INFLUENCE OF EDUCATION ON PERFORMANCE OF SMES: EXPERIENCE FROM VEHICLE GARAGES IN ARUSHA CITY AND MOSHI MUNICIPALITY, TANZANIA

By

Goodluck Aletaulwa Mmari

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)

1. INTRODUCTION

1.1 Background to the Research Problem

Small and Medium Enterprises (SMEs) are important to all economies in the world, especially to developing countries and, within that broad category, with major employment and income distribution challenges (Palma, 2005). SMEs account for 60% to 70% of jobs in most of the Organization for Economic Cooperation and Development (OECD) countries (OECD, 1997).

Throughout the world, SMEs account for a disproportionately large share of jobs, especially in those countries with strong employment record. For example, between 1976 and 1986, SMEs created 1.3 million jobs in the American manufacturing sector. In the case of the United Kingdom (UK), it was reported that SMEs were creating the bulk of new jobs (Konings, 1995; Hughes, 1993). Between 1990 and 1994, there were 973,000 new jobs that were created in The Netherlands, and that 44% of them came from the existing establishments while 56% were from new SMEs.

ILO (1998) found that about 70% of the people in Sub-Saharan Africa rely on SMEs and informal establishments for their livelihoods. In Botswana, for example, SMEs contribute between 30% and 45% to the nation's GDP and account for more than 60% of wage employment (Bonu, 1999). In the case of Kenya, Kibera and Kibera (1999) reported that in 1993, there were 910,000 SMEs which employed about two million people in the country. ROK (1997) reported that in 1996 about 2,643,800 people worked in the informal sector. In the same year, the employment opportunities in this sector rose by 11.8%, as compared to 3.2% in the modern sector. In the case of Tanzania, importance of SMEs in generating incomes and contributing to the economy cannot be overemphasised.

For example, according to an Informal Sector Survey (ISS) of 1991, micro-enterprises that were operating in the informal sector alone consisted of 1.7 million businesses which were engaging about 3 million persons that were about 20% of the Tanzanian labour force (URT, 2003). According to Toroka and Wenga, (1997), SMEs contribute more than 32% of the GDP and 33% of Return on Investment (RoI). Fifty seven percent (57%) of the total wage employment in the country depend on SMEs, the majority of which are found in the informal sector (Wangwe, 1999). The World Bank, through the International Finance Corporation (IFC), estimated that there were approximately 2.7 million enterprises in the country, out of which about 60% were located in urban areas (ESRF, 2006; WB, 2005). A large majority of these (98%) were small enterprises which employed less than 5 people and most of them (66%) had annual turnover of less than US $ 2000 (Olomi, 2006).

Olomi (2006) reported that these SMEs are labour intensive in nature and are established using savings or grants from family members and friends. They are critical for supporting livelihoods as well as overall prosperity and progress. SMEs create employment at relatively low levels of investment per job. Furthermore, they utilize and add value to local resources, foster equitable income distribution, and are better positioned to meet local needs in small markets. The technologies used by them are easier to acquire, transfer and adopt, even by people with low levels of education and training. They have the potential to complement large enterprises through partnership and subcontracting relationships. SMEs also serve as a training ground for entrepreneurship and managerial development (Olomi, 2006; URT, 2003).

SMEs that achieve high levels of success either by growing from small to medium or large level have more potential for contributing to development in terms of value added taxes and innovations. However, very few SMEs succeed or achieve high levels of success. According to OECD (1997), for example, about 50% of the start-ups do not survive for more than five years and only a fraction of them develop into high-growth firms which make important contribution to jobs creation. In order to increase success of these SMEs, it is therefore important to promote factors that influence their success. Storey (1994) grouped these factors into three categories: characteristics of entrepreneur; characteristics of enterprise; and external environment. While it is acknowledged that both internal and external factors influence success of SMEs, the focus of this study was mainly on entrepreneurial human characteristics that influence success of SMEs which include: age, gender, levels of financial management skills possessed by owner-managers, levels of innovation possessed by owner-managers, type of ownership, and levels of education possessed by owner-managers.

Human capital is among the most important factors that have influence on success of business enterprises (Sianesi and Van Reenen, 2003). Education possessed by owner-managers is one of the major aspects of human capital. However, its contribution on success of SMEs in different countries is not yet known. This study, therefore, aimed at filling this gap by establishing influence of education on success of SMEs.

1.2   Problem Statement and Justification of the Study

SMEs in Tanzania play a major role in addressing the problem of job creation, income generation, and growth of the economy (URT, 2003). This is because they are labour intensive and that they create employment at relatively low levels of investment for each job created. The government, after recognizing the advantages of the SME sector, has re-defined its economic strategies to focus on SMEs development as a basis for further development (URT, 2005; 2003). It has, therefore, decided to promote the sector through improvement of infrastructure and also allowing development partners such as NGOs to provide training and credit assistance to the sector (URT, 2003).

Despite the concern vested on SMEs by the Government and other stakeholders, little efforts have been directed towards assessing the influence of education possessed by owner-managers on the success of the SMEs. Most of other previous studies that were carried out in this sector, dealt mainly with growth of SMEs and creation of employment. As an attempt to fill this knowledge gap, the aim of this study, therefore, was to assess the influence of levels of education possessed by owner-managers on the success of SMEs with particular emphasis on vehicle garage enterprises in Arusha City and Moshi Municipality.

1.3   Objectives of the Study

1.3.1   Main objective

To assess the influence of levels of education possessed by owner-managers on success of small and medium vehicle garage enterprises in Arusha City and Moshi Municipality.

1.3.2 Specific objectives

(i)   To determine levels of success of small and medium vehicle garage enterprises in Arusha City and Moshi Municipality.

(ii)   To establish the relationship between levels of education possessed by ownermanagers and success of small and medium vehicle garage enterprises in Arusha city and Moshi Municipality.

(iii)   To establish factors that influence success of small and medium vehicle garage enterprises in Arusha city and Moshi Municipality.

1.4   Hypotheses

This study was guided by the following null hypotheses:

H_1:   Small and medium vehicle garage enterprises in Arusha city and Moshi Municipality were not achieving significant high levels of success.

H_2:   Levels of education possessed by owner-managers had no significant relationship with success of small and medium vehicle garage enterprises in Arusha city and Moshi Municipality.

H_3:   There were no factors which influenced success of small and medium vehicle garage enterprises in Arusha city and Moshi Municipality significantly.

1.5   Significance of the Study

This study is significant because its findings will add up to the existing body of knowledge on success of SMEs in the country which can be used by academicians and students from

different higher learning institutions. The process of establish factors that influence success of vehicle garage enterprises in Arusha City and Moshi Municipality is in line with the government policy on SMEs Development of 2003 which states that, the national mission is to transform the predominantly agricultural economy to a semi industrialised one (URT, 2003). Establishing and running small and medium vehicle garage enterprises is one way of doing this because it involves modifying and making new spare parts which can grow into industries. Section 35 of the policy has a vision of making the sector vibrant and dynamic. In order to achieve this target, one needs to measure success of the enterprises.

2.   LITERATURE REVIEW

2.1   Definition of Key Terms

2.1.1 Job satisfaction

The definition of nomenclature SMEs is highly variable and contentious (Bendera, 1997). Sometimes, it is referred to as Micro, Small and Medium Enterprises (MSMEs). It covers non-farm economic activities mainly manufacturing, mining, commerce and services. Different countries use various measures of size depending on their level of development. Even within one country, the definition may differ from one sector to another, for example industrial sector, commercial sector and agricultural sector. However, the commonly used yardsticks in defining the term include total number of employees, total value of investments and sales turnover (URT, 2003). In Tanzania, the SMEs policy has given a general definition of the term 'SMEs' (URT, 2003) whereby it is divided into four categories defined as follows:

Micro enterprises are those enterprises which have employees ranging between one and four people and at the same time having capital investment of up to 5 million Tshs; Small enterprises are enterprises that have employees ranging between five and 49 people and at the same time having capital investment of between 5 million Tshs and 200 million Tshs. On the other hand, medium enterprises are those enterprises which have employees ranging from 50 to 99 and at the same time having capital investment of between 200 million Tshs and 800 million Tshs. Large enterprises are enterprises which have more than 99 employees and capital investment of more than 800 million Tshs.

For the purpose of this study, the definition given by the SMEs Policy of 2003 was modified to suit activities of small and medium vehicle garage enterprises in Arusha City and Moshi Municipality. In the modified definition, the number of employees was not included in defining the size of the enterprises because most of the vehicle garage enterprises in the area did not take vehicle repairers as employees per se but rather as apprentices in the sense that they were being trained while working and, therefore, they were not paid salaries but daily lunch allowances. In addition, the size of capital was reduced in order to capture different categories of the vehicle garage enterprises in the study area. In this study, small enterprises were defined as all enterprises that had capital investment of up to 3,000,000 million Tshs while medium enterprises were defined as enterprises that had capital investment of between 3,000,001 and 300,000,000 Tshs. On the other hand, a large enterprise was a business that had capital investment of 300,000,001 Tshs and above. In this definition, the term small enterprise includes micro enterprises.

2.1.2 Business success

There is no single accepted definition of the term 'business success' (Stefanovic et al., 2010). Business dictionary defines the term 'success' as achievement of an action within a specified period of time or within a specified parameter. 'Success' can also mean completing an objective or reaching a goal. The term can be expanded to encompass an entire project or task. It can be

achieved within the workplace, or in an individual's personal life. For example, if an individual's personal goal is to be accepted in a new career, success would occur after the individual has been officially accepted into his or her new place of employment. On the other hand, Olomi (1999) defined small business success in terms of their incidence of business start-up, survival, stability, profitability, financial health and growth. According to this definition, a business is said to be successful if it has managed to conduct business for a reasonable period of time (to be determined by the owner or researcher) and managed to generate profits within that period. According to Jenning and Beaver (1997), it is very difficult to identify success from failure of SMEs. In the simplest way, 'success' can be defined as the company's ability to survive (Stevanovic et al., 2010; Lussier and Pfiefer, 2010). For the purpose of this study, the definition given by Olomi (1999) was subscribed because it carries most of the important indicators of success and it is also directly related to the objectives of establishing SMEs in Tanzania.

2.2   Theoretical Framework

2.2.1   Human capital theory

The influence of highest levels of education possessed by the owner-managers on the success of their vehicle garage enterprises can best be explained by the human capital theory. The theory suggests that education or training raises productivity of the owner-managers by imparting knowledge and skills; hence, raising the future success of the enterprises that they own (Fairlie & Robb, 2007; Robert & Alicia, 2003). Chiliya and Robert (2012), and Thapa (2007) provide an explanation that links investment in training with success of the business. In particular, their theory draws a crucial distinction between general education and enterprise-specific training. Over the past half of a decade, hundreds of studies have been conducted to estimate success of businesses in terms of Rates of Return to Education (RORE). Most of such studies show that formal schooling is a crucial factor in explaining variation in the rate of success among businesses owned by different owner-managers in well developed countries (Cohn & Addison, 1998). Comparative studies have been conducted in some less developed countries, focusing on the investment in formal education (Thapa 2007; Psacharopoulos, 1994).

While some studies (Fairlie and Robb 2007; Robert and Alicia, 2003) suggest that education or training raises productivity of owner-managers and the success of their enterprises, others provide different explanations on how education is related to owner-managers' productivity and, hence, success of their businesses. One is based on the argument that productivity of educated owner-managers simply reflects their superior ability acquired during the process of education, rather than through skills and knowledge. McMullan et al. (2005) argue that education is used as a market signal to indicate the potential productivity of owner-managers. They further maintain that productivity is largely characteristic of jobs rather than of owner-managers. Better educated owner-managers can be trained for specific jobs more quickly and at a lower cost than their less educated peers. Robinson and Sexton (1994) suggest that education enhances an individual's ability to successfully deal with disequilibria in changing economic conditions. Such ability includes that of perceiving a given disequilibrium, analysing information, and reallocating resources to act. Another argument is based on the conditions of production.

Davidson (2002) argues that the level of technical education possessed by an owner-manager is also a major factor in successfully starting and managing a small business. He further noted that organization of production, such as the extent of discretion, participation in decision-making, responsibility sharing, and information available to owner-managers, all affect their ability to act. Levin and Kelley (1994) suggest that education can improve productivity and, hence, the success of a business only if complementary inputs exist, which include training,

contract terms, and management practices. The above discussion suggests that there is direct relationship between education possessed by owner-managers and the success of their enterprises.

2.3   Empirical literature review

2.3.1   Measures of Business Success

The selection of success measures that reflect the true situation of small businesses with some degree of certainty and reliability is indeed a crucial process (Murphy et al., 1996). The lack of universally-accepted standard success measures left the door open to business organizations to decide and choose their own success measures that might not truly reflect their success. Such measures include, but not limited to,: market share, sales volume, company reputation, Return on Investment (ROI), profitability, and established corporate identity. Most of these measures are common to large corporations in developed countries of Western Europe and North America. It is important, therefore, to test whether the same measures are also applicable to SMEs in developing countries including Tanzania. Business success has traditionally been measured by financial success (Howard, 2006; Simpson et al., 2004; Walker and Brown, 2004; Getz and Carlsen, 2000) and the growth of the business in terms of revenue. However, other studies have found that there are other factors that owner-managers use to assess the success of their business. Simpson et al. (2004) argued for the use of the owner-managers' perceptions as a more meaningful measure of success for owner-managers.

Among the factors of success used by owner-managers are: a sense of achievement (Simpson et al., 2004), a sense of pride (Getz and Carlsen, 2000), being own boss (Walker and Brown, 2004), contributing to the welfare of the community (Niehm et al., 2008), customers' and clients' satisfaction (Reijonen, 2008; Reijonen and Komppula, 2007), earning a living (Reijonen, 2008), having quality products (Reijonen, 2008), lifestyle (Reijonen, 2008; Walker & Brown, 2004; Getz and Carlsen, 2000) and staff satisfaction (Simpson et al., 2004).

As many of these measures of success are ambiguous, it is difficult to compare data between different studies. This study, therefore, decided to use a measure of profitability, ROI to measure success of small and medium vehicle garages in Arusha City and Moshi Municipality because it is objective, it can easily be computed by any one and it fulfils the need and objective of doing any kind of business.

2.3.2   Relationship between levels education of owner-managers and success of Enterprises

Education has always been regarded as an important factor that influences growth of business (Kasseeah, 2012). Wanigasekara and Surangi (2011) found that there is a direct relationship between education possessed by owner-managers and their businesses. Most studies have been carried out to establish the relationship between education and business success at macro level (Hanusheck & Wessman, 2008; Barro & Sala-i-Martin, 2004). However, it is also important to establish the relationship between education of owner-managers and success of their SMEs particularly in developing countries including Tanzania. Encouraging small and medium-sized businesses and entrepreneurship in general has been at the forefront of the economic agenda in many countries given the huge success stories reported in different enterprises which include among others Apple, Google and Face book. The literature has found that there is a relationship between the owner-manager's education and a firm's success (Va der Sluis et al., 2007). Education also leads to awareness of few new technologies which is important for development of industrial capabilities especially for the developing countries. Harshana (2012), who carried a study to examine the effects of levels of education of owner-

managers on the success of small and medium-sized enterprises in Mauritius, found that there were direct relationships between education and the success of SMEs. He noted that more highly educated owner-managers seemed to perform better even after controlling for age, experience and employment level.

Stevens and Weale (2003) found that an extra year in education increased earnings of white male workers by around 7%. A wide range of econometric studies indicate that the incomes individuals can earn depend on their levels of education (Psacharospoulos, 1994). He provided an international survey of rates of return to education over 78 countries and found that the social returns decrease with the amount of education received by individuals and also that they decrease with the income of the country concerned (Stevens & Weale, 2003). Mincer (1994) found that investments in human capital respond positively to profit. The evidence that human capital increases productivity is compelling, though still largely divided on whether the stock of education affects the long-run level of the growth rate of GDP. A one year increase in average education is found to raise the level of output per capita by between 3% and 6% according to augmented neo-classical specifications, while leading to an over 1% point faster growth according to estimates from new-growth theories (Sianesi & Van Reenen, 2003). The increased impact at different levels of education appears to depend on the level of a country's development, with tertiary education being the most important for growth in OECD countries (Stevens & Weale, 2003). Education is found to yield additional indirect benefits to growth. However, due to geographical variations, culture and other factors that enable someone to acquire education, there is a need of carrying more studies in different parts of the world in order to establish the relationship between education of owner-managers and success of their business enterprises.

2.3.3   Factors that influence success of SMEs

As explained in the introduction, the success of SMEs in developing countries and Tanzania in particular is low; hence, there is a need of establishing factors that contribute critically to the success and failure of SMEs. Experience and knowledge of the local market play a great role in the success of SMEs (Hussain & Windsperger, 2010). Benzing et al. (2009) categorised factors contributing to success of small businesses into psychological and personal skills, management skills training, and external environment. Stefanovic et al. (2010) and Frese et al. (2010) described urge of independence, innovativeness, attitude towards risk and a competitive nature as a psychological attribute relating to success. Managerial skills comprise of ability to manage workforce and managing accounts. Environmental conditions consist of sufficient governmental support, access to capital and support of family and friends (Benzing et al., 2009). Other factors of success for organizations include: owner-manager's previous experience, interpersonal skills, access to capital, innovativeness of the owner-managers, and hard work (Pratt, 2010; Chu et al., 2007; Coy et al., 2007; Benzing et al., 2005; Dischesneau & Gartner, 1990). Financial management skill is another important factor that contributes to the success of a business (Ayotte, 2007; Gartner et al., 1999).

It involves management of the finances in order to achieve the financial objectives of the organization (Whonder-Arthur, 2009). Osteryoung et al. (1997) reported that poor or lack of financial management skills among some of the owner-managers of SMEs is the main cause of financial problems in those firms. On another incidence, Hall and Young (1993) revealed that out of 300 SMEs that were liquidated voluntarily in the UK, 86.6% were caused by failure in financial management. It was further found that there was a positive correlation between poor financial management (including basic accounting) and SMEs' failure rates (Peacock, 1985). MacMahon et al. (1993) observed that, since owner-managers of SMEs deal with every aspect of the business, it would be wise to have a grasp of the principles of financial management skills of the organization and to be actively involved in applying them to their own situation. However,

it is not yet known whether levels of financial management skills possessed by entrepreneurs, have influence on success of their SMEs in Tanzania. There is a need, therefore, of testing whether levels of financial management skills possessed by owner-managers have influence on the success of vehicle garage enterprises in Arusha City and Moshi Municipality.

According to Minniti et al. (2005), age of the entrepreneur is another factor that influences success of SMEs. They found that age was strongly and positively correlated with work experience, fostering the development of entrepreneurial skills until diminishing effort associated with old age set in. In the USA, for example, the optimal age for starting a business was found to be between 22 and 45 years (Rwigema and Venter, 2004). Starting too early may mean limited abilities, with the period before 22 years given to training, education and work experience. Starting too late may mean lack of energy and resilience of youth that the business needs (Ucbasaran et al., 2004).

Successful entrepreneurs have the optimism and energy of youth and experience that comes with age (Bygrave, 1997). In a similar study, Reynolds et al. (2000) found that entrepreneurs in the age interval of 25 – 44 years achieved the highest success in their SMEs. Sinha (1996) reported that successful 13 businesses in India were owned by relatively younger entrepreneurs. In Indonesia, Kristiansen et al. (2003) found a significant correlation between ages of the entrepreneurs and business success. They also found that older owner-managers (those who were more than 25 years old) were more successful than the younger owners. Khalid et al. (2003), who investigated success of SMEs in terms of growth, found a strong positive correlation between ages of the owners and the success of the SMEs. In Tanzania, ILO (2003) carried a study to investigate factors affecting success of women entrepreneurs and found that in some of the SMEs, there were positive relationships between age of the entrepreneurs and the success of the firms. In some of the SMEs, age of entrepreneurs was negatively correlated to success of the firms, while in others, there was no relationship between age of entrepreneurs and the success of the firms. From the reviewed literature in this part, the relationship between age of entrepreneurs and the SMEs' success is still an unsettled issue that needs further investigation. Several factors that are considered to have influence on the success of business enterprises from different parts of the world have been discussed in this section. However, for the purpose of this study, only few factors that were found to be relevant to the vehicle garage enterprises in Arusha City and Moshi Municipality were tested. These factors are summarized in the conceptual framework diagram (Figure.1) as explained in the next section.

2.4   Conceptual Framework of the Study

The conceptual framework (Figure.1) shows the relationship between predictor (independent) variables that are presented in boxes A and B and criterion (independent) variable presented in box C. In short, the variables in the two boxes A and B contain variables that influence the criterion variable in box C. In total, therefore, there are six predictor variables that are considered to influence criterion variable success of the vehicle garage enterprises in the study area. These are: levels of accessibility to credit, highest levels of education possessed by the owner-managers, levels of innovation achieved in the vehicle garages, levels of financial management skills possessed by the owner-managers, levels of business management skills possessed by the owner-managers, and age groups of the owner-managers. It further shows that levels of education possessed by the owner-managers have influence on the other factors of success except age groups of the owner-managers.

A		B	C
A Highest levels of education possessed by owner-managers	**B**	**Factors influencing business success** Levels of accessibility to credit Levels of innovation by owners Levels of nancial mgt skills Levels of business mgt skills	**C** Success of vehicle garage enterprises

Source: Constructed from the literature Fig. 1: Conceptual Framework

For example, levels of education possessed by owner-managers enable them to prepare and keep proper financial reports that are required by banks when applying for credit. Higher levels of education enable owner-managers to acquire higher skills that are necessary for innovation. Furthermore, levels of education possessed by owner-managers are expected to enable them to acquire higher levels of financial management skills and business management skills.

However, highest levels of education possessed by the owner-managers have no influence on age groups of owner-managers. On the other hand, age groups of owner-managers have influence on success of the vehicle garage enterprises. Therefore, in total six predictor variables are considered to have influence on criterion variable success of the vehicle garages.

3.   METHODOLOGY

3.1   Study Areas

The study was carried out in Arusha City and Moshi Municipality. The two areas were selected purposely because they have higher concentration of vehicle garages compared to most of the other areas in the country. In addition, the two areas are popular for making modification of used spare parts and also for selling used spear parts. This fact enabled the researcher to get rich experience on how they managed their enterprises.

3.2   Research Design

The study used a cross-sectional research design. This was done by collecting data once because it uses data from a large number of subjects; it can also include data on attitudes and behaviours of the respondents; it generates hypotheses for future researches and it reduces cost and it can also save time (Saunders et al., 2000).

3.3   Sampling Techniques

Sampling procedures involved two-stages sampling technique whereby the first stage was used to select geographical location while the second stage was used to select vehicle garage enterprises and the main respondents. Arusha City and Moshi Municipality were selected purposely from the 13 districts of Arusha and Kilimanjaro Regions because vehicle garage enterprises were more concentrated in the City and the Municipality compared with the rest of the districts. In addition, Themi Division was selected purposely from Arusha City while both Moshi East and Moshi West Divisions were selected purposely from Moshi Municipality because of high presence of the vehicle garage enterprises. Three wards from Themi Division in Arusha City namely Unga limited, Daraja mbili, and Themi were selected purposely because

they had higher concentration of the vehicle garage enterprises. On the other hand, Majengo, Mawenzi, and Kiusa Wards from Moshi East Division and Korongoni Ward from Moshi West Division were selected purposely from Moshi Municipality for the same reason. Simple random sampling technique was applied in selecting vehicle garage enterprises as they had similar characteristics. A total of 245 vehicle garage enterprises were selected (Table 1) by using the formula that was developed by Yamane (1967) whereby 93 were from Arusha City while 152 were from Moshi Municipality (equation no.1). This size was considered appropriate for analyzing the data because a sample size which is between 200 and 500 is suitable for rigorous statistical analysis (Hair et al., 2006).

$$n = N / [1 + N(e)^2]$$

....i

Whereby

n = sample size

N= population

e = the level of precision

For all the vehicle garage enterprises that were surveyed, their owner-managers were selected purposely because of their positions in management of the enterprises. This means that the sample size consisted of 245 owner-managers of the garage enterprises. In addition, 20 key informants were also selected purposively due to their positions.

Table 1: Distribution of geographical area and vehicle garage enterprises

Geographical division/Wards	Arusha city		Moshi Municipality			
	No. available	Selected	No. available	Selected	Total available	Total selected
Districts	6	1	7	1	13	2
Divisions	3	1	2	2	5	3
Wards	19	3	81	3	40	7
Garage enterprises	232	93	381	152	613	245

3.3.1 Distribution of interviewees in terms of their numbers and position

There were two main categories of interviewees; i.e. owner-managers (main respondents) of the vehicle garage enterprises and key informant interviewees. Key informant interviewees included: four customers of the vehicle garage enterprises (whereby two were from Arusha City while the remaining two were from Moshi Municipality); four vehicle garage repairers

(whereby two were from Arusha City while the other two from Moshi Municipality; four officials from SIDO (whereby two were from Arusha Regional office while the other two were from Kilimanjaro Regional office); four officials from banking institutions whereby two were from CRDB bank while the other two were from Kilimanjaro Co-operative Bank (KCB); four officials from microfinance institutions, whereby two were from PRIDE and two from SEDA. In total there were 265 interviewees whereby 245 were owners of the vehicle garage enterprises while 20 were key informant interviewees.

These limitations were overcome through the triangulation method. In addition to this, a few human resource officers were also consulted. Other methods used to verify the validity of the information provided by individual respondents were focus group discussions and key informant interviews.

3.4 Methods of Collecting Data

3.4.1 Structured interviews

Structured and unstructured interviews were conducted with owner-managers of the vehicle garage enterprises. The aims of the interviews were: to solicit information concerning: levels of success of the vehicle garage enterprises in the study area; relationship between levels of education possessed by owner-managers on success of the vehicle garage enterprises; and factors that influence the success of vehicle garage enterprises.

3.4.2 Key informant interviews

List of questions were compiled and asked to the key informants of the vehicle garage enterprises. The aim of the interview was to clarify and complement information given by owner-managers of the vehicle garage enterprises. In this case, the key informants were asked to give their general opinions about: success of vehicle garage enterprises; the influence of credit on success of the vehicle garage enterprises; and factors that influence success of the vehicle garage enterprises in the study area.

3.4.3 Documentary review

Documentary reviews were used to collect secondary data from different sources which include: National Co-operative Library and Archives (NCLA) of the then Moshi University College of Cooperative and Business Studies (MUCCoBS); Ministry of Industries, Trade and Marketing; CRDB Bank (both Arusha and Moshi branches); Microfinance institutions (PRIDE and SEDA operating in Arusha City and Moshi Municipality); SIDO Regional offices of Arusha and Kilimanjaro Regions; and through the internet. In addition, several reports, publications and policies were also reviewed.

3.5 Data Management and Analysis

3.5.1 Data processing

Data collected from owner-managers of the vehicle garage enterprises were first coded and then entered in Statistical Package for Social Sciences (SPSS) software. Computational data for garage revenues, operating costs and profitability were first processed using excel software before entering the results in the SPSS software.

3.5.2 Method of data analysis

Primary data which were collected from owner-managers of the vehicle garage enterprises were analyzed by using different statistical tools and methods depending on their types and information that were being solicited from the data. These tools include: tables, correlation, and

percentages. Statistical tests that were used to test significance of associations or correlations were Pearson Chi-Square test; Pearson correlation coefficient r; and Samples t-test. Both quantitative and qualitative techniques were applied in analyzing primary data.

(i)   Analysis of levels of success for the vehicle garage enterprises

In assessing the success of the vehicle garage enterprises, Return on Investment (ROI) was used as indicator of success. ROI was found to be the best indicator for measuring success of small and medium vehicle garage enterprises in the study area because it is objective and it uses data that can easily be computed. In this case, annual revenues and costs for each of the surveyed vehicle garage enterprises for the year 2011 were estimated by asking owner-managers different common activities that were carried out in their garages for that year, labour charges for each activity and variable costs for each enterprise for the year. In addition, total capital investments in each surveyed garage were computed by asking owner- managers cost of each asset in their garages. Excel software was used to compute gross profit margin, total revenue, total variable costs and ROI for each of the surveyed garage enterprises before entering the results in SPSS software for further analysis. After entering the ROI in the SPSS for each vehicle garage enterprise, analysis were thereafter carried out automatically using the SPSS software. The following formulae were used to compute ROI:

Gross profit margin = (Total revenue) – (Total variable costs)..................(ii)

ROI = Gross profit margin/Total capital investments...............................(iii)

Literature does not provide any universally-accepted standard or yardstick of differentiating between low level of success and high level of success (Alasadi & Abdelrahim, 2007; Luk, 1996). What is good or poor success is, therefore, left to owner-managers and researchers to determine depending on the success indicators being used and whether the desired goals hae been achieved. In that respect therefore, success of all the vehicle garages that were surveyed were measured and expressed in percentages of ROI using formula (iii) above. Thereafter, levels of success for all garages were grouped into three categories of low, moderate and high in order to simplify comparisons. In those categories, any level of success below 50% was considered to be low as it was below half. On the other hand, any level of success above 75% was considered to be high as it was above three-quarters. In the same spirit, any level of success between 50% and 75% was considered to be moderate because it was above low levels but also below high levels of success. This technique of measuring success of SMEs in stages had also been applied by other previous studies such as Hanks et al. (1993) which measured success of high technology SMEs in terms of revenue growth in the USA.

(ii)   Analysis of data on factors that influenced performance of garage enterprises

Analysis of data on factors that influenced success of the vehicle garage enterprises involved a group of six predictor variables which were reviewed in chapter two and summarized in the conceptual framework (Figure 1). The variables were: levels of credit accessed by owner-managers; highest levels of education possessed by owner-managers; levels of innovation possessed by owner-managers; levels of financial management skills possessed by owner-managers; levels of business management skills possessed by owner-managers; and age groups of owner-managers.

Different variables were selected to measure each of these factors and assigned numerical values. For example, levels of innovation were measured by using three variables as follows: providing a customer care service was assigned numerical value = 1; making modification of used spare parts was assigned numerical value = 2; and making new spare parts was assigned numerical value = 3. As it can be seen from above, each of these variables was assigned

numerical value depending on the extent of its contribution in innovation of the vehicle garage enterprises. Thereafter, total score values were computed and changed into percentages as follows: 1 + 2 + 3 = 6. If, for example, a vehicle garage enterprise used to make modification of used spare parts and provided customer care services it scored 1 + 2 = 3; 3∕6 *100 = 50% level of innovation. Thereafter, the scores for all vehicle garage enterprises were entered into the SPSS software which produced levels of innovation for all enterprises automatically.

The same procedure was applied in computing levels of credit available to owner-managers; levels of financial management skills possessed by owner-managers; highest levels of education possessed by owner-managers; levels of business management skills possessed by owner-managers; and age group of owner-managers. The six predictor variables were correlated with criterion variable success. Those which were found to have probability values which were equal or less than 0.05 were significantly correlated with the criterion variable and hence they influenced success. On the other hand, those which had probability values which were more than 0.05 were not significantly correlated with the criterion variable and consequently they did not have influence on success.

4.   RESULTS AND DISCUSSION

4.1   Assessment of Success for the Vehicle Garage Enterprises

In order to assess whether vehicle garage enterprises in the study area were experiencing low, moderate or high levels of success, equation number (iii) was used to measure the success in order to prove the null hypothesis number one which states that small and medium vehicle garage enterprises in Arusha City and Moshi Municipality did not achieve significant high levels of success. A frequency distribution table to show different levels of success achieved by different vehicle garages were produced (Table 2).

Table 2: Owner-managers (n=245) according to success of the vehicle garage enterprises

Levels of success of ownermanagers	(n = 245)	Percent (%)
Low levels of success	179	73.0
Moderate levels of success	35	14.3
High levels of success	31	12.7

Out of all owner-managers who were interviewed, 73.0% had vehicle garage enterprises that experienced low levels of success; 14.3% had vehicle garage enterprises that achieved moderate levels of success; and 12.7% had vehicle garage enterprises that achieved high levels of success. Results of this analysis show that about three-quarters of the vehicle garage enterprises in the study area experienced low levels of success while only about one eighth achieved high levels of success. This implies that the majority (73%) of the vehicle garage enterprises in the study area experienced low levels of success.

According to the functional definition used in this study, small vehicle garage enterprises had capital investment of up to Tshs 3,000,000, hence ROI of 50% means (50% * 3,000,000) which implies that owner-managers of small vehicle garage enterprises that experienced low levels of success were getting profits of Tshs 1,500,000 per year. This was equivalent to income of Tshs 125,000 per month which was about the same as the minimum wage in the country which was equal to Tshs 135,000 per month in 2011. Therefore, small size vehicle garage

enterprises that were getting less than 50% of ROI could not be used as reliable source of generating income to owner-managers because they were earning less than minimum wage in the country and therefore could not sustain their lives.

However, if their levels of success could be improved from low levels to high levels they could produce incomes of more than 187,500 per month [i.e. (75% * 3,000,000)/12] and, therefore, be used as reliable source of income to their owner-managers. In addition, if owner-managers would increase sizes of their vehicle garage enterprises from small to medium and large, they could be able to generate large amounts of profits and consequently become reliable source of income. For example, a medium vehicle garage enterprise having value of Tshs 300,000,000 that achieved high level of success would produce income of more than Tshs 18,750,000 per month [(i.e. 75% * 300,000,000)/12]. In other words, owner-managers of the vehicle garage enterprises need to invest in their enterprises in terms of equipment and other investments in order to be able to increase their ROI, provide quality services and, consequently, attract more customers. Owner-managers who do not invest in equipment cannot be able to attract many customers since customers wish to take their vehicles for repair in garage enterprises that provide quality services and enough security for their vehicles. Further discussion between the researcher and key informants revealed that government and big organizations for example, were not ready to take their vehicles for repair in garage enterprises that were not officially registered. This means that vehicle garage enterprises that were well built and officially registered attracted more customers irrespective of the higher labour charges that they demanded compared with other garages. Investment in equipments in the vehicle garage enterprises is a continuous process due to the fact that technology in making vehicles is also changing continuously. In order to compare levels of success achieved by the vehicle garage enterprises between Arusha City and Moshi Municipality, a cross tabulation of levels of success for the vehicle garage enterprises against the area where they were located was produced (Table 3).

Table 3: Owner-managers (n = 245) according to success of their vehicle garages in the two areas

Owner-managers according to success of garages	Location		
	Arusha (n = 93)	Moshi (n = 152)	All
Low levels of success	69.9	75.0	73.1
Moderate levels of success	11.8	15.8	14.2
High levels of success	18.3	9.2	12.7

Lack of a significant difference between levels of success of the vehicle garage enterprises in Arusha City and Moshi Municipality was accounted by the fact that ethnic groups which dominated in the vehicle garage enterprises in the two areas were the same that is, the Chagga and Pare.

This section has fulfilled the need of both the study objective and null hypothesis number one. The section has established that the majority of the vehicle garage enterprises achieved high levels of success. In this case the null hypothesis number one which states that small and

medium vehicle garage enterprises in Arusha City and Moshi Municipality were not achieving high levels of success was therefore accepted.

Table 4: Independent samples t-test

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
		F	Sig.	t	df	Sig.	Mean Differ ence	Std. Error Differ ence	95% Confidence Interval of the Difference	
Levels of garage success	Equal varances assumed	10.133	0.002	1.536	243	0.126	0.142	0.092	-0.040	0.324
	Equal variances not assumed			1.462	165.150	0.146	0.142	0.097	-0.050	0.333

4.3   Factors that Influenced Success of Vehicle Garage Enterprises in the Study Area

Six predictor variables which were considered to have relationship with vehicle garage enterprises were selected and correlated with the criterion variable in order to establish relationship of each one with the criterion variable success (Table 7). These predictor variables were: levels of credit accessed by the owner-managers, levels of financial management skills possessed by the owner-managers, levels of education possessed by the owner-managers, levels of innovation possessed by the owner-managers, levels of business management skills possessed by the owner-managers, and age groups of the owner-managers.

Table 5: Owner-managers (n = 245) according to their levels of education and success of garages

| | Levels of success | | | |
Maximum levels of education possessed by owner-managers	Low (n = 179)	Moderate (n = 35)	High (n = 31)	All (n = 245)
No formal education	6.7	0.0	0.0	4.9
Primary school	64.2	45.7	6.5	54.3
O'level certificate of sec. school	22.3	20.0	6.5	20.0
A''level certificate sec. school	2.2	11.4	19.4	5.7
Certificate level	2.2	0.0	3.2	2.0
Diploma level	1.7	8.6	35.5	6.9
Advanced Diploma course (ADC)/Bachelor's degree and above	0.6	14.3	29.0	6.1
Pearson's correlation coefficient (r)	Value 0.446		Approx. Sig. 0.0005	

This correlation was tested using Pearson correlation coefficient r which gave r = 0.446 and a probability (p = 0.0005) which was highly significant. This finding was consistent with the findings of other previous studies (Kasseeah, 2012; Collins and Clark 2003; Timtime, 2002; Hisrich, et al., 1997; Learner et al., 1997; Trulsson, 1997; Rutashobya, 1995; REDP, 1995; Storey, 1994) which found that highest education possessed by owner-managers had positive relationship with success of their enterprises. From these results, null hypothesis number two which stated that levels of education possessed by owner-managers had no significant relationship with success of their vehicle garage enterprises in Arusha City and Moshi Municipality was rejected as not true. From this finding, it implies that one way of increasing success of the vehicle garage enterprises in the study area was by increasing levels of education of owner-managers.

Further discussion with the key informants revealed that most of the apprentices who were joining vehicle garage works in the study area were those who did not get chances to continue with secondary school or college education due to various reasons including lack of fees and qualifications. They noted that the best way of increasing their levels of education was through VETA where they could be given tailor-made training programmes in different areas like entrepreneurship development and technical education such as MV mechanics and electronics. This is because they were managing their families and they also had other commitments and, hence, they could not afford to be out of their jobs for so long. SIDO which is recognised by the SMEs Policy of 2003 as arm of the government in promoting SMEs could collaborate with VETA to design tailor-made programmes for owner-managers according to their levels of education.

4.2.1 Comparison of levels of education possessed by owners in the two areas

Comparison between levels of education possessed by owner-managers from the two study areas shows that Arusha City had: 10.8% of owner-managers who possessed diploma compared with 4.6% for Moshi Municipality; 5.4% of owner-managers who possessed certificates compared with 0.0% for Moshi Municipality; 8.6% of owner-managers who possessed advanced certificate of secondary school education compared with 3.9% for Moshi Municipality; and 37.6% of owner-managers who possessed ordinary level certificate of secondary school education compared with 9.2% for Moshi Municipality (Table 6). This analysis shows that, in general, there were larger percentages of owner-managers who possessed higher levels of education in Arusha City compared with Moshi Municipality. The results were tested for significance using independent samples t-test and found to have t-value = 3.281 with 243 degrees of freedom and a probability (p = 0.001) which was highly significant. From these results, it can be said that owner-managers from Arusha City possessed statistically significant higher levels of education compared with owner-managers from Moshi Municipality. The possible reason for this result is because Arusha is a tourist attraction City having big local and international organizations. In order for owner-managers to be successfully and be able to attract customers from those organizations, one needs to possess high levels of education. This section has fulfilled the need of both the study objective and null hypothesis number two. It has further established that levels of education possessed by owner-managers in the study areas had a relationship with success of their vehicle garage enterprises. In view of the above observation, the null hypothesis number two was rejected.

Table 6: Owner-managers (n = 245) according to their levels of education in the two areas

Maximum levels of education possessed by owner-managers	Arusha (n = 93)	Moshi (n = 152)	All (n = 245)
No formal education	6.5	3.9	4.9
Primary school education	26.9	71.1	54.3
O'level certificate of sec. school	37.6	9.2	20.0
A'level certificate of sec. school	8.6	3.9	5.7
Certificate education	5.4	0.0	2.0
Diploma level	10.8	4.6	6.9
ADC/Bachelor's degree and above	4.3	7.2	6.1
Independent samples t-test	t-value	df 243	Sig. (2-tailed)
	3.281		0.001

4.3   Factors that Influenced Success of Vehicle Garage Enterprises in the Study Area

Six predictor variables which were considered to have relationship with vehicle garage enterprises were selected and correlated with the criterion variable in order to establish relationship of each one with the criterion variable success (Table 7). These predictor variables were: levels of credit accessed by the owner-managers; levels of financial management skills possessed by the ownermanagers; levels of education possessed by the owner-managers; levels of innovation possessed by the owner-managers; levels of business management skills possessed by the ownermanagers; and age groups of the owner-managers.

Table 7: Correlations of the predictor variables with criterion variable success

		LC	LSG	AGR	LIN	LBMS	LFMS	HLED
LC	Pearson's r							
	Sig. (2-tailed)							
	N	245						
LSG	Pearson's r	0.596**						
	Sig. (2-tailed)	0.000						
	N	245	245					
AGR	Pearson's r	0.061	-0.071					
	Sig. (2-tailed)	0.341	0.270					
	N	245	245	245				
LIN	Pearson's r	0.331**	0.401**	0.010				
	Sig. (2-tailed)	0.000	0.000	0.882				
	N	245	245	245	245			
LBMS	Pearson's r	0.035	0.012	0.013	0.243**			
	Sig. (2-tailed)	0.583	0.852	0.839	0.000			
	N	245	245	245	245	245		
LFMS	Pearson's r	-0.089	-0.416**	0.178**	-0.173*	-0.059		
	Sig. (2-tailed)	0.163	0.000	0.005	0.007	0.358		
	N	245	245	245	245	245	245	
HLED	Pearson's r	0.349**	0.446**	0.111	0.049	-0.048	-0.031	
	Sig. (2-tailed)	0.000	0.000	0.082	0.445	0.454	0.626	
	N	245	245	245	245	245	245	245

Key:

LC = Levels of credit accessibility by owners

LSG = Levels of success in each vehicle garage enterprise

AGR = Age group of owners of vehicle garage enterprises

LIN = Levels of innovation possessed by owners

LBS = Levels of business management skills possessed by owners

LFM = Levels of financial management skills possessed by owners

HLED = Highest levels of education possessed by owners

Results of the correlation between each predictor variable and criterion variable success revealed the following relationship: Accessibility to credit had r = 0.596 and p = 0.0005; age groups of owner-managers had r = -0.071 and p = 0.270; levels of innovation possessed by owner-managers had r = 0.401 and p = 0.0005; levels of business management skills possessed by owner-managers had r = 0.012 and p = 0.852; levels of financial management skills possessed by owner-managers had r = -0.416 and p = 0.0005; highest levels of education possessed by owner-managers had r = 0.446 and p = 0.0005. From these results four predictor variables which had probability values which were equal to or less than 0.05 (p 0.05) were considered to have significant influence on the criterion variable. These were: levels of credit accessed by the owner-managers; levels of financial management skills possessed by the owner-managers; highest levels of education possessed by the owner-managers; and levels of innovation possessed by the owner-managers.

On the other hand, levels of business management skills possessed by the owner-managers and age groups of the owner-managers had no significant influence on success of the vehicle garage enterprises because they had probability values which were more than 0.05 (p 0.05). The four predictor variables that were found to have influence on the criterion variable with the exception of levels of financial management skills possessed by the owner-managers had direct positive influence on success. On the other hand, levels of financial management skills possessed by the owner-managers influenced the criterion variable inversely. This result is contrary to the findings of other previous studies (Ayotte, 2007; Gartner et al., 1999) which found that levels of financial management skills possessed by entrepreneurs influenced success of their enterprises positively. The inverse relationship suggests that as the owner-managers were acquiring more skills in financial management, they did not continue to invest in their vehicle garage enterprises but rather invest the money in other more profitable projects. However, this need further studies in order to establish the actual cause of this inverse relationship.

The analysis further shows that there was no any pair among the predictor variables that exhibited multicollinearity. This is because in all the pairs, r was found to be less than 0.60. According to Steven (2002), multi-colinearity exists if there exists high inter correlations among predictor variables. Test by using co-linearity diagnostic from the SPSS software (Table 8) also revealed that there was no any pair which exhibited multicollinearity because values of Variable Inflation Factors (VIF) were all less than 10 and also all values of tolerance were greater than 0.1. According to Malik et al. (2007) multi-collinearity exists when values of VIF are very large (greater than 10) or when values of tolerance are very small (less than 0.1).

Table 8: Tolerance and VIF diagnostic for testing multicollinearity

Predictor variables	Collinearity Statistics	
	Tolerance	VIF
Levels of credit available to owner-managers	0.777	1.287
Levels of financial management skills possessed by owner-managers	0.934	1.070
Highest levels of education possessed by ownermanagers	0.862	1.160
Levels of innovation possessed by the ownermanagers	0.816	1.226
Levels of business management skills possessed by owner-managers	0.935	1.069
Age groups of owner-managers	0.952	1.050

It was found from the study that all the four predictor variables that were found to have influence on criterion variable success were moderately correlated (0.40 r 0.69) with it. According to Cohen and Holliday (1992), Pearson correlation coefficient, regardless of its sign is interpreted as very low if r 0.19; low if r is between 0.20 -0.39; moderate if r is between 0.40 – 0.69; high if r is between 0.70 – 0.89 and very high if r is between 0.90 – 1.00).

Table 9: Strength of correlation of predictor variables on criterion variable success

Predictor variables	Magnitude and signs coefficient r	Significance (2- tailed)
Levels of credit accessed by owner-managers	0.596	0.0005
Highest levels of education possessed by ownermanagers	0.446	0.0005
Levels of innovation possessed by ownermanagers	0.401	0.0005
Level of financial management skills possessed by owners	- 0.416	0.0005
Levels of business management skills possessed by owners	0.012	0.852
Age groups of owner-managers	- 0.071	0.270

Results from Table 9 show that all the four predictor variables listed in the first four rows influenced the criterion variable success significantly but with different strengths in descending order. That is, while levels of credit accessed by the owner-managers had the largest strength (r = 0.596) of influence on success, on the other hand levels of financial management skills possessed by the owner-managers had the smallest strength (r = -0.416) among the four significant variables. This implies that, if one wants to increase levels of success of the vehicle garage enterprises, the first predictor variable to increase should be levels of credit accessed by the owner-managers while the last predictor variable to increase should be levels of financial management skills possessed by the owner-managers.

4.3.1   Influence of predictor variables on criterion variable by coefficients R and R^2

The model summary (Table 10) explains the regression coefficient R and the coefficient of determination R^2. In other words, they explain how well the model was explaining the criterion variable by using the predictor variables. In this particular study, the regression coefficient R and the coefficient of determination R^2 used are shown at the model number four in which was R = 0.765 while the coefficient of determination R^2 = 0.586. As it can be seen from Table 10, at each stage of the model, the regression coefficient was improved as predictor variables were entered in the model. For example, in the first stage of the model R = 0.596; in the second stage R = 0.699; in the third stage R = 0.743; and in the fourth stage R = 0.765. In the same way, the coefficient of determination was also improved. In the first stage of the model R^2 = 0.355; in the second stage R^2 = 0.488; in the third stage R^2 = 0.553; and in the fourth stage R^2 = 0.586. The values of R = 0.765 and R^2 = 0.586 which were used in this regression show that the four predictor variables explained better the criterion variable success of the vehicle garage enterprises.

Table 10: Influence of predictor variables on criterion variables using R and R^2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.596 (a)	0.355	0.353	0.566
2	2 0.699 (b)	b) 0.488	0.484	0.505
3	3 0.743 (c)	0.553	0.547	0.473
4	0.765 (d)	0.586	0.579	0.456

This is because as the values of R and R^2 approached one, the strength of influence between predictor variables and criterion variable also increased. In this case, the two values were all above half; hence, the model explained well the relationship between predictor variables and criterion variable. In other words, the predictor variables and the criterion variable were strongly correlated. This implies that the predictor variables influenced the criterion variable success strongly. From these results the null hypothesis number three which states that the proposed factors did not influence success of small and medium vehicle garage enterprises in Arusha City and Moshi Municipality is, therefore, rejected.

5.   CONCLUSION AND RECOMMENDATIONS

5.1   Conclusion

Basing on the analysis made in chapter four the following conclusions are made:

Seventy three percent of the vehicle garage enterprises in the study experienced low levels of success. This implies that they could not be used as reliable sources of generating incomes to the owner-managers at their current status. However, if levels of success in their garages were increased to moderate and high levels, then they could produce more incomes and, hence, be used as reliable source of generating incomes to their owner-managers.

The highest levels of education possessed by the owner-managers were significantly correlated with the success of the vehicle garage enterprises. Furthermore, owner-managers from Arusha City possessed higher levels of education compared with their counter parts from Moshi Municipality. That success of the vehicle garage enterprises in the study area was influenced by the following factors in descending order of their magnitude: levels of credit accessed by the owner-managers; highest levels of education possessed by the owner-managers; and levels of financial management skills possessed by the owner-managers.

While success of the vehicle garage enterprises was positively influenced by levels of credit possessed by owner-managers; highest levels of education possessed by owner-managers; and levels of innovation possessed by owner-managers, on the other hand, it was negatively influenced by levels of financial management skills possessed by the owner-managers.

5.2   Recommendations

Owner-managers are advised to increase levels of success for their vehicle garage enterprises from low levels to moderate and high levels in order to make them reliable sources of generating incomes. Furthermore, owner-managers in the study area are advised to improve factors that influence success of their vehicle garage enterprises positively. For maximum impact, they are advised to start by increasing accessibility to credit, then highest levels of education that they possess and finally increase levels of innovation.

5.3   Policy implications

5.3.1   Government to provide tailor-made training programmes to owner-managers

Education of owner-managers was found to have direct influence on success of the vehicle garage enterprises in the study area. Section 47 of the SME policy of 2003 provides that the Government will enhance capacity of institutions which provide business training to SMEs by embarking on capacity building of business training institutions and facilitate tailor-made business training programmes for start-ups and for strengthening existing businesses. The Government through Arusha City Council and Moshi Municipal Council could use VETA, SIDO and other training institutions to design tailor made courses that will be taught to owner-managers on causes of low levels of success in their vehicle garage enterprises. These courses could also include factors that are necessary for success of the vehicle garage enterprises.

5.4   Area for further studies

The study found that levels of financial management skills possessed by the owner-managers were inversely proportional to the success of the vehicle garage enterprises. This is contrary to the findings of other previous studies which found that levels of financial management skills possessed by entrepreneurs influenced success of their businesses positively. There is, therefore, a need of conducting further studies in this area in order to establish the actual causes of inverse relationship in vehicle garage enterprises in the study area.

REFERENCES

Alasadi, R. and Abdelrahim, A. (2007). Analysis of small business performance in Syria, Education, Business and Society: Contemporary Middle Eastern Issues, 1(1): 50¬62.

Ayotte, K. (2007). Bankruptcy and entrepreneurship: The value of a fresh start. Journal of Law, Economics and Organisation 23(1): 161 – 185.

Bari, F., Cheema, A. and Ehasan, H. (2005). SMEs development in Pakistan: Analysing the constraint to growth. Pakistan Resident Mission Working Paper no. 03. Islamabad: Asian Development Bank.

Barro, R. and Sala-i-Martin, X. (2004). Economic Growth (2nd edition). The MIT Press, Cambridge, Massachusetts

Belanger, P. and Tuijnman, A. (1997). The silent explosion of adult learning. In: New Patterns of Adult Learning: A Six-country Comparative Study (Edited by Belanger,

P. and Tuijinman, A.), Oxford, Pergamon, pp.1-16.

Bendera, O. (1997). Micro and small enterprises potential for development: General considerations. National Workshop on Micro and Small Enterprises Research. (ESRF). November 11-12 Dar es Salaam.

Benzing, C., and Chu, M. (2005). Entrepreneurial behaviour in Andhra Pradesh, India. Paper presented at the Annual Meeting of the Association for Global Business, Miami FL, USA.

Benzing, C., Chu, M. and Kara, O. (2009). Entrepreneurs in Turkey: A factor analysis of motivations, success factors, and problems. Journal of Small Business Management 47(1):58-91.

Bonu, N. S. (1999). The Impact of Policy on Entrepreneurship Development: The Case of

Botswana. In: African Entrepreneurship and Small Business Development. (Edited by Rutashobya, L. and Olomi, D). DUP, Dar es Salaam, Tanzania. pp. 85-102.

Bygrave, W. (1997). The Portable MBA in Entrepreneurship. John Wiley and sons, New York. Chiliya, N. and Robert, M. (2012). Impact of level of education and experience on profitability of small grocery shops in South Africa. Journal of Business Management Economic Research 3(1): 462-472.

Chrisman, J., McMillan, E. and Hall, J. (2005). The influence of guided preparation on the long-term performance of new ventures. Journal of Business Venturing 20: 769¬ 791.

Chu, M. , Benzing, C. and McGee, C. (2007). Ghanaian and Kenyan entrepreneurs: Analysis of their motivations, success characteristics and problem. Journal of Developmental Entrepreneurship 6:17-31.

Cohen, L. and Holliday, M. (1992). Statistics for Social Scientist. Harper and Row, London. Cohn, E. and Addison, J. (1998). The economic returns to life-long learning in OECD countries.

Education Economics 6 (3): 253-307.

Coleman, S. (2000). Small firms' use of financial leverage: Evidence from the 1993 national survey of small business finances. Journal Business Entrepreneurship. 3: 81-98.

Collins, C. and Clark, K. (2003). Strategic human resource practices, top management team social networks, and firm performance: The role of human resource practices in creating organisational competitive advantage. Academy of Management Journal 46(6): 740-751.

Coy, S., Shipley, M, Omer, K. and Rao, N. (2007). Factors contributory to success: A study of Pakistan's small business Owner-managers. Journal of Developmental Entrepreneurship

12(2):189-198.

Davidson, P. (2002). Continued entrepreneurship-Ability, need and opportunity as determinants of small firm growth. In: Entrepreneurship: Critical Perspectives on Business and Management (Edited by Morris, F. and Krueger. London: Rutledge.

Duschesneau, D., and Gartner, W. (1990). A profile of new venture success and failure in an emerging industry. Journal of Business Venturing, 5, 197-312.

ESRF (2006). Policy dialogue seminar paper on opportunities and challenges for rural SMEs development in Tanzania. [http://www.tzonline.org./…/policy/dialogue seminarpaper.pdf] site visited on 22/12/2009.

Fairlie, R. and Robb, A. (2007). Why are black owned businesses less successful than white owned businesses: The role of families, inheritances, and business human capital. Journal of Labour Economics 25(2): 289-323.

Frese, M., Brantjes, A. and Hoorn, R. (2002). Psychological success factors of small scale businesses in Namibia: The roles of strategy process, entrepreneurial orientation and the environment. Journal of Developmental Entrepreneurship 7(3): 259-282.

Gartner, W., Starr, J. and Bhat, S. (1999). Predicting new venture survival: An analysis of anatomy of a start-up. Cases from Inc. magazine. Journal of Business Venturing 14(2): 215 – 232.

Getz, D. and Carlsen, J. (2000). Characteristics and goals of family and Owner-manager operated businesses in the rural tourism and hospitality sectors. Tourism Management 21: 547–560.

Hair, J., Black, B., Babin, B., Anderson, R. and Tatham, R. (2006). Multivariate Data Analysis, (6th Edition). Pearson New Jersey: Education, 928pp.

Hall, G. and Young, B. (1993). Factors associated with insolvency amongst small firms. International Small Business Journal 9(2): 54 – 63.

Hannushek, E. and Wessmann, L. (2008). The role of cognitive skills in economic development. Journal of Economic Literature 46:607-668

Hanuscheck, E. and Woessman, L. (2010). How much do educational outcomes matter in OECD countries? NBER Working Paper 16515.

Harshana, K. (2012). Small and medium-sized enterprises in Mauritius and their owner-manager-managers: Does education matter? International Journal of Business and Social Science 3(17): 83-93.

Hisrich, M., Brush, C. and Hisrich, R. (1997). Israeli women entrepreneurs: An examination of factors affecting performance. Journal of Business Venturing 12(4): 315¬ 339.

Hisrich, R., Brush, C., Good, D. and Desouza, G. (1997). Performance in entrepreneurial ventures: Does gender matter? Frontiers of entrepreneurship research. Wellesley, Mass: Babson College.

Howard, J. (2006). Small business growth: Development of indicators. Academy of Entrepreneurship Journal (12): 73–88.

Hughes, A. (1993). Industrial Concentration and Small firms in the United Kingdom: The 1980s Historical Perspective. In: Small Firm Entrepreneurship: An East-West Perspective. (Edited by Acs, Z. and Audretsch, D.), Cambridge University Press, Great Britain. pp. 15 –37.

Hussain, D. and Windsperger, J. (2010). Multi-unit owner-managership strategy in franchising: development of an integrated model. Journal of Marketing Channels, 17(1): 3-31.

Hussain, D. and Yaqub, M. (2010). Micro-entrepreneurs: Motivations challenges and success factors. International Research Journal of Finance and Economics 56(2010): 22-28.

ILO (1998). Job creation in small and medium-sized enterprises. Recommendation No. 189. [http://www.ilo.org/wcms5/groups/public/ed_emp] site visited on 22/2/2011.

ILO (2003). Jobs, gender and small enterprise in Africa. Tanzania women entrepreneurs: Going for growth. [http://www.cartierwomensinitiative.com] site visited on 23\12\2013.

Jenning, P. and Beaver, G. (1997). The success and competitive advantage of small firms: A management perspective. International Small Business Journal 24(2): 63-76.

Kasseeah, H. (2012). Small and medium-sized enterprises in Mauritius and their owner-managers: Does education matters? International Journal of Business and Social Science 3(17): 83-93.

Khalid, G., Farooq, S. and Roza, S. (2003). Empirical study of employment growth rate in small and medium enterprises. Journal of Management Sciences 2(2): 310 – 323.

Kibera, F. and Kibera, L. (1999). Challenges and prospects of female entrepreneurship in small-scale enterprises in Kenya. In: African Entrepreneurship and Small Business Development. (Edited by Rutashobya, L. and Olomi, D). DUP, Dar es Salaam: Tanzania. pp. 227 – 247.

Konings, J. (1995). Gross job flows and the evaluation of size in UK. establishments. Small Business Economics 7 (3): 213 – 220.

Kristiansen, S., Furuholt, B. and Wahid, F. (2003). Internet café entrepreneurs: Pioneers in information dissemination in Indonesia. The International Journal of Entrepreneurship and Innovation 4(4): 251–263.

Levin, H. and Kelley, C. (1994). Can education do it along? Economics of Education Review 13(2): 97-108.

Luk, K. (1996). Success in Hong Kong: Factors self-reported by successful small business owners. Journal of Small Business Management 34(3): 68 – 74.

Lussier, R., and Pfeifer, S. (2001). A cross-national prediction model for business success business success. Journal of Small Business Management 39(3): 228-237.

McMahon, G., Holmes, S., Hutchinson, P. and Forsaith, D. (1993). Small Enterprise Financial

Management: Theory and Practice. Harcourt Brace, Sydney Australia. 244pp.

Middleton, J., Ziderman, A., and Adams, A. (1993). Skills for Productivity: Vocational Education and Training in Developing Countries. Oxford University Press, New York.

Mincer, J. (1994). Investment in US education and training NBER working paper no. 4844. Minniti, P., Bygrave, W. and Autio, E. (2005). Global entrepreneurship monitor, London. [http:// www.gemconsortium.org] site visited on 20/1/2011.

Murphy, G., Trailer, J. and Hill, R. (1996). Measuring success in entrepreneurship research. Journal of Business Research 36(1): 228-239.

Niehm, L., Swinney, J. and Miller, N. (2008). Community social responsibility and its consequences for family business success. Journal of Small Business Management (46): 331–350.

OECD (1997). Small business, job creation and growth: Facts, obstacles and best practices [http:// www.oecd.org/industry/smes] site visited on 22/7/2013.

Olomi, D. (1999). Entrepreneurial characteristics and small business firm performance. In: African Entrepreneurship and Small Business Development. (Edited by Rutashobya, L. and Olomi, D.), DUP (1996) Ltd., Dar es Salaam, Tanzania. pp. 161-180.

Olomi, D. (2006). Unleashing entrepreneurial potentials of the poor in Tanzania: Prospects, challenges and the way forward. In: Proceedings of National Consultation Process: Conference on Legal Empowerment of the Poor. (Edited by the Commission for Legal Empowerment in Tanzania). 29–30 November 2006. Dar es Salaam, Tanzania. pp. 1 – 21.

Osteryoung, J., Newman, D. and Davis, L. (1997). Small Firm Finance. Forth worth, Dryden Press,Texas. 416pp.

Palma, G. (2005). Four sources of De-industrialisation and a new concept of the Dutch Disease. In: Beyond Reforms Structural Dynamics and Microeconomic Vulnerability (Edited by Jose, A). University Press, Stanford Calif.

Peacock, R. (1985). The small business finance foundation. The Australian Accountant 55(1): 42 – 48.

Pratt, V. (2001). Sharing business skills in Kenya. Center for International Private Enterprise, Washington DC. [www.cipe.org] site visited on 29-05-2009.

Psacharopoulos, G. (1994). Return to investment in education: A global update. World Development 22(9): 1325-1343.

Reijonen, H. (2008). Understanding the small business owner-manager: What they really aim at and how this relates to firm success – A case study in North Karelia,

Eastern Finland. Management Research News (31): 616–629.

Reijonen, H. and Komppula, R. (2007). Perceptions of success and its effect on small firm success. Journal of Small Business and Enterprise Development (14): 689– 701.

Reynolds, P., Hay, M., Bygrave, W., Camp, S. and Autio, E. (2000). Global Entrepreneurship Monitor 2000 Executive Report. Babson College, Wellesley, USA. 54pp.

Robinson, P. and Sexton, E. (1994). The effect of education and experience on owner-managers success. Journal of Venturing 9(2): 141-156.

ROK (1997). National Development Plan: 1997-2001. Government Printers, Nairobi, Kenya. 254pp.

RPED (1995). Development and Growth of Industrial Enterprises in Tanzania – Phase I. Centre for International Business Research, Helsinki, Finland. 154pp.

Rutashobya, L. (1995). Women Entrepreneurship in Tanzania: Entry and Performance Barriers. A research report submitted to OSSREA, Addis Ababa, Ethiopia. 33pp.

Rwigema, H. and Venter, R. (2004). Advanced Entrepreneurship. Oxford University Press, London. 600pp.

Saunders, M., Lewis, P. and Thornhill, A. (2000). Research Methods for Business Students. Printice Hall, London. 479pp.

Sianesi, B. and J.Van Reenen, (2003) "The returns to education: Macroeconomics," Journal of Economic Surveys. Blackwell Publishing 17(2): 157-200.

Simpson, M., Tuck, N. and Bellamy, S. (2004). Small business success factors: The role of education and training. Education and Training (46): 481–491.

Sinha, T. (1996). Human factors in entrepreneurship effectiveness. The Journal of Entrepreneurship5(1): 23 – 39.

Stefanovic, I., Prokic, S., Rankovic, L. (2010). Motivational and success factors of entrepreneurs: the evidence from a developing country. Zb. rad. Ekon. fak. Rij. 28(2): 251-269.

Stevens, P. and Weale, M. (2003). Education and economic growth. [http://se.ac.uk\conference] site visited on 20\11\2013.

Stevens, P. Weale, M. (2003). Education and economic growth. In: International Handbook on theEconomics of Education Edited by (Johnes, G). Elgar, London.

Storey, D. (1994). Understanding the Small Business Sector. Routledge, London. 384pp.

Suresh, M., McKenzie, D. and Woodruff, C. (2009). Innovative firms or innovative owners? Determinants of innovation in micro, small and medium enterprises. [http://www.ftp.iza.org] site visited on 20/7/2013.

Temtime, Z. (2002). The Planning Behavior of SMEs in developing Economies; A PreliminaryInvestigation'1. African Journal of Finance and Management 11(1): 36-42.