAOT), 2018).

Questionable financial performance of food agro-processing MSEs has raised the interest of many scholars throughout the world to determine likely factors that could enhance the performance of these enterprises. This is because, improved performance of food agro-processing MSEs is likely to open employment opportunities to many individuals in such activities as processing, packing, pricing and distribution of value-added agricultural products (Mazungunye & Punt, 2021). Again, being one of the focal sectors in achieving the national development goals 2025, Tanzania has placed high emphasize in agro-processing sub-sector (Mazungunye & Punt, 2021; Mwang'onda, Mwaseba, & Juma, 2018). It is estimated that about 70% of the population in Tanzania engage in agriculture activities (Japan International Cooperation Agency (JICA), 2017), hence, the financial performance of food agro-processing enterprises has direct effect on the development of the country.

With unsatisfactory performance of micro and small food ago-processing enterprises, the government of Tanzania has put in place a number of programmes to facilitate positive performance of these firms. The government of Tanzania through its different agencies has been providing financial subventions, capacity building programmes and setting of policy frameworks that support conducive operating environment for MSEs (Mazungunye & Punt, 2021). Moreover, the government of Tanzania has put in place institutional set ups to oversee the activities of micro, small and medium enterprises (MSMEs) (NAOT,2018).

Despite these initiatives, the financial performance of food agro-processing MSEs remains unsatisfactory in the country (Daninga,2020; Kipene, Lazaro, & Isinika, 2015). This may be due to the fact that, government programmes and initiatives for MSMEs are too general to cater for specific challenges facing individual firms. Again, more focus has been on financing and policies which cuts across MSMEs. It is worth noting that, financial assistant and similar policy framework can be provided to enterprises that operate on similar business environment but differences in financial performance is easily observed in individual firms (Garcia, Caten, Campos, Callegaro, & Pacheco, 2022).This is because, financial performance of business enterprises relies more on individual efforts, behaviours, business strategies and practices in relation to the prevailing market situations (Laguir & Besten, 2016; Garcia, Caten, Campos, Callegaro, & Pacheco, 2022).

Principally, high quality behaviours of owner-managers and a well-designed internal environment of the business helps to accommodate challenges eminating from the external

environment (Anggadwita & Mustafid, 2014). Hence, with increased competition, loss of customers, and changing of customer needs and unsatisfactory financial performance of food agro-processing firms, there is a need for the owner-managers to sharpen their learning behaviours to understand their customers' needs and market changes with the focus of improving their enterprises' financial performances (Pastor, Gutiérrez, & Agudob, 2019).

Micro and small enterprises are more vulnarable to competitive pressures due to their smallness nature.With regard to micro and small food agro-processing enterprises, there is high competition pressures from medium sized and large enterprises, imported processed food products and subsitute food products in the industry (Mwang'onda, Mwaseba, and Juma, 2018) making the MSEs more disadvantaged in relative performance. On the same note, studies show that MSEs face dynamic changes in purchasing patterns of customers as result of changing in customer choices, stiff competition and changes in consumer life styles; the factors which negatively affect their perfomance (Farhikhteh, Kazemi, Shahin, & Shafiee, 2020). This implies that, managers with insufficient knowledge and skills to compete in a highly competitive and dynamic market environment such as that of food agro-processing in Tanzania end up with closing of their business' enterprises. Again, literature shows that, owner-managers of food agro-processing MSEs face challenges in determining the quality and feature of the product required by customers, pricing approaches, packaging and branding as well as effective distribution approaches in the market (Ogunyemi, 2020). This state of MSEs requires the capability of owner-managers to understand the market and develop appropriate marketing programmes for them to remain relevant in the market.

However, it is worth noting that, MSEs lack sufficient funds and skills to invest in research and development activities that can enhance studying of customers' requirements and the dynamics of the market. This cause the MSEs to rely more on learning behaviours. This is in line with Hussain, Shah and Khan (2016) who established that, scanty resources in MSEs cause these firms to incline more on learning cultures and behaviours for sustainability of their businesses. Besides, the organizational learning theory identifies that, strong learning orientation facilitates positive performance of organizations (Sinkula, Baker, & Noordewier, 1997). Again, in their study which was conducted in service- based firms in developed countries; Pastor Pérez et al., (2019), Didonet and Diaz-Villavicencio (2020) and Kumar, Jabarzadeh, Jeihouni, & Garza-Reyes, (2020) identified that, learning behaviour has an effect on the performance.

Despite of the established relationship, there exist scanty empirical literature testing the relationship between learning orientation and financial performance specifically in food processing MSEs in developing countries. Moreover, other studies which were conducted in similar areas focused on other performance indicators than gross profit margin, net profit margin and return on capital employed. Literature recognizes that, with appropriate learning behaviours, organizations are likely to improve decision making process, innovation and market responsiveness and ultimately the financial status (Alphonce, Waized, & Larsen, 2020). Hence, the current study was set to establish the relationship between learning orientation and the financial performance of micro and small food agro-processing MSEs in Tanzania.

2.0 Literature Review

2.1 Theory and Conceptualization of Learning Orientation

The concept of business learning is derived from organizational learning theory which was developed in response to increased competition among the business entities in the market. The theory was developed by Cangelo and Dill (1965) postulating that, learning occurs where individuals members of the organizations have unique learning behaviours to spot changes in the environment and respond to the changes appropriately. Basically, strong learning culture helps organizations to spot market opportunities which can facilitate improvement of organization's financial status. Herath and Karunaratne (2017) post that, the entire enterprise learning is influenced by individual learning and sharing of knowledge and experince among the members of the organization. Hence, with proper learning orientation, business enterprises are in better position to study both internal and external environment affecting their relationships with the target customers (Hermawati,2020).

Nevertheless, organizations with strong learning culture can deliver value to their customers by establishing marketing programmes related to the products, pricing, communication and deliverying of products and services in a better way than do competitors (Pett & Wolff, 2016; Hermawati, 2020). That means, positive and continous learning helps business owners determine expressed needs, hiden needs and the change in taste and purchase behaviours of customers that can be served to positively influence the financial performance. In that sense, business learning orientation is considered a strategic resource to business enterprises (Hussain, Shah, & Khan, 2016).

Different scholars have tested the organizational learning theory in different business context to establish a common framework that defines business learning orientation. Sinkula, Baker and Noordewier (1997) identified commitment to learning, open-mindedness and shared vision as the variables which explain organization's learning orientation. Consistently, Calantone, Cavusgil and Zhao, (2002) established that, learning should involves sharing of knowledge within sections and units of the same organization. Hence, Calantone, Cavusgil and Zhao, (2002) concluded that, learning orientation of an organization is explained by its learning commitment, open-mindedness, shared vision and intra-organizational knowledge sharing. In line with most studies in small businesses, the current study adopted Sinkula et al (1997) approach to define business learning orientation with commitment to learning, open-mindedness and shared vision behaviours of the enterprises.

Commitment to learning is defined by the behaviour of the organization members to include learning in the business motto and to consider it as an important catalyst for business success (Nnko & John, 2022). Commitment to learning also entails participation of members of organization in various trainings and learning forums including business related seminars, trade exhibitions and conferences and systematic identifying relevant knowledge for securing competitive position in the market. Nevertheless, commitment to learning involves provision of learning avenues for every member of the organization and allocation of resources to facilitate learning a signal of the commitment that is placed on learning process (Dukeov, Bergman, Heilmann, & Nasledov, 2020).

Besides, open-mindeness explains a behaviour of sharing ideas, opinions and knowledge among the members of the organization while encouraging them to think out of their normal operations with the focus of finding new ways of doing things, improving customer satisfaction and the financial performance of their enterprises (Kiyabo & Isaga, 2019). Open-mindedness also entails taking controversial ideas as a way of learning new things while emphasizing on rewarding of creativity, proactiveness and innovative skills for the betterment of the organization (Pett & Wolff, 2016).

On the other hand, shared-vision is an attribute of having a common understanding on what information to pick from the market (Beneke, Blampied, Dewar, & Soriano, 2016). This implies that, all organizational members work in the same direction in ensuring that organization goals are attained. Shared vision also entails sharing of the vision and mission to all employees, developing good working environment which embraces knowledge and experience sharing, agreement of the organizational goals across functional areas and commitment of the employees in the goals of the enterprises and ultimately developing a sense of ownership to organizational members (Herath & Karunaratne, 2017). Hence,the three elements of learning orientation vis-à-vis commitment to learning, open-mindedness and shared vision can facilitate food agro-processing MSEs in recognizing market board avenues for improved financial perfomances.

2.2 Performance Dynamics in Micro and Small Food Agro-processing Enterprises

Despite of the fact that, food agro-processing MSEs are known for about 15-20% value addition outputs that serve both local and international markets (United Nations Development Programme (UNDP), 2017), the enterprises are facing considerable performance dynamics.The impact of globalizational and trade decentralization has mostly been noticed in micro and small enterprise including food processing enterprises the fact that affects their financial performance (Enis & Turkyilmaz, 2014).

Moreover, the availability of many choices in the market from large food processing firms,imported processed food items and subsitute products increase the competition presures to micro and small enterprises affceting negatively their financial performance (Mazungunye & Punt, 2021). Besides, change in customer life style, customer prefences and food consumption pattern has resulted into unstable financial performance of micro and small food agro-processing enterprises in Tanzania (Daninga , 2020). Hence, with high levels performance dynamics in the market, the micro and small food agro-processing enterprises require active learning culture to enable them spot any changing behaviour of customers and the changing behaviour of the market players that can negatively affect the financial status (Turulja & Bajgoric, 2019).

2.3 Learning Orientation and Financial Performance in Micro and Small Food Agro-processing Enterprises

Extant literature presents the relationship between business learning orientation and performance in various business contexts reporting unequal results. For example, Rostini, Souisa, Masmarulan and Yasin (2021) conducted a study on competitive development, learning orientation, entrepreneurial commitment and the performance of silky industry SMEs in

Indonesia. The study established strong relationship between learning orientation and the performance of these firms although the study was conducted in silky industry which differs in operational characteristics from the current study on food agro-processing MSEs in Tanzania. Moreover, in their study they used profits and market share as measures of performance of the studied firms whereas profits were measured subjectively different from the present study in which financial indicators vis-à-vis gross profit margin, net profit margin and return on capital employed are measured using objective approach.

Nevertheless, a study carried out by Martinez, Serna and Montoya (2020) in commerce, service and industrial sector SMEs in Mexico identified that, sales, return on investment (ROI) and profits are strongly influenced by commitment to learning and open-mindedness and shared vision. However, their financial performance indicators were measured subjectively and that the study was carried out in sectors in a developed country (commerce, service and industrial) which are also different from agro-processing sector limiting generalizability of the results.

Besides, a study conducted by Dukeov, Bergman, Heilmann and Nasledov, (2020) in Rusian manufacturing firms established that, learning commitment and open-mindedness are positively related to the innovation performance of these enterprises. Different from the current study which focuses on financial performance of food agro-processing MSEs, Dukeov et al (2020) measured non-financial performance indicator namely innovation performance of the manufacturing SMEs.

Again, a study by Pastor, Gutiérrez and Agudob (2019) established that, sales level, sales growth, gross profit margin, net profit, return on capital employed (ROCE), return on investment (ROI), growth in number of employees and volume of the assets are postively influenced by learning orientation of the studied SMEs although their study was confined to industrial, commerce and services firms in developed economy where operating characteristics of the studied enterprises differ from food agro-processing MSEs in Tanzania. Moreover, their study used subjective approach to analyze the financial performance of the studied enterprises requiring more establishment of objective mesurement of financial performance in different study contexts. Besides, Perin, Sampaio, Jiménez-Jiménez and Cegarra-Navarro (2017) established positive relationship between open-mindedness and financial performance of the industrial sector of Brazil. However, the study confined itself on one factor of learning orientation (open-mindedness) and that the context of the study differs from the present study. Furthermore, a study by Nnko and John (2022) established positive significant relationship between learning orientation constructs and performance, however, their study used sales and change in number of customers as the measures of performance different from the present study which focuses of a wide range of financial indicators of performance.

Nevertheless, Beneke, Blampied, Dewar and Soriano (2016) studied the overall performance of service and manufacturing SMEs in South Africa in relation to market orientation and learning orientation. Their study established that, there is no relationship between learning orientation and the overall performance of the examined service and manufacturing small and medium enterprises. The results of Beneke et al (2016) collaborates the findings of Yuan, Feng, Lai and Collins (2018) which indicated non-positive relationship between learning orientation factors and third part logistic firms. Unequival results presented may be as results of the context in which studies were carried out and the performance indicators which were used in each of these

studies. Differences of findings of the analyzed studies form a basis for further studies in establishing the relationship between learning orientation dimensions and performance of micro and small enterprises in different business contexts.

2.6 Performance Measurements in Micro and Small Enterprises

Measurement of performance in micro and small enterprises has received views from different scholars. For example, Domi, Capelleras and Musabelliu (2020) indicate that, performance in small firms can be measured using such indicators as customer satisfaction, raise in number of employees, total sales revenue, gross profit margin and net profits. On the other hand, return in investment, business survival, brand loyalty, customer satisfaction and profit margin were employed in studies by Ciunova-Shuleska, Palamidovska-Sterjadovska, Osakwe and Ajayi (2017) and Hawkins & Hoon (2019). Moreover, cost minimization, change in number of customers, return in capital employed, market share, employee satisfaction, innovation and optimum utilization of technology were employed in different studies of measuring performance including the work of Herath and Karunaratne (2017), Pastor, Gutiérrez and Agudob (2019) and Domi, Capelleras and Musabelliu (2020). The performance measures used in these studies are both financial and non-financial measures. It can be observed from these studies that, there is no common agreed measures of performance in micro and small business. However, the use of specific measures of performance is subject to owner managers' business goals, business context, industry, business situation and business practices or strategy in place.

The current study used gross profit margin, net profit margin and return on capital employed as measures of financial performance in food agro-processing MSEs. Profits are necessary for firm's survival and growth especially in highly competitive business environment (Dar & Mishra, 2020). In connection to different performance indicators, it is worth noting that, firms'financial information can be captured subjective using managers perception on the change of the financial status of their enterprise or else objectively by collecting the actual financial infromation from the firm (Annisa & Mahendrawathi , 2019).

In the present study, financial data were measured objectively whereas real time data were collected from the owners and managers of food agro-processing MSEs. Financial measures were used with an understanding that, performance of these firms can easy be compared using real time data than non-financial performance items. On the other hand, the decision to use financial items to evaluate the performance was based on fact that, the contribution of MSEs to the economy is explained by the use actual financial data (Rashid, Ismail, Rahman, & Afthanorhan, 2018). In addition to that, learning orientation has been considered as a strategic resource that is likely to enhance the performance of enterprises in different markets (Pastor, Gutiérrez and Agudob, 2019).

3.0 Methods

3.1 Study Area, Research Approach and Design

The study was carried out in three regions of Tanzania mainland; Morogoro, Arusha and Dar es Salaam since there is a growing number of foods agro-processing MSEs in these regions (Alphonce, Waized, & Larsen (2020); Mazungunye (2020); Ministry of Finance and Planning

Nnko, E., Ismail, I. J., Elia, J.
(2018). Basically, the manufacturing sector in Tanzania which highly composed of agro-processing firms showed high number in the selected regions in recent years whereas Dar es Salaam had 27.4%, Morogoro had 12.3% and Arusha had 7.2% establishments (Mazungunye & Punt, 2021; National Bureau of Statistics & Ministry of Industry Trade and Investment, 2018). High concentration of food agro-processed MSEs in the selected regions ensured data availability, accessibility and sufficiency (Hodgson, et al., 2020).

The study used quantitative approach to test the relationship between learning orientation and financial performance of the studied firms. The quantitative approach facilitates collection of objective data from the unit of enquiry (Nisbert & Yale, 2018). Besides, quantitative approach provided an opportunity to collect large amount of data within a reasonable timeframe. The data were collected at one point in time from the unity of inquiry (cross sectional survey design). According to Panke (2018), the collection of data at one point in time from the population provides a room for controlling information differences that could araise as a result of time variations during data collection exercise.

3.2 Sample Size and Data Collection

The study targeted micro and small enterprises dealing with food processing. Data were collected from 302 owner managers of food agro-processing MSEs. The study used Yamane (1967) ‘s formula to calculate a sample from the total population of 1690 agro-processing MSEs which were established from the three regions. Proportionate number of foods agro-pressing MSEs were picked based on the number of establishments in the selected regions. In Dar es Salaam 800 food agro-processing MSEs were established whereby a sample of 153 MSEs was picked, in Arusha a total of 422 food agro-processing MSE were established in which a sample of 81 MSEs was picked and in Morogoro a total number of 468 of food agro-processing MSEs was established whereby a sample of 89 MSEs was picked. Proportinate number of MSEs in respective regions was followed by picking of proportionate number of processing activities which were placed under distinct strata of cereal milling, honey processing, milk processing, fruit processing and peanut butter processing activities. The application of proportionate stratified sampling technique ensured high statistical accurate given the heterogenity nature of the study population.

The data collection exercise employed semi-structured questionnaire to collect data from the owner-managers. The decision to use owner-managers was influenced by the fact that, most of the business information in micro and small enterprises is possessed by owner-managers and they are the ones who make most of the business decisions (Cicea, Popa, Marinescu and Ștefan,2019). Prior to execution of the study, the questionnaire was pilot tested using a small number of respondents to test the clarity and length of the questions. The pilot study results were checked for missing values, response patterns and finaly the results were used to improve the questionnaire.

Again, in order to avoid high diversity of results, the study was confined to food agro-processing MSEs with 1 to 20 employees and capital ranging from TZS 3.5 to 50 million and the MSEs that have in operation for at least three years.The focus on MSEs that have been on operation for at least three was based on the observation by Kiwia, Bengesi and Ndyetabula (

2019) on small businesses that, three years is sufficient time for owner-managers of small enterprises to establish the direction and outcomes of their enterprises.

3.3 Variable Measurements, Validity and Reliability

The study variables were measured using validated measures in previous studies. The measures of learning orientation were adopted from Sinkula, Baker and Noordewier (1997) whereas commitment to learning was measured by six items, open-mindedness was measured by five items and shared vision was measured using six items. On the other hand, Composite reliability (CR), Avarage Variance Extracted (AVE) and Maximum Shared squared Variance (MSV) were established as the key indicators for validity and reliability of the model. All values of composite reliability were found to be at least 0.7 providing an indication of good internal consistency (Hair Jr, Babin, & Krey, 2017); shared vision was found to be 0.709, commitment to learning (0.705) and open-mindedness (0.826).

On the other hand, all AVE values of learning orientation constructs were found to be higher than 0.5; a pre-condition for a good measure for construct validity (Saunders, Lewis , & Thornhill, 2016).With shared vision, the AVE was found to be 0.627, commitment to learning (0.614) and open-mindedness (0.715). Finally, the MSV for the constructs was established to test for discriminant validity. The results indicated a good measure whereas the MSV for open-mindedness was found to be 0.146, commitment to learning (0.161) and lastly shared vision was found to have a value of 0.161 for MSV. Basically, discriminant validity is achieved where AVE values are greater than MSV (Hamann, Schiemann, Bellora, & Guenthe, 2013).

The performance items of gross profit margin was measured from the sales and cost of goods sold as previously studied by Pastor et al., (2019), Kharub, Mor, & Rana,(2021) ,net profit margin was measured using sales and total expenses of the MSEs as previously studies by Bulak and Turkyilmaz (2014), Ciunova-Shuleska et al., (2017) while return on capital employed was measured from earnings before interest and tax and the capital employed (Mawutor, 2016, & Pastor et al., 2019). It is worth noting that, firm's learning orientation is highly aligned to the selected financial performance measures since strong learning behaviour is likely to reduce marketing and other operational expenses and thus, bringing positive effects on the number of customers enrolling with the business, sales revenue, profits and finally realization of capital employed in the business.

3.4. Data Analysis

Quantitative data analysis was carried out to establish the relationship between learning orientation and financial performance of food agro-processing MSEs. Structural Equation Modeling (SEM) was used to analyze the data. SEM was considered important in this study due to high number of endogenous and exogenous variables in the hypothesized relationship. Modelling of data was preceeded with the confirmatory test analysis (CFA) of the variables.The essence of confirmatory test at this stage was to test the validity and reliablity of the measurement in the context of the current study. As such, CFA uses already established measurements which are tested in the context of the present study (Mustafa, Nordin, & Abdul Razzaq, 2020).

4.0 Findings and Discussion

4.1 Respondents' Background Information

A total of 302 questionnaire were analyzed in the study whereas it was established that, 54.3% were female respondents and 45.7% were male respondents. The high number of females in food processing can be associated with the nature of activity which is mostly considered as being of a famine nature than masculine nature. Besides it was established that, a high number of respondents lie between the age of 31 to 40 years. This may be due to the fact that, individuals of 31 to 40 age category are considered to be strong, energetic, vision oriented and well-focused in their business goals (Fuertes, Egdell, & McQuaid, 2013). On the other hand, majority of respondents (38.74%) were found to have bachelor degree education level while the rest were found to have accomplished certificate and diploma levels, secondary education and primary education. The statistics of the education level of respondents are contrary to statistics of some few years' back which indicated that, most holders of micro and small business enterprises in Tanzania had only primary education level (Ministry of Industry and Trade (MIT), 2012).

Table 1: Descriptive Statistics of Respondents

Variable	Frequency	Percent
Sex		
Male	138	45.7
Female	164	54.3
Respondents' Age		
≤30	92	30.46
31-40	101	33.44
41-50	62	20.53
51+	47	15.56
Education level		
Primary education	39	12.91
Secondary education	80	26.49
Certificate and Diploma	66	21.86
Degree and above	117	38.74
Experience in business operation		
3 to 6 years	164	54.3
6 to 9 years	84	27.81
9 years and above	54	17.88

The statistics of the education level and ownership of the business in this study can be associated with the current education system in the country which allows a number of people to join secondary schools through free education programmes and the provision of education loans for students to enroll in higher education. The improved education level is likely to contribute to better business management, innovation, and competitiveness in the food processing industry. Again, limited employment opportunities in public and private institutions in Tanzania, forces graduate to engage in self-employments (Mwakilema, 2021). A summary of descriptive statistics of respondents are presented under Table 1.

4.2 Relationship between Learning Orientation and Financial Performance of Food Agro-Processing MSEs.

The focus of this study is to determine whether learning orientation enhances the financial performance of food agro-processing MSEs. Learning orientation was regressed against three components of financial performance: gross profit margin, net profit margin, and return on capital employed. The results are summarized in Table 2.

In assessing the relationship between gross profit margin and the learning orientation, the study established that, there is positive significant relationship between business learning orientation of food agro-processing MSEs and the gross- profit margin with β=1.027, p= 0.037. These findings provide an indication that, a unit increase in learning orientation increases gross profit margin by about 1.03. Hence, food agro-processing MSEs with strong learning orientation businesses are in better position to reduce the costs of goods sold which affect largely the gross profit margin in a business. In other words, strong learning commitment, openness in receiving and sharing information and shared- vision in learning are key ingredients in obtaining cost efficiency suppliers of raw material, minimizing processing and transportation costs of the products and finally improve the gross profit margins. The results provide a lesson that, owner-managers who wish to develop cost efficient strategy for the goods sold should put strong commitment in learning and ensure that they are in a position to fetch relevant marketing information for managing costs of goods sold for improved financial performance.

The study also found a positive significant relationship between learning orientation and net profit margin, with $\beta = 1.453$ and $p < 0.001$. The net profit margin reflects the extent to which business practices and orientations focus on minimizing costs and enhancing profitability. The results imply that a unit increase in business learning orientation can boost the net profit margin of food MSEs by approximately 1.45 times. The results provide an indication that, firms which are committed to learn are likely to improve their sales revenue, manage and reduce their operating costs and ultimately improve their net profit margin. On the other hand, the results suggest that, owner-managers who are positively oriented to learning can be ahead of others in developing cost-effective business practices and strategies in relation to product and product development, pricing, distribution and promotion activities. Taramigkou, Apostoloub & Mentzasa (2017) established that, learning behaviours of a company built from learning commitment and openness to new ideas, practices and better ways of doing business result into reduced operating expenses, building positive returns on net profits of an enterprise. Normally, net profit margin provides a general picture of the financial health of an enterprise.

Learning orientation was further regressed in relation to the return on capital employed in the enterprise. The regression results established positive relationship with β =11.482 and p=0.281, although the relationship was found to be not significant. Basically, return on capital employed measures the extent to which a business firm is efficient in utilizing the invested capital. The positive relationship established reflects that, learning orientation of the micro and small food agro-processing enterprises in Tanzania ensures favorable returns on the employed capital in the business. This shows that, those managers who are aggressive in learning are in better position to assess fruitful marketing opportunities in which they can invest in and gain their returns in invested capital. However, different form other financial performance measures

which were used in the current study, a non-significant relationship between learning orientation and return on capital employed calls for more studies in the area of micro and small enterprises specifically on the management of the capital employed in the business.

5.0 Conclusions

The study was set to establish whether learning orientation enhances the financial performance of micro and small food agro-process firms. The study uncovered that, learning orientation has positive influence on the financial performance of these firms. Basically, strong relationship was determined between learning orientation and gross profit margin and net profit margin. The established statistical evidence suggests that, enterprises operated by entrepreneurs with high learning orientation may experience higher levels of financial performance than firms operated with less learning-oriented entrepreneurs.

6.0 Study Implications

6.1 Theoretical Implications

The study expounds the understanding of the organizational learning theory in the context of micro and small food agro-processing enterprises. Previous literature on the relationship between learning orientation and performance focused mostly on service performing firms, hence testing the relationship in agro-processing enterprises adds to the existing knowledge. Again, most of the past studies tested the relationship with the focus of non-financial performance. Therefore, the current study builds knowledge on the enhancement of learning orientation of financial performance of micro and small enterprises.

6.2 Managerial implications

The established relationships between the learning orientation and financial performance indicate a strong need for the owner-managers embrace continuous learning culture in their enterprises. This involves stimulating eagerness of learning the changing behaviour of customer preferences and needs, learning the actions of different market stakeholders, cultivate learning and knowledge sharing culture and developing new ways of doing things. On the other hand, the findings may help the government and trainers establish factors which are highly associated with financial performance of micro and small food agro-processing enterprises. This kind of information can be helpful in establishing policies and training guidance for micro and small enterprises.

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