

**Influence of Education on Performance of SMEs
Experience From Vehicle Garages in Arusha and City and Moshi Municipality,
Tanzania**

By

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Abstract

SMEs play a major role in creating jobs and generating income in Tanzania. However, little consideration has been addressed in assessing the influence of owner-managers' education on the success of SMEs. The objective of this study, therefore, was to assess the influence of education possessed by owner-managers on the success of small and medium garages. Specific objectives were: to determine levels of success achieved by the vehicle garages; to establish relationship between levels of education possessed by owner-managers and success of their garages; and to establish factors that influence success of the garages. The study used cross-sectional design while sampling procedures involved a multi-stage approach with two stages in which 245 owner-managers were selected. Data were collected using structured interviews, observation and documentary review. Analysis of data was carried out using tables, correlations and percentages. Chi-Square test, samples t-test and correlations coefficient were used to test the significance of associations or correlations among different variables. It was found that most of the owner-managers possessed low levels of education and that the majority of their vehicle garages experienced low levels of success. Success of the garages was positively influenced by: levels of credit accessed by the owner-managers; highest levels of education possessed by the owner-managers; and levels of innovation achieved in the garages. On the other hand, success of the garages was negatively influenced by levels of financial management skills possessed by the owner-managers. Owner-managers are advised to increase success of their garages by improving factors that influence success of their garages. The government is also advised to provide tailor made training to owner- managers of the vehicle garage enterprises.

Key Words: Small and Medium Enterprises (SMEs)