

## **DETERMINANTS OF INNOVATION ACTIVITIES BEING CARRIED OUT BY SMALL AND MEDIUM ENTERPRISES (SMES) IN ARUSHA AND MOSHI - NORTHERN TANZANIA**

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### **ABSTRACT**

This paper examined the key determinants of innovation in small and medium enterprises (SMEs) of furniture firms in Arusha and Kilimanjaro regions in Northern Tanzania. Data of the study were collected using questionnaire and in depth interview with SMEs owners/managers and employees. A total of 384 questionnaires were administered to the respondents and snowball sampling was used. This was supplemented with interviews of SMEs owners and Managers of furniture industries. The data collected were analysed using appropriate descriptive and multiple regression analysis with the aid of SPSS. The study revealed that there are factors which were counted for technological and organisational innovation performance of SMEs in the study area. These factors include; Industrial maturity, Investments attractiveness, competition, company size, export orientation, customer needs and Technological opportunities. In conclusion the study found that accessibility to technology and extent of investment in the Research and Development (R&D) are the most important factors that influence innovation activities in SMEs in Northern Tanzania.

**Keywords:** Technological innovation; Determinants; Small and Medium Enterprises; Northern Tanzania.