

ABSTRACT

The purpose of this study was to assess the business skills and knowledge of loan utilisation in Tanzania. The study was guided by dual process and human capital theory. The study concentrates on Micro and Small enterprises in Iringa Region where descriptive research design was adopted. A total number of 98 respondents constituted the sample. The sample under study was Micro and Small enterprises owners/managers. The respondents were interviewed by using structured questionnaire. The analysis was carried out by using descriptive statistics. The data used was collected through closed-ended questionnaires as well as secondary data. The data was analysed using quantitative methods. The mean and percentage of the respondents included in the analysis show that the level of business skills and knowledge affects the financial performance of the SME's in the Iringa Region. However, the business skills and financial knowledge had an impact on the financial performance of the SME's. On the other hand, financial institutions support and government initiatives and policies enhance the financial performance of the SME's. The study concludes that SME's must build business skills and financial knowledge in order to foster better business growth for their SME's. The study recommends that financial institutions to design training programs for micro and small businesses that reflects the nature and type of businesses undertaken in the country at an affordable price. Moreover, owners/managers of Micro and Small enterprises were argued to attend business training/seminars/workshops that will enable them to acquire marketing, financial, human relation and other related business skills so as to cope with business turbulence and attain sustainable development. The study recommends to the government that it give tax incentives to the banks that support SME's access to loans.