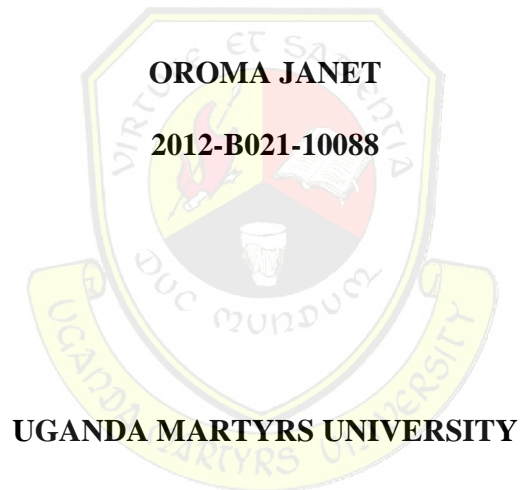


**ROLE OF MANAGEMENT COMPETENCE AND PERFORMANCE OF SMEs IN
UGANDA**

CASE STUDY: VICTORIA SEEDS LIMITED, GULU BRANCH



APRIL, 2015

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CASE STUDY: VICTORIA SEEDS LIMITED, GULU BRANCH

**An undergraduate dissertation presented to the faculty of Business Administration and
Management in partial fulfillment of the requirements for the award of a bachelors degree
of Business Administration and Management**

Uganda Martyrs University

OROMA JANET

2012-B021-10088

APRIL, 2015

DEDICATION

I dedicate this thesis to my Sister Adong Lidia who supported me in all ways possible not forgetting my parents Mr. Ojok Celestino and Mrs. Aloba Jennifer and the entire Ojok Family who missed me in the course of producing this work. Thank you and May God bless you all abundantly.

ACKNOWLEDGEMENT

First and foremost, I would like to extend my sincere thanks to the Almighty God; under whose hands; I have been able to reach this achievement.

Secondly, this work has resulted from the support, encouragement and contribution of very many people academically, economically, socially and spiritually, to whom I owe a debt of gratitude.

My special and important appreciation is extended to my dear parents Ojok Celestino and Aloba Jennifer and my blood sisters, Brother Odur Reagan Bennedict, with whom I have lived the greatest part of my life. Your love, care, encouragement and prayers are a great key to my success. The same appreciation goes to my Supervisor Mr. Idraku Felix for his invaluable guidance during this study. This has enabled me to really enhance my research abilities and thanks to you my Dad, Ojok Celestino, for your support and all the good remarks and comments you gave me about my project paper. May our Good Lord reward you in abundance.

I thankfully acknowledge the continuous support, exceptional support and encouragement received from Sister Prisca Kobusingye. I will always remember your motherly heart and for your kindly words:” Good is not good when better is expected.” Thanks for encouraging us to always aim higher. I would like to thank the Faculty of Business Administration and Management of UMU, its staff and fellow students and classmates, for the cooperation and dedication extended to me that made my studies enjoyable. In a special way I am so grateful to Sister Jane, Mirembe Frances, Auma Babra and Namazzi Prisila, for their support.

Finally, I thank so many other friends inevitably omitted from this acknowledgement, not as an act ingratitude, but because of limited space. Without the contribution of these people, production of this research would not have been possible. May the Almighty God bless you all.

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LISTS OF ABBREVIATIONS

%	per percent
BAM	Business Administration and Management
HR	Human Resource
HRM	Human Resource Management
IPA	Innovations for Poverty Action
KM.	Knowledge management
MSE	Micro Soft Excel
SMEs	Small and Medium Enterprises
UIA	Uganda Investment Authority
UMU	Uganda Martyrs University
USSIA	Ugandan Small Scale Industries Association

ABSTRACT

The study was about role of management competence and performance of SMEs in Uganda, a case study of Victoria Seed Limited, Gulu branch.

The research had three specific objectives: to evaluate the importance of management competence and performance of SMEs, to assess the use of management skills on performance of SMEs, to find out the relationship between management experience, skills and performance of SMEs and lastly to investigate the relationship between management competence and performance of SMEs as the major objective of the study.

A case study design was used during the study. The researcher also used both qualitative and quantitative methods in order to obtain in-depth information and to ease the analysis of the collected data.

Findings of the study were presented according to the research objectives. The research established that majority of SMEs' employees spent a maximum of 10 years working for an enterprise before retiring and very few workers proceeds this limit.

The study showed that SMEs' employees must pose a wide range of technical skills such as technology, technical business management for them to work with advanced technologies. findings also revealed that management skills helps in spreading team work among SMEs' employees, is a vital asset that influences performances of SMEs and aids SMEs to meet their expectations and goals. It further revealed that management skills and experience are forms of human capital that create platforms for teamwork among SMEs. This implies that efficient human capital would result into higher performance of SMEs. However other factor such as lack of innovation and experienced human resource to aid SME's businesses show no relationship between management experiences and performance of SMEs.

Based on the findings of the study, the researcher recommended that SMEs owners and managers need to invest in skills for them to meet their goals and expectations of their businesses and more in managerial skills to steer up their work units, teams and individuals results which would eventually lead to superior performance of SMEs in their respective business frameworks.

In conclusion, management competence positively influences the performance of SMEs. However on the other hand, it also influences the performance of SMEs negatively. This was evidenced by lack of innovation and experienced human resource to aid SME's businesses.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

The general understanding of the relationship between management competence and the performance of SMEs is the core of the study. The study seeks to establish the extent to which management competence contributes to the general performance of SMEs. In early attempt to investigate this matter, is reported by (Odeng 2011). This study produces evidence that management competence is a strong predictor of business performance of SMEs in Uganda. All the dimensions of management competence which are practical experience, knowledge and skills have a significant relationship with the performance of SMEs. When SMEs have a good practical plan and well qualified managers, it is likely to see its sales growing hence profit maximization and minimization of cost. In this chapter, the researcher will also address a number of issues, which include: introduction, background and problem statement, purpose of the study, research objectives, research questions, scope and justification of the study and definition of key terms and concepts.

1.1 Background of the study

Small and medium-sized enterprises (SMEs) are non-subsiary, independent firms which employ less than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union. However, some countries set the limit at 200 employees, while the United States considers SMEs to include firms with fewer than 500 (OECD, 2005).

John D (2012) in his definition argued that SMEs is commonly based on the number of employees, which has less than 250 employees. In China, the definition SMEs is quite complex. It depends on the industry category basing on the number of employees, annual revenue and total assets. These criteria on small and medium sized enterprises are based on SMEs promotion law of China (2003) which sets the guidelines for classifying SMEs. SMEs account for 99% of all enterprises in China. Output value, tax payment and export volume contribute 60%, 40% and 60% respectively of the total of all Chinese enterprises create 75% of the new jobs in urban areas thus a vital force for the sustained development of Chinese economy.

One of the reasons for the growth for output by SMEs in China has been due the higher productivity of most companies in the sectors. The promotion of these SMEs, especially those in the informal sector's viewed as a viable approach to sustainable development because it suits in Africa. SMEs are the main source of employment in developed and developing countries.

According to Okello (2012), a small enterprise is defined as an enterprise employing maximum 50 people; annual sales/revenue turnover of maximum Ugandan Shillings 360 million and total assets of maximum Ugandan Shillings 360 million while Medium Enterprise is defined as an enterprise employing more than 50 people; annual sales/revenue turnover of more than Ugandan Shillings 360 million and total assets of more than Ugandan Shillings 360 million.

SMEs form the back bone of private sector of Uganda. In Uganda, SMEs account for 90% of the private sectors with 80% of these SMEs in urban s areas. They prove employment to appropriately 2.5 million people, contribute 75% of the GDP and are major players in supply chains of large manufacturing firm as buyers and suppliers. Okello argues that apart from the number of employees, there are other key factors that characterize the SMEs and these are

related to management and the nature of operation. The SMEs may be managed by their owners who are often assisted by their family members. In this regards, the decision making system is quite flexible, informal and depend on personal drive of one or more executives. By their very nature of their operation, the SMEs have narrow range of products or service and relatively simple and unsophisticated management structure with narrow tolerance range of risk.

The performance of SMEs has been due to the number of initiatives, policies and programs to enhance the development of enterprises in Uganda. Some of these include plan for modernization of agriculture; it offers opportunities for agriculture business and direct hands on support through extension services and warehouse receipts system; is a project that provide opportunities for SMEs producers, farmers and traders to improve the marketing of their products (UIA report, 2008).

On the other hand, despite the efforts by government to provide support to SMEs in order to attain performance sustainability through different government programmes, there has been marginal improvement caused in the performance of SMEs (BOU Report, 2009). SMEs still report stagnated and or reducing profits, sales growth, market share, and low return on investment and low value for money which has made them less competitive on both local and international markets (SEDA Uganda, 2009). This may be explained by the lack of management incompetence of SMEs.

1.2 Statement of the problem

SMEs are seen as a driving force for the promotion of an economy (Khan & Jawaid 2004) and they contribute so much to the economic development of any country (Aboretal, 2010). In Uganda, SMEs sector contributes 20% to GDP and provides employment to many people which count for 90% of the total non-farming private sector workers (UIA, 2008).

The benefits of SMEs in Ugandan economy cannot be over emphasized. SMEs play significant role in providing a prime source of new jobs and playing crucial role in income generation. This sector offers a range of investment possibilities, covering all from resource based industries to manufacturing and service. This is evidenced by offering training and business management skills to metal fabricators (USSIA, 2013).

Despite the significant contribution of SMEs to Ugandan economy, one of the critical constraints facing Ugandan SMEs has been widely acknowledged to be poor bookkeeping transactions (William, 2000). Operators find it very difficult to tell their income and expenditure and eventually they do not know if they have profit or loss in their business activities. Managers of SMEs have tried employing better qualified book keepers that have been trained and obtained certificates, but they are growing at slow pace and it is probably that most of the managers do not know how to make such records in simple and easy manner which may lead SMEs not to celebrate their first birthdays. In addition to this, SMEs also lack management skills, information about how to access financial resources and other resources limiting their ability to improve and grow their businesses for example although women own nearly 40% of businesses, with registered premises in Uganda, they obtain only 9% of all credit disbursed (IPA annual report, 2011). This is due to lack of management skills and lack of access to financial resources.

Therefore the study seeks to investigate the role of management competence and performance of SMEs.

1.3 Objectives of the study

1.3.1 Major objective

- To investigate the relationship between Management Competence and Performance of SMEs

1.3.2 Specific objectives

- To evaluate the importance of management knowledge on the performance of SMEs
- To assess the use of management skills on the performance of SMEs
- To find out the relationship between management experience and performance of SMEs

1.4 Research Questions

- What is the relationship between management competence and performance of SMEs?
- What is the importance of management knowledge and performance of SMEs?
- What is the relationship between management experience and performance of SMEs?

1.5 Scope of the study

The study was restricted on the role of Management competence and the performances of SMEs where management knowledge, management skills, management experience, Sales growth, profit growth of the SMEs were examined.

15.1 Geographical scope

The study was conducted at Victoria Seed Limited Gulu branch situated in Barogal village in Northern Uganda; located along Gulu - Kampala Road 5 kilo miles from Gulu Town and South of the district. This is because Barogal being one of the areas in the district that has been affected by war and has been facing challenges in relation to skills, experiences and knowledge in its different firms situated in the area and these have continued to affect performance of SMEs in the in area and the district as a whole. This attracted the researcher to carry out the study in Barogal Village Lawoch Parish under Omoro County in Gulu district.

1.5.2 Content/Subject

The study will be on management competence and the performance of SMEs where management knowledge, management experience, management skills, sales growth and profit growth of SMEs will be examined.

1.5.3 Time Scope

The study was conducted in the period of four years ranging from 2011 to 2015 because this is a period in which Victoria Seed Limited started to experience poor performance of SMEs in form of low productivity, high labour turnover, lack of knowledge workforces and inadequate skills that led to their failure to meet performance targets since the organization was established during the time when displaced people were being resettled in northern Uganda.

1.6 Significance of the study

The findings of the study are intended to the following groups of people:

The prime significance of the study is to add on the already available literature concerning management competence which contributes to the general performance of SMEs in Uganda and the world at large.

This study will be of great importance to different categories of people: students of Uganda Martyrs University, students from other higher institution of learning in the related field, lecturers, top managers of SMEs in Uganda and all other parties interested in knowing more about management competence.

The study will guide and avail future researchers with information regarding study variables of concern in this regard. Such information will be referred to and based on by various researchers to study on businesses and small and medium enterprises and this will add and guide decisions in SME context.

Future managers and policy makers would base their decisions in regard to SMEs plans with reference to these study findings. Findings will act as a point of reference in as far as small and medium enterprises are concerned. Plans and decisions by different players at the district and national levels in related study would be based on these study findings.

1.7 Justification of the study

The study is paramount to the researcher because it is for a partial fulfillment for the award of a bachelor's degree in business administration and management of Uganda Martyrs University. Apart from the award of bachelors' degree, the study was carried out in Barogal Lawoch Parish

Koro Sub County under Omoro County in Gulu district due to inadequate skilled labour to boost the performance of SMEs in that particular area thus the researcher wanted to find out other factors that is affecting them. The study site was selected because this is where most small business takes place.

1.8 Definitions of key terms

A **small enterprise** is defined as an enterprise employing maximum 50 people; annual sales/revenue turnover of maximum Ugandan Shillings 360 million and total assets of maximum Ugandan Shillings 360 million (Okello, 2012).

A **Medium Enterprise** is defined as an enterprise employing more than 50 people; annual sales/revenue turnover of more than Ugandan Shillings 360 million and total assets of more than Ugandan Shillings 360 million (Okello, 2012).

According to Armstrong (2010), **knowledge** is defined as what people understand about things, concepts, ideas, theories, procedures, practices and then the way we do things.

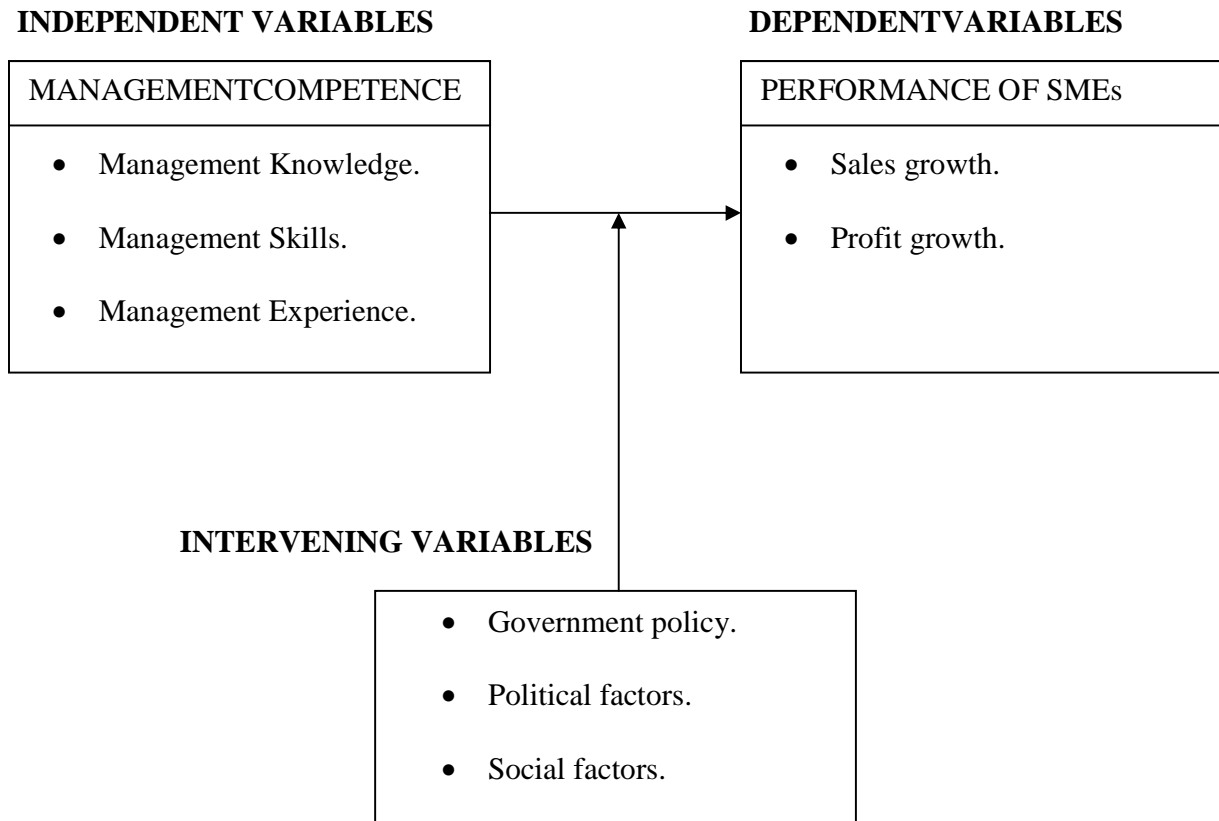
Competence is “a work–related concept” (Woodruff 1991) meaning areas of work at which a person is competent.

Knowledge Management; is a systematic and integrated management strategy that develops transfers, transmits, stores, and implements knowledge so that it can improve efficiency and effectiveness of the organization’s manpower (Mohamad *et al.*, 2013).

Munene (2004), **skills** are unique aptitudes and talents or competencies used in daily life by individual job teams to achieve desired results on a given job.

Experience; refers to knowledge of or skill of something gained as or through involvement in or exposure to that thing or event (Neils *et al.*, 2002).

1.9 Conceptual frame work



Sources; Self developed from Armstrong's (2009), Maicibi. N. P (2007), and Alan. P (2004)

Explanation of the conceptual frame work

The theoretical frame work of the study is derived from different combined models that have been modified by Alan. P (2004), Armstrong. M.(2009), Armstrong. M & Banron (1995) and Maicibi. N. A (2007). The model basically depicts the role of management competence and performance of SMEs.

The dependent variable is performance. The elements of performance are returns on assets, sales growth and profit growth. The performances of organizations are measured by return on assets, sales growth and profit growth.

Sales growth show the rate increase of the company's sales per share, based on up to four periodic time periods and is considered the best gauge of how rapidly a company's core business is growing .

It looks at the components of independent variables, that is, management knowledge, management skills and management experience. These components have an influence on management competence.

The independent variable and the dependent variables have moderating variables which aid their existence. These moderating variables include the following: Government policy, Political factors and Social factors.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents literature by various scholars in regard to management competence and performance of SMEs. It explains what different scholars have reached and commented on the relationship between Management Competence and performance of SMEs, theoretical review on management competence, the importance of Management Knowledge and performance of SMEs, the relationship between Management Skills, Experience and performance of SMES and other factors affecting that influence performance of SMEs today.

2.1 Theoretical frame work

2.1.1 Management Competence

According to Haaga H (2007), Management competence can be defined as the activity that aims to safeguard and strengthen a company's operating capability and competitiveness by means of its knowledge base. In addition, he argued that management competence has its roots in management theory. The researcher used organizational learning theory to explain management competence.

There are several approaches concerning managerial competences, among which are the American, Latin American, French and Australian ones. Each one brings about a different conception of competencies. In general, the American contribution is based on a functionalist vision of competencies. The Latin American emphasizes the competence at work based on the operational approach. The French group brings a social approach integrating education and work.

The Australian experience points out the importance of government participation in the process of creating and developing competencies. Although it is not possible to classify all the authors in these presented categories there are some common aspects that are presented as follows. Therefore, the main aspects involved in management competence are related to development of concepts, skills and attitudes (formation) Boyatzis (1982); Capability (aptitude) Moscovici (1994); Work Practices, ability to mobilize resources, which distinguishes it from the concept of potential (action) Ruas (1999); Combination of resources (mobilization) Boterf (1997); Search for better performances (results) Boyatzis (1982); Permanent questioning (dynamic perspective) Hipólito (2000); Individual learning process in which the higher responsibility should be attributed to the individual him/herself Bruce (1996) and relationship to other people (interaction) cited in (Sandberg, 1996).

2.1.2 Definition of management

Management is the activity of getting things done with the help of others peoples and resources (Drucker, 1974). It means that management is a process of accomplishing work with the help of other people. Weijrich and Koontz (1993) defined Management as the process of planning, leading, organizing and controlling people within a group in order to achieve goals. It indicates that there should be definite plan/program for affective management (Shied, 2010). Thus, management refers to the development of bureaucracy that derives its importance from the need for strategic planning, co-ordination, directing and controlling of large and complex decision-making process. Essentially, therefore, management entails the acquisition of managerial competence, and effectiveness in the following key areas: problem solving, administration, human resource management, and organizational leadership (Dr. Yasin, 2004).

2.1.3 Organizational learning theory

The idea of organizational learning is credited to the creation of the ‘action learning’ process (Revans, 1982), which uses small groups, rigorous collection of statistical data, and the tapping of the group’s positive emotional energies (Garratt 1999) (Catherine L, 2002).

Organizational learning theory is related to “how” learning takes place at the organization, that is, the skills and knowledge construction and use (process perspective) cited by Claudia Cristina Bitencourt. This theory points out the key elements of management competence namely: knowledge, skills and experience. The theory states that within the learning context, it should point to the need for sharing insights, knowledge, beliefs and goals in order for the collective aspect to prevail and the organization to learn, that is, for the company to build its own reality and memory that will be the basis of future learning thus individual learning turns into collective learning and individual knowledge is incorporated into organizational practices.

According to Dodgson (1993), psychologists, in turn, see learning through the process, that is, the way organizations build and organize their knowledge and their routines, observing their activities and organizational culture as well as adapting and developing organizational efficiency through improvement of skills on the workforce. There is also the need to balance individual and collective practices as well as formal and informal ones, in order to develop the organization and its managerial competences. According to Leonard-Barton (1995), competence must be seen as a system. It is very difficult to think of individual competences since individuals are in a permanent relational process.

Finally, organizational learning theory presents three perspectives that may contribute to management competence namely: Social perspective; it regards whole formation, in which experiences during personal and professional life courses represent a potential opportunity for learning how to learn. In other words, through the diversity of experiences, it is possible to see the enactment and/or solution of problems based on one's background, dynamic perspective; this oriented towards permanent development, it illustrates the importance of the view of the process and the construction of new situations that promote creation and use of new competences and lastly it is strategic perspective, this underlines the importance of coordinating the company's guidelines and the strategic view on management competence aimed at the systematization of more effective practices.

2.1.4 Relevancy of organization theory and its criticisms

Organizational learning theory is seen as an alternative response to the challenges faced by businesses, in order to develop an ongoing learning ability from organizational experiences and translate that knowledge into practices that contribute to a better performance, making the company more competitive.

However, the theory has some criticisms. First, the concept of organizational learning and learning organization is "excessively broad, encompassing merely all organizational change ... and from various other difficulties that arise from insufficient agreement among those working in the area on its key concepts and problems" (Cohen & Sproul, 1991 p.1) and secondly the theory bear a strong bias towards the traditional scientific approach to management, and stress the importance of systems thinking and continuous improvement (Catherine L, 2002).

2.2 The relationship between management competence and performance of SMEs

The term competence originated from the Latin verb *competere*, which means to be suitable and proficient for a task. Competence is related to effective or superior performance gained through education, training, experience or natural abilities (Clark, 2004). It is ‘the ability to perform activities in the jobs within an occupation, to the standards expected in employment. It is also “a work-related concept” (Woodruff 1991) meaning areas of work at which a person is competent.

Jonathan (cited in Cheetham 1996; Chivers 1998) reported that SMEs managers should have a holistic model of professional competence for performance of their SMEs, they argued that SMEs managers should have five sets of inter-connected competences and competencies to improve on their performance namely cognitive competences, functional *competences*, personal (ethical) *competencies*, *meta-competencies* and over-arching. Winterton *et al.* (2000) found out that these sets provide a convenient framework within which to consider the competences that need to be developed for managers of SMEs hence enhancing performance of SMEs.

SMEs should also focus on competence management through acquiring, developing and utilizing employees with particular knowledge, skills and abilities for better performance (Wright & Snell 1991; Wright *et al.*; 1995). In addition, Lindgren and Henfridsson (2002) maintained that competence management activities focus on purposive administration, development, and management of SMEs members’ competences, as they relate to SMEs’ goals. Effective and systematic competence management comprises, among other activities, competence identification, competence acquisition and competence development (Hierman and Hofferer, 2005). More specifically, Wright *et al.* (1995) found that SMEs exhibit higher performance when they recruit and acquire employees possessing competences consistent with the SMEs’ current

strategies. Also, some reviews showed that competence and performance are closely related (While 1994; Ramritu & Barnard 2004). Zeb-Obipi (2007) empirically found that workers' competence development has a very important activity in worker competence management for superior productivity performance.

Management competence is a strong predictor of performance of SMEs. All the dimensions of management competence which are practical experience, knowledge and skills have a significant relationship with the performance of SMEs. When SMEs have a good practical plan and well qualified managers, it is likely to see its sales growing hence profit maximization and minimization of cost (Odeng, 2009).

2.3 The importance of management knowledge and performance of SMEs

According to Armstrong (2010), knowledge is defined as what people understand about things, concepts, ideas, theories, procedures, practices and then the way we do things. Ulrich (1998) points out that *knowledge* is a direct competitive advantage for companies selling ideas and relationships. Knowledge Management is a systematic and integrated management strategy that develops transfers, transmits, stores, and implements knowledge so that it can improve efficiency and effectiveness of the organization's manpower (Mohamad *et al.*, 2013). For Bassi (1997), knowledge management is the process of creating, capturing, and using knowledge to enhance organizational performance such as documenting and codifying knowledge and disseminating it through databases and other communication channels. It is often seen as involving the recognition, documentation, and distribution of both explicit and tacit knowledge residing in organizations' employees, customers, and other stakeholders (Ali, cited in Rossett & Marshall 1999).

Knowledge is one of the enterprise's most important assets that influence its competitiveness. One way to capture an enterprise's knowledge and make it available to all its members is through the use of knowledge management practices. These practices encompass knowledge creation, acquisition, sharing, storage, and implementation, which have been frequently applied in evaluation of Knowledge Management practices. Therefore for SMEs to be more successful and survive in a competitive market, they need to consider adaptive and intelligent strategies, including Knowledge management processes and best practices. In addition to these, Salina. D & Wan.F (2010) argue that for SMEs to improve their competitive advantage, they should have Knowledge management processes that enable them to create and acquire knowledge and to apply, share and preserve knowledge.

Knowledge management helps the SMEs to have a proper understanding of and insight into their internal experiences and internal resources (customers, suppliers and competitors).

Knowledge management activities, including knowledge acquisition, knowledge storage, knowledge creation knowledge sharing and implementation also help the SMEs achieve necessary capabilities, such as problem solving, dynamic learning, strategic planning, and decision making and improving their organizational performance as a whole(Ali, 2009). In addition he continued to say that Knowledge management promotes SMEs' performance. It leads to rapid, effective and innovative utilization of resources and knowledge assets, infrastructures, processes and technologies in order to promote SMEs' performance. It also involves processes which can influence the productivity, financial performance, staff performance innovation, efficiency, work relationship, customer satisfaction and finally organizational performance, hence studying the influence of knowledge management practice is on organizational performance in SMEs is importance.

When Knowledge Management is recognized, acquired and stored, SMEs can implement this knowledge to explore problems and create solutions, producing a structure for facilitating efficiency and effectiveness. In the modern dynamic and complex environment, SMEs need to acquire, create, save and implement new knowledge in order to make strategic decisions that can lead to improvements in productivity, financial and staff performance, innovation, work relationship and customer satisfaction thus SMEs managers should be committed toward providing a supportive climate and culture, one that motivates employees and supervisors to implement the knowledge management practices in order to foster the SMEs results.

2.4 The relationship between management experience, skills and performance of SMEs

Management skill is the ability to performance managerial tasks effectively with readiness. Combs et al (2006); Fernandez (2001) argue that employees must possess a wide range of technical and interpersonal work place skills and competencies for them to work with advanced technologies and function optimally in today's high performing organizations hence Individual employee skills are an integral part of the entire human resource system in SMEs. According to Munene (2004), skills are unique aptitudes and talents or competencies used in daily life by individual job teams to achieve desired results on a given job. People bring skills on job and such skills are transferable. Examples of these skills include reading skills, writing skills, communication skills, listening skills, functional skills and problem solving skills among others. Skills and experience are forms of human capital that creates a platform for team work among SMEs employees and this is reflected through employee commitment to work, open communication and reduced turnover intentions which influence performance of SMEs exhibited through time management by employees, development of positive behaviors at work, being innovative and increased productivity of SMEs (Masereka, 2012).

Masereka (2012) described Skills as a form of Human Capital; it is a vital asset in spearheading team work that influences performance of SMEs. This factor calls for SMEs owners and managers to invest in skills and experience through avenues that directly and indirectly empower people in the SMES business to execute their businesses with resilient skills and create platforms for such business to meet their goals and expectations. Improved skills and competences coupled with unit standards steer up work units, teams and individuals result into superior performance of SMES in their respective business frameworks (Armstrong, 2000). Aaker (1989) also suggests that in addition to the way an organization competes and where the organization competes, the assets and skills of the business are the basic of competition and provide the foundation for sustainable competitive advantage for SMEs businesses.

According to Alexis (2013), skills involve organizational skills, management skills and hidden skills. This important is to SMEs if they are to realize great turn in profit margin. According to him organizing is all about keeping things in proper order. This is essential for SMEs because it plays a significant role in helping them to achieve their goals and practicing effective management skills that enhance completion among SMEs' entities.

Management Skills improve efficiency of the SMEs that is, it make it more convenient for employees to share any information with each other thus working better as a team. This helps SMEs' managers to keep track on their progress; that is if they devote sufficient time for compiling and recording their finances, they can easily tell whether their business is progressing or not.

Management skills enable SMEs managers to manage other people. This helps SMEs' managers in setting priorities and locating them according to their individual's skills and abilities. In

addition to this, SMEs' managers work towards specific tasks, such as setting project deadlines and conducting performance evaluations hence the need of management skills for SMEs for sales growth, return on assets and profit growth leading to the expansion of the SMEs activities.

According to Eric (2013), a manager have to know the hidden skills for their people selected to be employ in the company; that is, staffs and co-workers. He refers to *hidden skills* as being aware of your members. This allows employees to illustrates greater value to the SMEs, provides SMEs' employees opportunity for multiple potential career paths, gives them way to expand their professional accomplishments, increases groups morale and job satisfaction by allowing them to use or practice their hobbies at office and to the SMEs' mangers; it help them to foster innovation by bringing additional skills to their businesses, enhance departmental productivity and effectiveness especially the HMR since it's their responsibility to hold human capital to increase productivity within their premises thus an element of management skills as far as SMEs' performance is concern.

Experience; refers to knowledge of or skill of something gained as or through involvement in or exposure to that thing or event (Neils et al. 2002). Experience is gained through job training rather than book learning; it is therefore, an empirical knowledge. Employee experience is directly linked to an outstanding competency that is referred to as a multidimensional construct referring to underlying characteristics of a person that specifically result into superior performance if upheld by management and human resource of SMEs (Gonzalez 2004). He further argues that experienced employees require minimum supervision to perform unlike their inexperienced counterparts. Zane et al (2002) refer to experience as pursuits that empower workers in various departments of SMEs with various clusters of knowledge, skills and attitudes that in a peculiar manner either directly or indirectly spear head SMEs performance by putting

into practice the relevant notifications, personality traits, abilities and knowledge in an integrated frame work that paves way for a variety of tasks to be carried out successfully in various SMEs of concern in this regard.

SMEs without experienced human resources to handle technical work frameworks have remained complacent with no visible signs of growth compared to their counterparts with highly experienced personnel (Muhasa 2005). Some SMEs have gradually crumbled and others have ceased to exist due to lack of innovative and experienced human resources to plan take right and informed decisions to spear head performance in SMEs businesses hence need for management experience to solve this problem.

2.5 Other factor affecting performance of SMEs

Performance is a function of the organizations ability to meet and achieve its goals and objectives in the stipulated time lines through exploring the available resources in an efficient and effective manner (Labongo, 2002). Performance in SMEs is influenced by several factors which include;

2.5.1 Time management

This is a process of planning, controlling and exercising amount of time spent on specific activities in order to increase effectiveness, efficiency and productivity of a given business. Time management, positive behaviors, innovativeness and increased productivity influence performance. Employee attitude in terms of behaviors spear head innovativeness and other good virtues like time management which in turn influence performance outcomes and increase in productivity (Muneneet al. 2004). This justifies the fact that employee positive behaviors directly and indirectly influences performance. Work environment also influences behaviors which

influence performance since they are self-rewarding. Many SMEs employees report late for work, embezzle SMEs funds, some forge signatures, others fail to submit reports in time. Accordingly, this might be attributed to failure for managers to introduce and apply skill development models such as Key Result Area and Key Personal Competence (Rwemigabo2005).

2.5.2 Innovativeness

This refers to exploiting or bringing new ideas by individual employees or teams that in totality lead to creation of new quality products and processes or services. Innovation is therefore invention of novel ideas that contribute to value addition of a business. Human resources across all departments need to be rewarded for the creation and innovations invented in the organization through various resilient skills and competences in order to reduce on the intensity of lack of commitment in their respective areas of operation. Radner & Barnes (2007) argue that for financial institutions including SMEs to operate smoothly there is need for management to put in place competitive mechanisms meant to orient and train potential applicants/clients, employees and be in position to monitor and evaluate team efforts on grounds of employee commitment to work, organizational citizenship behaviors, and communication *mechanisms* in order to document success and meet performance expectations.

Muneneet al. (2004) states that time management, positive behaviors, innovativeness and increased productivity influence of performance of SMEs. Employee attitude in terms of behaviors spear head innovativeness and other good virtues like time management which in turn influence performance outcomes and increase in productivity. This justifies the fact that employee positive behaviors directly and indirectly influences performance. Work environment

also influences behaviors which influence performance since they are crucial Skinner 1956; Hine 1992 cited in Munene et al (2005).

2.5.3 Human Capital

In today's business environment, Human Capital improvement initiatives are vital assets in spearheading performance of small and medium enterprises (Ahuja, 2000). This calls for SME owners and managers to invest in developing and improving human capital in terms of skills and experience through avenues that directly and indirectly empower people in the SME businesses to execute their businesses with resilient skills and create platforms for such business to meet their goals and expectations. Human capital in form of improved skills and competences coupled with unit standards do steer up work units, teams and individuals results into superior performance of SMES in their respective business constitutes/frameworks (Armstrong, 2000).

In addition Neils et al (2002) also stated that human capitals inform of skills, experience and education coupled with positive individual personal characteristics with positive perception towards management style in a given organization improves performance. Studies by Lee & Van Witteloostuijn (1998) indicate that human capital is a strategic variable in regard to SMES performance. Meeting performance expectations is vital if the institutions including SMEs are to achieve a competitive edge over global competitors.

SMEs need to equip their human resources in all departments with the required competencies in order to perform (Sewava, 2002). There is strong evidence that employee with required competencies and belief that they have been treated fairly can respond positively to a variety of environmental changes and initiatives that in totality improve performance (Coyle-Shapiro, 2004).

For SMEs to perform up to and beyond expectations there is a need to put in to consideration the working environment of the employees to spearhead behaviors that reflect excellent performance for instance organizational commitment, job satisfaction, and reduced employee turnover intentions (Wayne, Shore, Boomer & Tetrick, 2002; Pack, 2005) which culminates into improved performance. Greenberg & Colquitt (2005) added that distributive justice is a major component of organizational justice since distribution and allocation of resources like salaries, bonuses, facilities, and travel allowances can influence employee performance at work thus an element that should be considered by SMEs' owners for better performance.

2.6 Conclusion

In regards to the above views given by difference scholars, management competence is a key for performance of SMEs. SMEs managers need to invest human capital in form of education, characteristic associated with behaviors at work for them to prosper in their businesses including other factors such as innovation, time management this will spearhead performance of SMEs beside Management Competence.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This section encompasses the approaches to be used to make the study successful. It details the research designs that are intended to be used by the researcher and the reasons for their choice. The section also captures the population and the sampling methods to be used during the study. It also describes the data collection methods and instruments, methods of processing and analysis of data that the researcher will employ. This section also shows how reliability and validity of the instruments will be guaranteed.

3.1 Research Design

The study was conducted among the human resource manager, cashiers, operations manager, secretary, general manager, employees, sales personnel, transporters, account assistant, finance manager, secretary and marketing manager of Victoria Seeds Company Limited. I used case study approach for my study which limited my search to a specific area. Both qualitative and quantitative approaches were used in order to obtain depth information and to ease the analysis of the collected data.

Under the qualitative method, I used interviews, observations and for quantitative method, I used descriptive research design and involved questionnaires, use of written document and reports. Frequency and percentage tables were constructed, bar graphs and pie charts drawn to interpret the data. All this was used aimed at providing a systemic description and facts from that data was collected.

3.2 Area of the study

The study was conducted in Victoria Seed Limited Gulu branch in Barogal village Gulu district in Northern Uganda. This area was considered because it is politically stable currently.

3.3 Study population

A population refers to the total number of element in a given study. The entire population comprised of 50 employees of Victoria Seed Limited. These were later subdivided into strata according to job titles, sections/head of departments such as Human Resource Manager, Cashiers, Operations Manager, Secretary, General Manager, Employees, Sales Personnel(sales representatives), transporters (transport), Account Assistant, Finance Manager, Secretary and Marketing and Sales Manager..

3.4 Sampling Procedures

3.4.1 Sample size

The study covered sections or head of departments which was specified according to such as Human Resource Manager, Cashiers, Operations Manager, Secretary, General Manager, Employees, Sales Personnel (sales representatives), Transporters (transport), Account Assistant, Finance Manager, Secretary and Marketing Manager. To obtain the required sample that can represent the total population, random sampling technique was used since the population was relatively homogenous for the characteristics of interest.

The researcher presented procedure of obtaining the sample size of the study using sampling fraction formula as shown below.

$$n = \frac{\text{Total Population (N)}}{1+e^2}$$

Where n is the sample size

N is the total number of employees at Victoria Seed Limited, Gulu branch

e represents the error which can be either 0.05 or 0.01

$$n = \frac{50}{1+(0.05)^2}$$

$$n = \frac{50}{1+(0.0025)}$$

$$n = \frac{50}{1.1275}$$

$$n = 44.35$$

$$= 44$$

Table 1: Showing the population and sample size of the study

Category/Titles	N= Total population	n=Sample size
Cashier	2	2
Accountant	1	1
Operations Manager	1	1
Marketing Manager	1	1
Secretary	1	1
Account Assistant	1	1
Transporters	3	3
Human Resource Manager	1	1
General Manager	1	1
Finance Manager	1	1
Sales Personnel	5	5
Employees	26	26
Support staffs	4	
Board of Directors	2	
Total	50	44

Source: *Field findings*, 2015

3.4.2 Sample techniques

The non-probability sampling/purposive sampling and probability sampling approaches were used.

Non-probability sampling/purposive sampling

Under Purposive sampling; the researcher chose respondents who were more likely to give the data that was needed. The technique was used because it targeted staffs that had ideas on the research topic and because it involved sections or departments of Victoria Seed Limited. Questionnaires were then randomly distributed to the selected workers/respondents with different titles as showed in figure 2.

Probability sampling

The researcher used probability random sampling to select the number of respondents to be examined. Under probability random sampling, the simple random sampling was used where researcher simply selected respondents to get the relevant information obtained from the interview guide.

3.5 Data collection methods and instruments

3.5.1 Questionnaire

The researcher used closed-ended structured questionnaires to collect data from the respondents from various departments of Victoria Seed Limited. The questions were closed ended with options that ranged from strongly agree to strongly disagree. These were rated using 4-point Likert scale. The questionnaires were divided into major sections to address specifically every

variable in the model. These were general information (background information), management knowledge, management skills and management experience.

This was also the main collection tool used where by respondents were given questionnaires to fill in the answers of their own choice. This helped the researcher to analyze data and firsthand information was obtained; in addition, accurate information about the role of management competence on the performance of SMEs was also gathered.

The use of questionnaires as a method of data collection is very advantageous because it is a quick and efficiency way to obtain information from a large number of people; it is less costly than interviewing many people; and questionnaires secure participants' anonymity (Dessler, 2000).

However, the major drawbacks of using questionnaires are; the response rate for questionnaires tends to be low; the levels of literacy levels of respondents are not known to the researcher in advance (Dessler, 2000).

3.5.2 Interview

Under this method, the researcher use this because there were face to face interactions with the respondents thus providing rooms to probe for clarification and getting first hand reliable data. It was also used to cater for those respondents who were not in hurry and those who did not understand the language used in the questionnaire because it permits clarification for questions.

3.5.3 Observation

The researcher used this to see some tangible and intangible indicators of management competence on performance SMEs. This method was used because it is cheap to obtain accurate

information that may not be captured using the questionnaire method and was to capture other information concerning management competence and its role on the performance of SMEs.

3.5.4 Document reviews

The researcher reviewed reports like UIA reports, company documents, text books, journals, articles etc. These enabled the researcher to obtain information which was not manipulated.

3.5.5 Data Collection Instruments

Under the interview method, an interview guide was prepared. For observation method; pens, eyes and notebook were used and lastly library research was used. Under this; the researcher used the relevant books and other literatures regarding the research topic. The information needed was obtained. This method was used because it was the only alternative to get secondary data and primary data.

Quantitative data was collected using questionnaires. These were rated using 4-point Likert that is like strongly agree, agree, strongly disagree and disagree.

3.6 Quality Control Methods

3.6.1 Measurement of variables

Independent Variables (management knowledge, management skills and management experience)

The researcher designed the instruments (questionnaires) based on the prevailing literature review and other work done by other scholars. These questionnaires addressed the issues employed in measuring role of management competence and performance of SMEs.

Management knowledge, management skills and management experience were measured using 5 items respectively. For all the measures, participants were asked to respond to the four –point Likert-type scale ranging from 1 (strongly agree) to 4 (strongly disagree).

Dependent variables (performances of SMEs)

The researcher measured performance of SMEs basing on the data analyzed using SPSS. The researcher interpreted the statements and information about the performance of SMEs, and were drawn and explained.

3.6.2 Quality control

Quality control was done through a series of procedures. Following the preparation of the research instruments, a study was conducted at Victoria Seed Limited in order to ascertain and detect my ambiguities related to the questions that were not easily understood or poorly constructed and even those that were irrelevant to the respondents.

3.6.3 Reliability and Validity

To ensure reliability and validity, the researcher pre-tested the instruments to check the accuracy of perception. The degree of truthfulness was measured by the use of face validity where by the researcher made conclusions that what was intended to be measured and it had been successfully measured. The instruments were subjected to expert for review.

3.7 Data management and Processing

3.7.1 Data editing

This involved checking for errors and omissions to ensure accuracy, uniformity and completeness. Data editing also included checking for gaps, errors, incompleteness and misreporting.

3.7.2 Data Summarizing

During the process, answers were clarified into meaningful categories so as to bring essential patterns of them.

3.7.3 Data collection method

After collecting data, it was compared and reduced into table and allocated into frequencies and percentages. The SPSS was used to process data. Data processing also involved editing, summarizing and tabulation. Findings were analyzed, interpreted to give meaning to the raw data.

3.7.4 Data collection procedure

In the study following the approval of the research proposal and its research, a letter was sought from the Uganda Martyrs University for introduction purposes at Victoria Seed Limited. Upon authorization by the relevance authorities at Victoria Seed Limited, the designed and approved questionnaires were interviewer administered by the researcher coupled with the help of trained research assistants on how to question with the respondents.

3.8 Data analysis

Data collected was analyzed both quantitatively and qualitatively. Content analysis was done with the company documents so as to keep to keep exact essence from the respondent's answers. The cleaned data was coded, summarized and converted into frequencies and percentages. The researcher then used statistical package for social scientists, (SPSS) for carrying out the analysis. The analysis tool was description statistics for frequency tables where findings were analyzed and interpreted.

3.9 Ethical Consideration

Permission to conduct the study was granted by Directors of Victoria Seed limited Gulu Branch Seed Limited. Letter of introduction was obtained from the office of the Dean- Faculty of Business Administration and Management and permission was granted by Directors of Victoria Seed limited Gulu Branch to carry out the study within the different departments. The purposes and benefits of the study were explained to the respondents prior to obtaining consent and administering the questionnaires

3.10 Limitations of the Study

During the field study, certain difficulties were encountered. The key among these anticipated difficulties include:

1. The researcher was limited by the reluctance of some respondents to complete the questionnaires promptly. In this case, the researcher ensured patience and direct involvement for completion.

2. Some respondents expressed their lack of inept understanding of the language used thus causing delays in the filling of the questionnaires.
3. Inadequate cooperation of respondents affected the researcher's work. Some respondent were not willing to avail the researcher with information in and during the study and this in turn delayed the study. However, the researcher convinced them and promised confidentiality of the information collected
4. Money was not enough to enable the researcher to travel to the other new branches of Victoria Seed Limited.
5. It was very costly to collect the filled questionnaires from the respondents since they reported for duties at different times.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

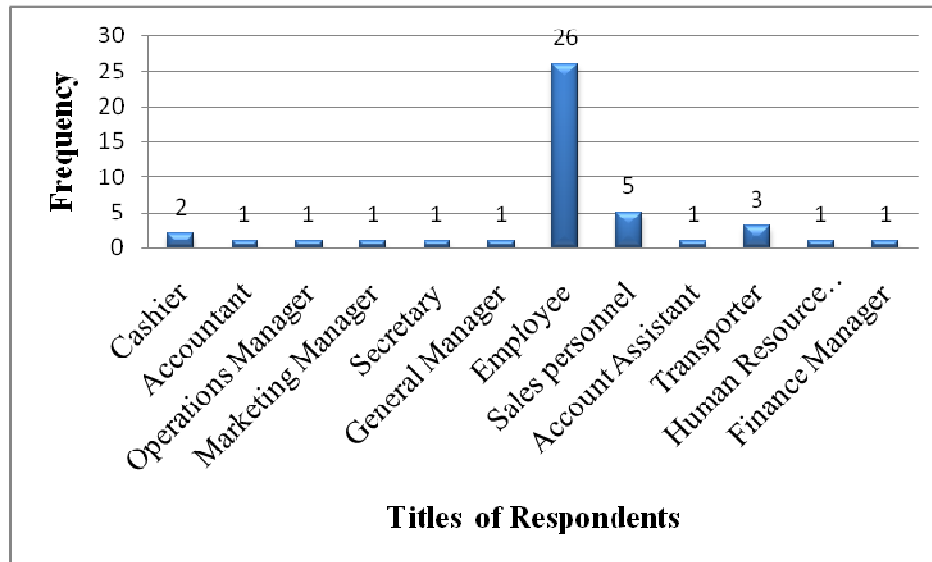
Chapter four is a presentation, analysis and discussion of research findings in regard to the research objectives. Data was generated from interviews, questionnaires and observation it was tabulated. Percentages and frequency tables were also used for easy understanding of the findings and they were produced using SPSS.

4.1 Background Characteristics of Respondents

The background characteristics considered the workers of Victoria seeds limited and under the study were titles, gender, age group (age bracket), marital status educational qualifications, level of management and year served for the organization. This was considered because knowing the backgrounds of the study population helps the researcher to analyze the effect of this to study variables.

4.1.1 Titles of Respondents

Figure 1: Bar charts showing titles of respondents

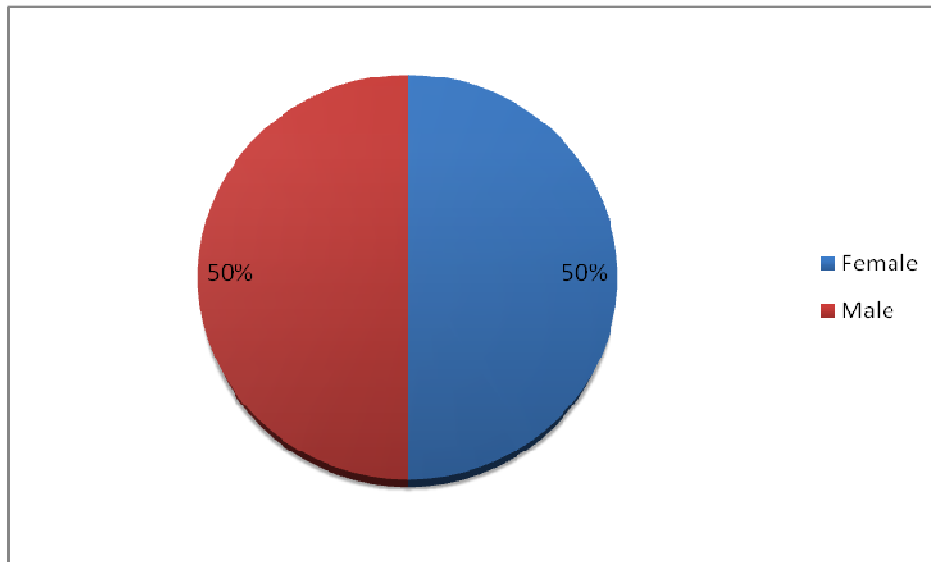


Source: *Field findings, 2015*

Figure 1 portrays the title of respondents' results got through questionnaires and interviews. According to the figure, findings shows that majority of Small and Medium Enterprises have one person in the positions of accountant, operation manager, marketing manager, secretary, general manager, human resource manager and financial manager, few as transporters, sale persons, cashiers and many people are employed by SMEs as ordinary workers.

4.1.2 Gender

Figure 2: Pie chart showing gender of the respondents



Source: *Field findings, 2015*

Figure 2 portrays gender data got through questionnaires and interviews. According to the figure 2, 50% (22) of the respondents were male and 50% (22) were female. This implies that there was gender balance in the study. It further explains that both men and women are involved in the operation of SMEs though men are consider to be energetic than women, that is, they can work for long hours and bears all the fatigue activities that are involved in businesses.

4.1.3 Age brackets

Table 2: Showing the age bracket of respondents

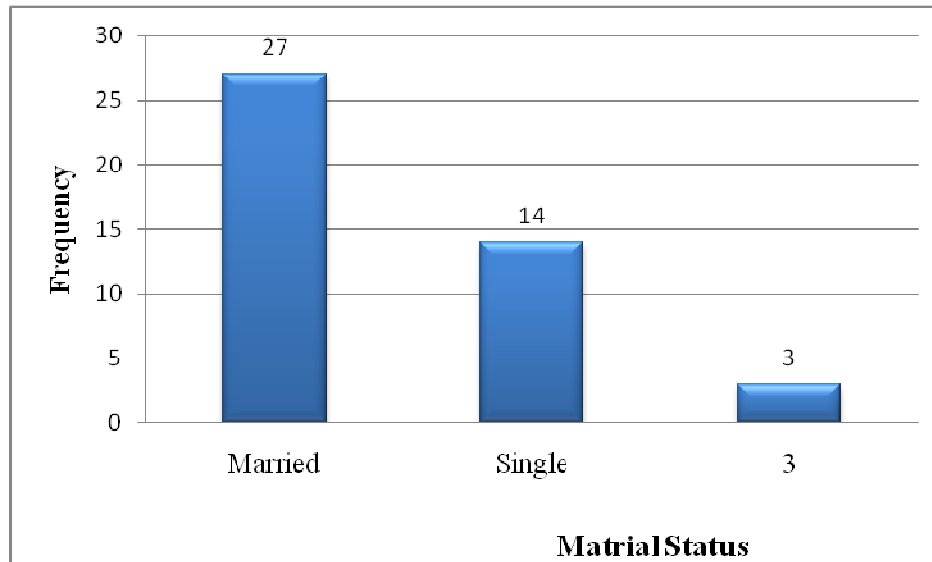
Age	Frequency	Percent (%)
18-35	32	72.7
36-45	9	20.5
36 and above	3	6.8
Total	44	100.0

Source: *Field findings, 2015*

As seen in table 2, findings from the questionnaires and interviews revealed that respondents who took part in this study ranged from 20 to 36years old and above. Table 2 also shows that 72.7% (32) of respondents were in the 18–35 age bracket, 20.5% (9) in the 36-45 age bracket and 6.8% (3) in the 36 and above age bracket. This implies that 72.7% of SMEs’ owners mostly employ youth that is in the age bracket of 18-35. This is because they are energetic and productive working age and are likely to increase their production. Management is advised to employ the youths in their SMEs since they can work for long hours for higher and better performance.

4.1.4 Marital Status

Figure 3: Bar chart showing Marital Status



Source: *Field findings, 2015*

Figure 3 shows marital status of respondents. Both questionnaires and interviews were employed to collect information on marital status of the respondents. Out of 44 of respondents, 61.4% (27) were married, 31.8 % (14) were single and 6.8% (3) were neither married nor single. The study implies that research was by the mature and diverse views of people age groups with different knowledge and experiences vital for gathering factual and balanced information.

61.4% of respondents also indicates that most employees in SMEs are married and this could be because they are always dedicated to their work since they have a lot of responsibilities to accomplish compare to some single people who spend most of their time on social networks and perhaps have little effort to put in the business hence Small and medium enterprises' managers should focus on giving good working environment to these people since marital status seem to

have nothing to do with enterprise performance, that is, married people can perform as well as single people given proper working environments.

4.1.5 Educational qualifications

Table 3: Showing educational qualifications of respondents

Educational qualifications	Frequency	Percent (%)
Certificate	7	15.9
Diploma	11	25.0
Degree	23	52.3
Postgraduate	3	6.8
Total	44	100.0

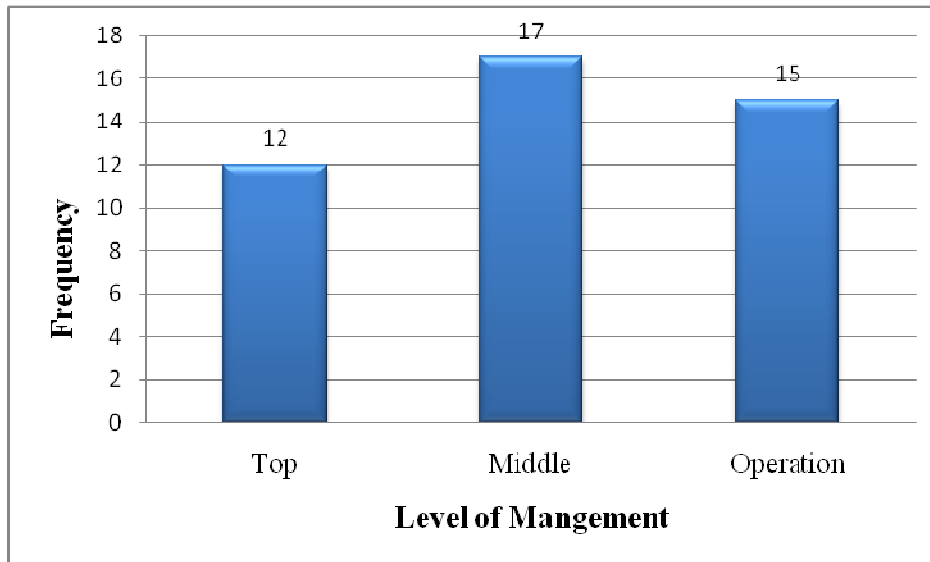
Source: *Field finding*, 2015

Table3 above presents the educational level of respondents. Both interviews and questionnaire were employed to collect information on the educational level of the respondents. The research findings according to table 3 revealed that 15.9% (7) of the respondents were certificate holders, 25% (11) were diploma holders, and 52.3% (23) were degree holders and 6.8% (3) postgraduate holders. This implies that respondents had the capacity to answer questions in the questionnaire.

It also implies that most of SMEs employ mostly degree and diploma holders, few certificate holders and very few postgraduate holders in their businesses. This is could be as a result of the description of the jobs, lack of finances to support the employees in terms of salary, benefits, bonus in case of overtime, need of competence people to performance certain jobs and to minimize cost of operation and maximize profits.

4.1.6 Level of management

Figure 4: Bar chart showing the level of management of respondents

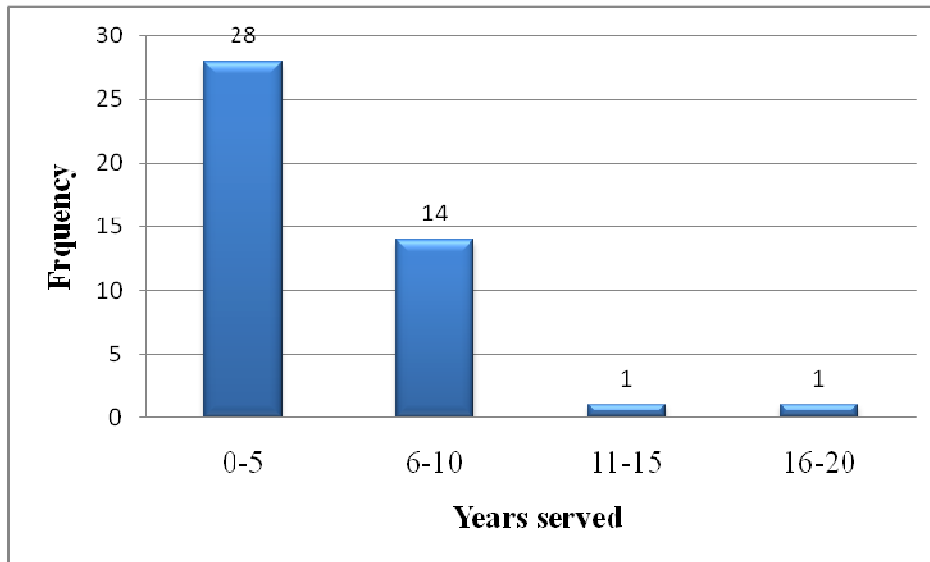


Source: *Field finding, 2015*

As showed in figure 4 using data gathered through questionnaires, 27.3% (12) of the respondents were top managers, 38.6% (17) were middle managers, and 34.1% (15) were operation managers. Findings show that 38.6% of the respondents were middle managers and 27.3% were operational managers, this is because middle managers perform over all responsibilities and monitors operational managers whether they are performing their routine tasks assigned to them while top manager concentrates in making strategic decisions, seeking finances for the expansion of the business hence little time is spent in the activities of the organization thus middle managers undertake the overall responsibility of the entire business.

Year served

Figure 5: Bar chart showing the number of years served by respondents



Source: *field findings, 2015*

Figure 5 above presents the number of years served by respondents. Both interviews and questionnaire were employed to collect information. The research findings according to figure 5 shows that 63.6% (28) of the respondents had spent less than 4 years in the enterprise, 31.8% (14) had spent 6 to 10 years, 2.3% (1) had spent 11-15 years and 2.3% (1) had spent 16-20 years. This implies that majority of SMEs' employees spent a maximum of 10 years working for an enterprise before retiring and very few workers proceed this limit. This is because most of them would love to invest in other activities such as agriculture, horticulture, and engaging in small businesses among others to sustain their families, for basic needs before they die and after their death.

4.2 The importance of Management knowledge on the performance of SMEs, Victoria Seed Limited Gulu Branch

Salina. D & Wan. F (2010) argue that for SMEs to improve their competitive advantage, they should have Knowledge management processes that enable them to create and acquire knowledge and to apply, share and preserve knowledge.

4.2.1 Showing Knowledge is a direct advantage for companies' selling ideas

Table 4: Showing Knowledge is a direct advantage for companies' selling ideas

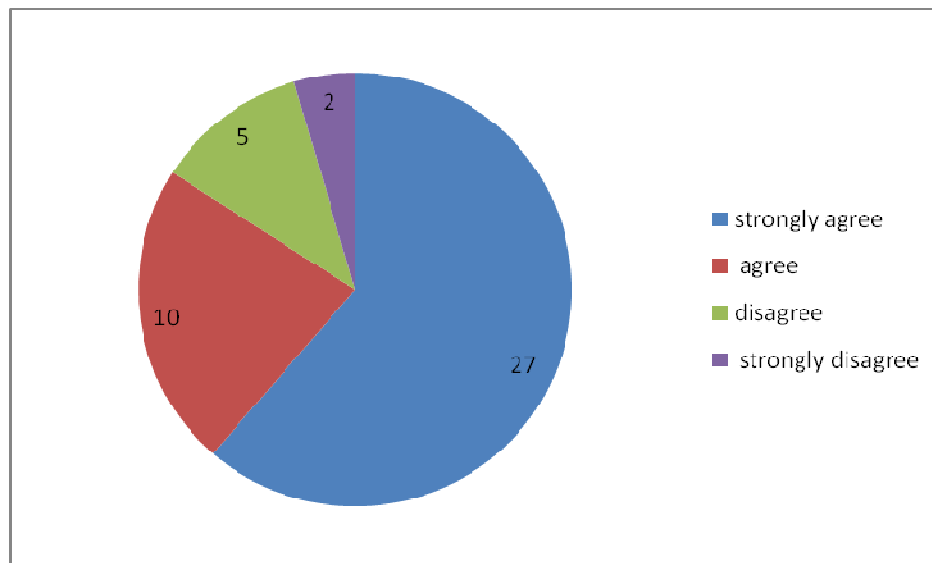
Responses	Frequency	Percent (%)
Strongly agree	24	54.5
Agree	16	36.4
Disagree	1	2.3
Strongly disagree	3	6.8
Total	44	100.0

Source: *Field findings, 2015*

According to table4 basing on the data collected through questionnaire, 54.5% (24) of the respondents strongly agreed that Knowledge was a direct competitive advantage for companies' selling ideas, 36.4% (16) agreed, 2.3% (1) disagreed and 6.8% (3) strongly disagreed the statement. 54% of respondents show that knowledge is a direct competitive advantage for SMEs' selling ideals. This statement agreed with Ulrich (1998) idea mentioned in literature review. He stated that knowledge is a direct competitive advantage for companies selling ideas and relationships.

4.2.2 Knowledge management improves efficiency, effectiveness of the organization's manpower

Figure 6: Showing knowledge management improves efficiency, effectiveness of the organization's manpower



Source: *Field findings, 2015*

Figure 6 shows numbers of the respondents who responded that Knowledge management improved efficiency, effectiveness of the organization's manpower. Questionnaires were employed to collect information. According to results obtained in figure 6, 27 out of 44 respondents representing a percentage of 61.4 strongly agreed that Knowledge management has improved efficiency, effectiveness of the organization's manpower as stated by Armstrong(2000) in the literature review. 22.7% (10) agreed, 11.4% (5) disagree and 4.5% (2) strongly disagreed with the statement. 61.4% indicates that SMEs' efficiency and effectiveness improve because of knowledge management. This could have been as result of employees' commitments, efforts and their knowledge about the job hence efficiency and effectiveness of the organization's

manpower. Secondly they could have used organizational learning theory as an alternative way of responding to the different challenges facing their businesses by translating that knowledge into practice and systematization of more effective practices beside knowledge thus better performance (Bitencourt, 1991).

4.2.3 KM practices avails enterprise's knowledge to all its members

Table 5: Showing that KM practices avails enterprise's knowledge to all its members

Responses	Frequency	Percent (%)
Strongly agree	18	40.9
Agree	21	47.7
Disagree	4	9.1
Strongly disagree	1	2.3
Total	44	100.0

Source: *Field findings*, 2015

As shown in table 5, with the aid of data gathered through questionnaires, 21 out of 44 respondents representing a percentage of 47.7 agreed that KM practices availed enterprise's knowledge to all its members. 40.9% (18) strongly agreed, 9.1 % (4) disagreed and 2.3% strongly disagreed with the statement. 47.7% of the majority of the respondents indicated that knowledge management practices avails enterprise's knowledge to all its members (Ali, 2009). This implies that to capture an enterprise's knowledge, SMEs should make it available to all its members through the use of knowledge management practices for them to survive in a competitive market.

4.2.4 Knowledge management helps SMEs to achieve their necessary capabilities such as Problem solving

Table 6: Showing that Knowledge management helps SMEs to achieve their necessary capabilities such as Problem solving

Responses	Frequency	Percent (%)
Strongly agree	23	52.3
Agree	15	34.1
Disagree	5	11.4
Strongly disagree	1	2.3
Total	44	100.0

Source: *Field findings, 2015*

According to the results in table 6, gathered using questionnaires, 23 out of 44 respondents representing a percentage of 52.3 strongly agreed that Knowledge management has helped SMEs to achieve their necessary capabilities such as a problem solving, 31.1%(5) agreed, 11.4(5) disagreed and 2.3%(1) strongly disagreed with the statement that Knowledge management helps SMEs to achieve their necessary capabilities such as problem solving. 52.3% of the majority of respondents meant that knowledge management is a tool for solving problems in SMEs (Ali, 2009). This implies that Knowledge assists SMEs in identifying problems that is affecting their businesses. In addition, SMEs can explore the diversity of experience as a solution for their problems basing on one's background as stated by Bitencourt (1991) in discussing social perspective, as one of perspective in management competence.

This is illustrated in the theory in the literature review; hence SMEs' managers can use this perspective as an alternative way for solving some of the problems that is affecting their businesses.

4.2.5 SMEs need to acquire knowledge in order to make strategic decisions to improve in productivity

Table 7: Showing that SMEs need to acquire knowledge in order to make strategic decisions to improve in productivity

Responses	Frequency	Percent (%)
strongly agree	23	52.3
Agree	17	38.6
Disagree	3	6.8
strongly disagree	1	2.3
Total	44	100.0

Source: *Field findings, 2015*

As seen in table 7, findings from the questionnaires and interviews revealed that, 23 out of 44 respondents representing a percentage of 52.3 strongly agreed that SMEs need to acquire knowledge in order to make strategic decisions to improve in productivity, 38.6 % (17) agreed, 6.8%(3) disagreed and 2.3% (1) of the respondents strongly disagreed with the statement. 52.3% shows that knowledge management influence strategic decision making of SMEs as argued by Ali (2009) in the literature review.

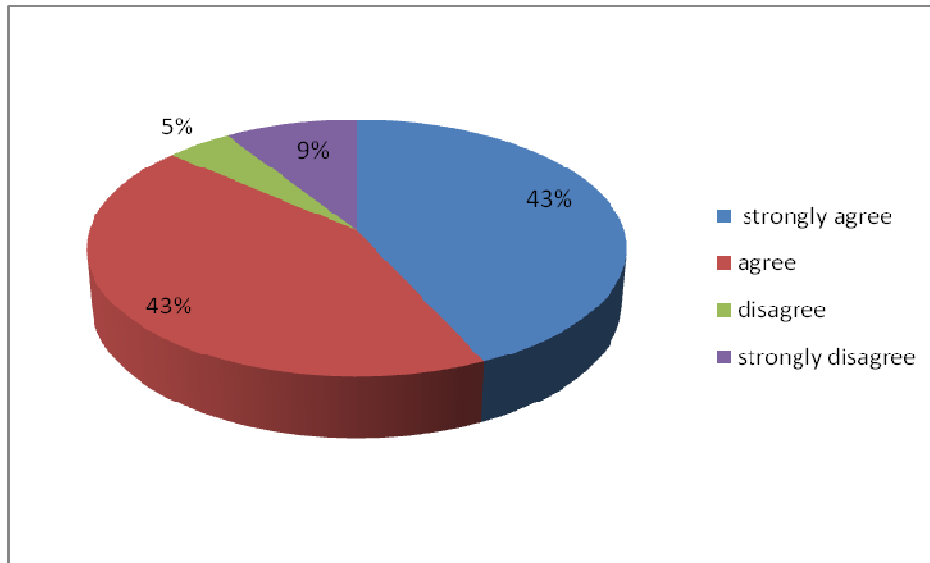
SMEs owners need to acquire knowledge in order to make decision to improve on their turnovers, that is, knowledge will help strategic managers (owners)of SMEs to analysis the different investment appraisal techniques and choose the best to be use in business to calculate the profitability of the business, that is, whether the business is making profit or not hence deciding on which investment method to be used in appraising the business and look out on other tools that can be implemented to improve the productivity of the entire enterprise.

4.3 To assess the use of management skills on the performance of SMEs, Victoria Seed Limited Gulu Branch

Skills are a form of human capital; it is a vital asset in spearheading team work that influences performance of SMEs. This factor calls for SMEs owners and managers to invest in skills through avenues that directly and indirectly empower people in the SMES business to execute their businesses with resilient skills and create plat forms for such business to meet their goals and expectations (Masereka, 2012). Improved skills and competences coupled with unit standards steer up work units, teams and individuals' results into superior performance of SMES in their respective business frameworks (Armstrong, 2000).

4.3.1 Employees must poses technical and interpersonal skills to work with advanced technologies

Figure 7: Employees must pose technical and interpersonal skills to work with advanced technologies



Source: *Field findings, 2015*

Figure 7 shows the percentage of the respondents who responded that employees must poses technical and interpersonal skills to work with advanced technologies. Both questionnaires and interviews were employed to collect information on the statement. 19 out of 44 respondents representing a percentage of 43.2 strongly agreed and agreed with the statement 4.5% (2) disagreed and 9.1% (4) strongly disagreed with the statement. This indicates that SMEs' employees must pose a wide range of technical skills such as technology, technical business management for them to work with advanced technologies (Fernandez, 2001). This is because these skills will enable them to carry out business with ease, quickly and help them to know the procedure of how certain activities are supposed to be done.

4.3.2 Individual employees are essential part of the entire human resource system in SMEs

Table 8: Individual employees are essential part of the entire human resource system in SMEs

Responses	Frequency	Percent (%)
Strongly agree	20	45.5
Agree	15	34.1
Disagree	4	9.1
Strongly disagree	5	11.4
Total	44	100.0

Sources: *Field findings, 2015*

The results in table 8 was obtained with the help of questionnaires, of the 44 questionnaires served, (20) 45.5% of the respondents strongly agreed that individual employees are essential part of the entire human resource system in SMEs. (15) 34.1% agreed, (4) 9.1% disagreed and (5)11.4% strongly disagreed with the statement as argued by (Fernandez, 2001) in literature review. This implies that SMEs' operations and any other activity that take place in an enterprise depends on employees thus SMEs' managers have to handle individual employee with care, they have to understand the individual employee's behavior and personality for them to come up with a strategy to manage them and while preparing skill matrix for selecting the right persons with the right skill during the staffing process.

Findings also show that organization need to need to balance individual and collective practices as well as formal and informal ones, in order to develop the organization and its managerial competences (Dodgson, 1993).In addition, SMEs need to employ competent individuals in their businesses for instance; competence must be seen as a system, for them to develop (Leonard, 1995) hence individual employees are essential part of the entire human resource systems in SMEs.

4.3.3 Management skill is a form of human capital that create a platform for teamwork among SMEs' employees

Table 9: Management skill is a form of human capital that create a platform for teamwork among SMEs' employees

Responses	Frequency	Percent (%)
Strongly agree	15	34.1
Agree	20	45.5
Disagree	6	13.6
Strongly disagree	3	6.8
Total	44	100.0

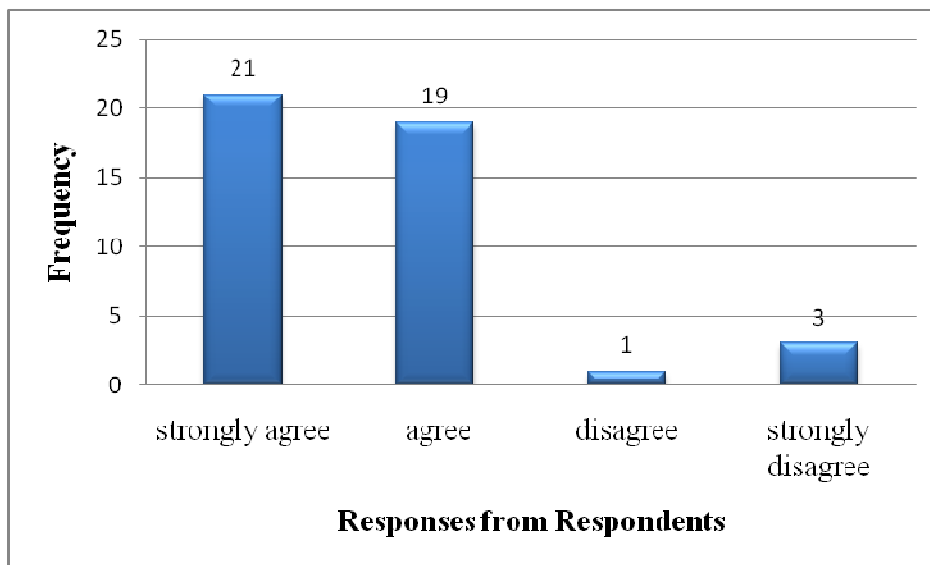
Sources: *Field findings, 2015*

In table 9,15 out of 44 respondents representing a percentage of 34.1 strongly agreed that management skill is a form of human capital that creates a platform for teamwork among SMEs' employees (Masereka, 2012). This data was gathered with the aid of questionnaires. 45.5% (20) agreed, 13.1% (6) disagreed and6.8% (3) strongly disagreed with the statement. 45.5% of the respondents revealed that management skills help in spearheading team work among SMEs'

employees thus SMEs owners and managers need to invest in skills for them to meet their goals and expectations of their businesses.

4.3.4 Management skills is a vital assets that influence performance of SMEs

Figure 8: showing Management skills is a vital asset that influence performance of SMEs



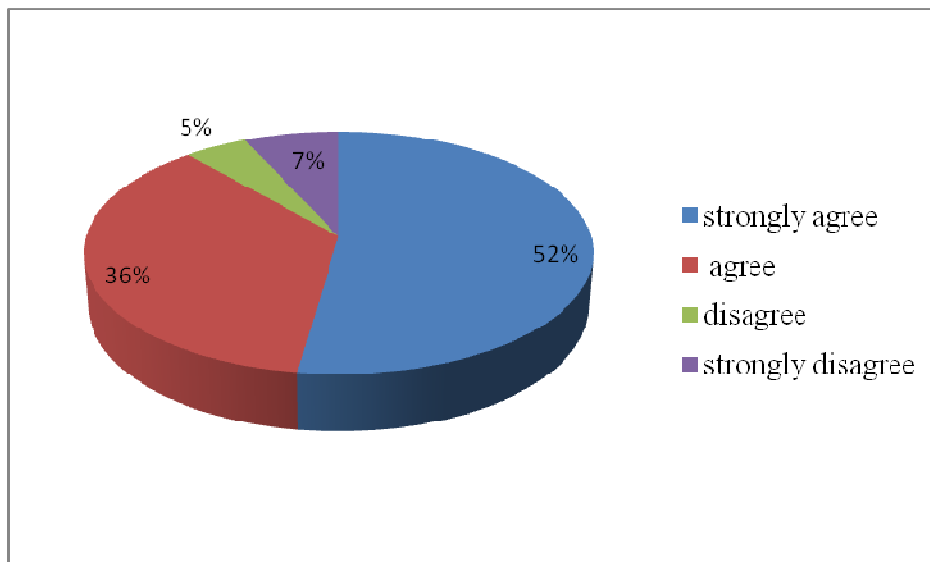
Source: *Field findings, 2015*

From the responses given by the respondents in figure 8, 47.7 % (21) of them strongly agreed that management skill is a vital asset that influences performance of SMEs, 43.2% (19) agreed, 2% (1) disagreed and 6.8% (3) strongly disagreed with the statement. 47.7% of the respondents indicate that management skills are vital assets that influence the performance of SMEs (Masereka, 2012). This implies that SMEs' managers have to invest more in managerial skills to steer up their work units, teams and individuals' results which would eventually lead to superior performance of SMEs in their respective business frameworks.

Furthermore, findings indicates that SMEs in turn, can learn through]process, that is, by organizing their routines, observing their activities and organizational culture as well as adapting and developing organizational efficiency through improvement of skills on the workforce (Dodgson, 1993) hence management skills are vital assets that influence performance of SMEs.

4.3.5 Management skills are platforms for business to meet their goals and expectations

Figure 9: showing that Management skills are platforms for business to meet their goals and expectations



Source: *Field findings, 2015*

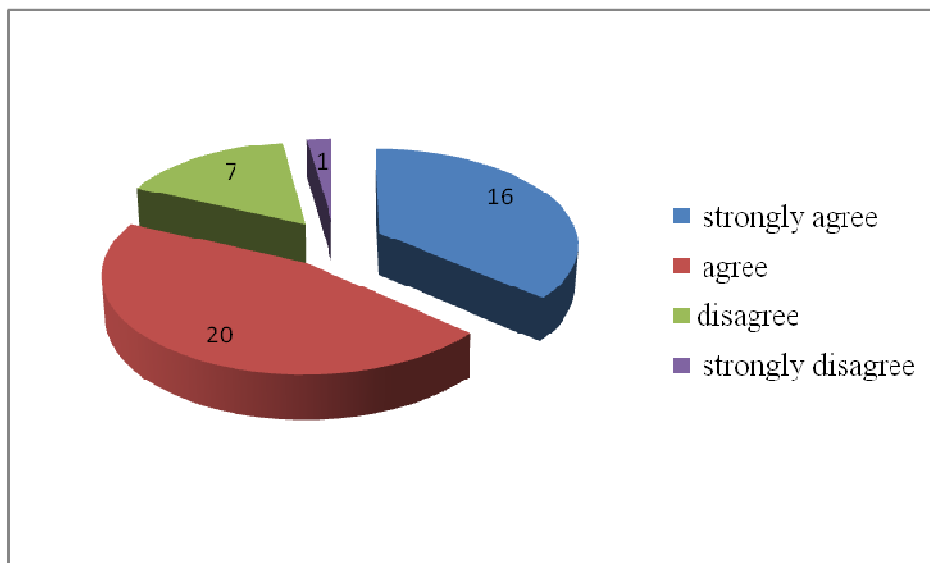
In figure 9, out of 23 out of 44 respondents repenting a percentage of 52 strongly agreed that management skills are plat form for business to meet their goals and expectations. The data was obtained using questionnaires. 36% agreed, 7% disagreed and 5% strongly disagreed with the statement. 52% of respondent revealed that management skills are a tool that aid SMEs to meet their expectations and goals (Masereka, 2012).

4.5 To find out the relationship between management experience, skills and performance of SMEs, Victoria Seed Limited Gulu Branch

According to Masereka (2012), experience as described as a form of human capital; it is a vital asset in spearheading team work that influences performance of SMEs. This factor calls for SMEs owners and managers to invest in skills and experience through avenues that directly and indirectly empower people in the SMES business.

4.5.1 Experience is a form of human capital that create a platform for teamwork among SMEs' employees

Figure 10: Showing experience is a form of human capital that create a platform for teamwork among SMEs' employees



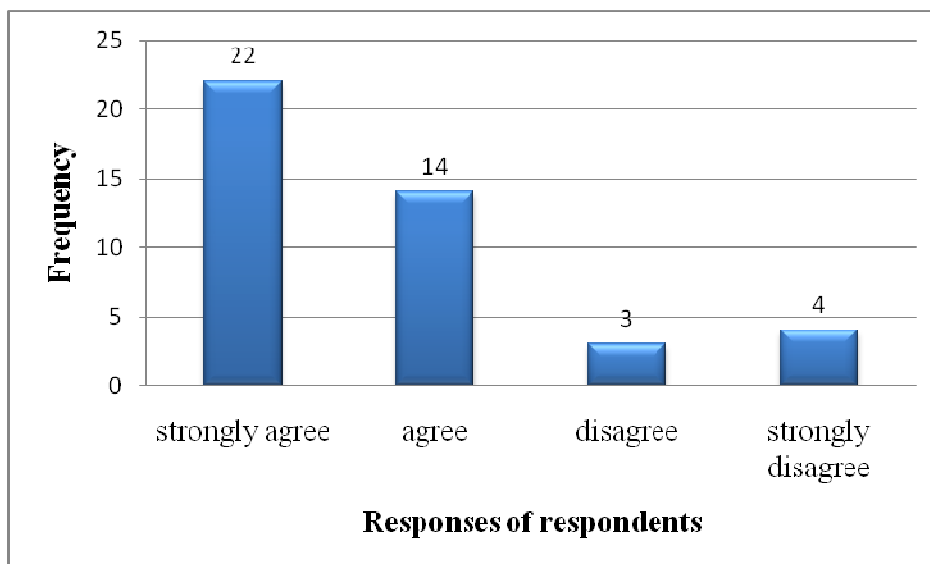
Source: *Field findings, 2015*

Figure 10 shows the number of respondents who answered that experience is a form of human capital that create a platform for teamwork among SMEs' employees. This was based on

information that was gathered through questionnaires. 20 (45.4%) of respondents strongly agreed that experience is a form of human capital that create a platform for teamwork among SMEs' employees, 16 (36.3%) agreed, 7(15.9%) disagreed and 1 (2.29%) strongly disagreed with the statement.45.4% shows that experience create a platform for teamwork among SMEs' employees (Masereka, 2012).

4.5.2 Experience is gained through job training

Figure 11: Showing Experience is gained through job training



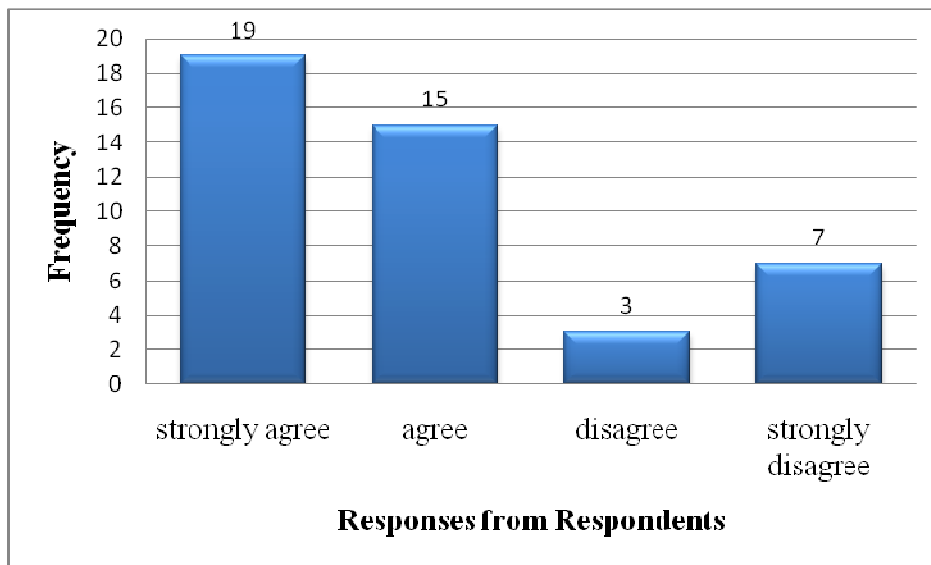
Source: *Field finding, 2015*

In figure 11 above, 22(50%)of respondents strongly agreed that experience is gained through job training, 14(31.8%) agreed, 4(9%) disagreed and 3(6.8%) strongly disagreed that experience is gained through job training. 22(50) % of the respondents indicate that SMEs' employees gain experience through job training (Neils et al., 2002). This is seen with entrepreneurs who work in carpentry and joinery, tailoring and weaving industries and other vocational institutions where

people are trained on job and enhance gaining experience from the daily tasks or activities that are given to them by their supervisors to perform.

4.5.3 Experienced employees require minimum supervision to perform than inexperienced employees

Figure 12: Experienced employees require minimum supervision to perform than inexperienced employees



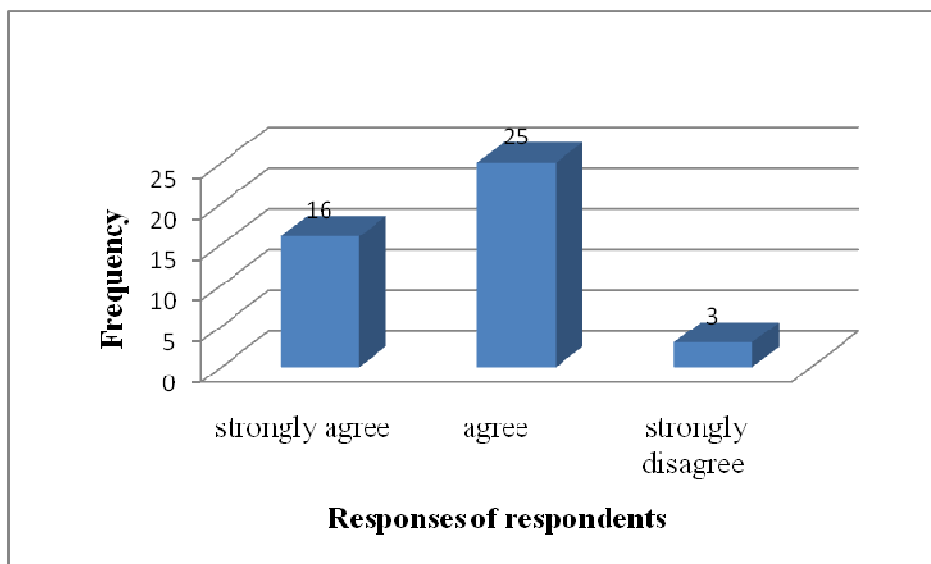
Source: *Field findings, 2015*

Figure 12 portrays the number of respondents who responded that experienced employees require minimum supervision to perform than inexperienced employees. The information was collected using questionnaires. 19(43.1%) of the respondent strongly agreed with the statement, 15(34%) agreed, 7(15.9%) disagreed while 3(6.8%) strongly disagreed. Findings show that 43.1% of SMEs' employees require minimum supervision to performance than inexperienced employees (Gonzalez, 2004).

It also implies that some SMEs have some competent employees who know what they are supposed to do and hence minimizing cost of supervision thus increase in turnover of the business.

4.5.4 Lack of innovation and experienced human resource affects the performance of SMEs' businesses

Figure 13: Showing that lack of innovation and experienced human resource affect the performance of SMEs' businesses



Source: *Field findings, 2015*

The results in figure 13 indicate the number of respondents who responded that lack of innovation and experienced human resource affect the performance of SMEs' businesses; 25(56.8%) agreed, 16(36.4%) strongly agreed and 6.8% disagreed with the statement. This implies that SMEs lack innovation and experienced human resource to aid their businesses thus a factor that is affecting them currently. Therefore management is advised to motivate its human resources across all its departments by awarding them some benefits such bonus, overtime,

sponsor them for further studies and others. This is to encourage them to engage in product development, product research and innovations activities in the organization through various resilient skills and competences in order to reduce on the intensity of lack of commitment in their respective areas of operation (Armstrong, 2000).

It is further observed that Some SMEs have gradually crumbled and others have ceased to exist due to lack of innovative and experienced human resources to plan take right and informed decisions to spear head performance in SMEs businesses (Masereka, 2012). Hence need for management experience to solve this problem.

In addition, SMEs managers need to explore the diversity of experience as a solution for their problems basing on one's background as stated by Bitencourt (1991) in discussing social perspective, as one of perspective in management competence. This is illustrated in the theory in the literature review; hence SMEs' managers can use this perspective as an alternative way for solving some of the problems that is affecting their businesses.

4.5.5 The organization incurs less cost in supervising employees

Table 10: Showing that the organization incurs less cost in supervising employees

Responses	Frequency	Percent (%)
Strongly agree	20	45.5
Agree	10	22.7
Disagree	8	18.2
Strongly disagree	6	13.6
Total	44	100.0

Source: *Field findings, 2015*

As seen in table 10, findings from the questionnaires revealed that 45.5% of the respondents strongly agreed that the less organization incur cost in supervising employees. 22.7% agreed, 18.2% disagreed and 13.6% strongly disagreed with statement. 45.5% indicates that organizations or enterprises incur less cost in supervising their employees.

Basing on the results obtained in table 9 and figure 10, respondents strongly agreed that management skill and experience is a form of human capital that creates a platform for team work among SMEs. This shows that there is a relationship between management experience skills and performance of SMEs as described by Masereka (2012) in the literature review.

In his view, he calls for SMEs owners and managers to invest in skills and experience through avenues that directly and indirectly empower people in the SMES business to execute their businesses with resilient skills and create plat forms for such business to meet their goals and

expectations hence there is a relationship between management experience, skills and performance of SMEs.

This also implies that efficient human capital would result into higher performance of SMEs

However other factors such as lack of innovation and experienced human resource to aid SME's businesses shows no relationship between management experiences and performance of SMEs since it is a factor that is affecting enterprises currently in Uganda as indicated in figure 13 according to research findings.

Table 11: Showing reasons why respondents were involved in recording the organization's sales transactions

Responses	Total interviewed	Results obtained	%
In order to keep records for generating reports	44	11	25
Enable the organization to see if they are making profit or loses	44	25	57
Monitoring sales	44	26	59
For tracking transaction records	44	16	36

Source: *Field findings, 2015*

Considering the results obtained in table 11 above, the respondents responded that they were involved in recording the organization's sales transactions because of the following reasons. 25% stated that they were involved in order to keep records for generating reports, 57% were involved to see if they are making or loses while 59% for monitoring sales and 36% for tracking

transaction records. This implies that majority of employees were involved in the recording the organization's sales transactions.

Table 12: Showing the value of book keeping in tracking the organization's sales and profits

Responses	Total interviewed	Results obtained	%
For supervision of profits, expenditure and loses	44	17	38.6
It gives detail of profit and losses	44	20	45.5
It gives the details of daily, monthly sales/profits	44	20	45.5

Source: *Field findings, 2015*

As seen in table 12, findings from the interviews revealed that the value of book keeping has helped in tracking the organization's sales and profits. In the respondents' views, they supported their answers by giving the advantages of book keeping as follows; 45.5% said book keeping gives detail of profit and losses and details of daily, monthly sales/profits respectively while 38.6% said it is used for supervision of profits, expenditure and losses.

Table 13: Showing factors that contribute to the success of an enterprise

Responses	Total interviewed	Results obtained	%
Recruiting experienced and knowledgeable staffs	44	26	59
Team work among employees	44	30	68
Customer care and after sales service	44	17	16
Advertisement on the existing products	44	26	59
Employees motivation, job training	44	15	34

Source: *Field findings, 2015*

According to the results obtained in table 13, findings shows that majority of the respondents with a percentage of 68% revealed that team work among employees is a factor that contributes to the success of an enterprise, 59% said is as a result of recruiting experienced and knowledgeable staffs. Further observed that 16% succeed because of customer care and after sales service, then 59% advertisement on the existing products and 34% succeed as a result of employee's motivation and job training thus the major factors is team work among employees.

Table 14: Showing some of the problems leading to the reduction in sales and profit in the organization

Responses	Total interviewed	Results obtained	%
Limited advertisement	44	20	45.5
High competition from various firms offering the same service	44	35	79.5
Seasonal factors like prolonged drought affecting farmers	44	17	38.6

Source: *Field findings, 2015*

Basing on the results obtained in table 14, 45.5% of respondents said that limited advertisement is one of the problems that is leading to reduction of sales and profits in the organization, 79.5% said that it because of high competition from various firms offering the same service and few people with only 38.% said that it is because of seasonal factors like prolonged drought that affects farmers hence the major problem that affecting sales and profits of the organization is high competition from various firms offering the same service. Management is advised to benchmark some of the activities that is done by her competitors and tries to bring them in the house to improve on her sales and profits.

Table 15: Showing some of the problems facing performance of SMEs in Uganda today

Responses	Total interviewed	Results obtained	%
Lack of enough capital	44	23	52.2
High taxes imposed on SMEs by government	44	37	84.1
Competition from established business	44	20	45.5
Limited skills and technology	44	12	27.2

Source: *field findings, 2015*

Considering the results obtained SMEs face problems as follow; lack of enough capital (52.2%), competition from established business (45.5%). Further observed that 84.1% of them face a problem of high taxes imposed on them by government and 27.2% face a problem limited skills and technology thus the major problem faced by SMEs is high taxes imposed on SMEs by government.

4.6 Conclusion

Basing on the findings obtained in this chapter, SMEs managers need to consider the dimensions of management competence as one of the key aspect in their businesses for to complete in today's markets, they have to pose the different form of skills, use knowledge to achieve their necessary capabilities such as solving problems that influence the operation of their businesses. SMEs mangers or owners should also take note of employing experienced workforces in their organizations since it one of HR that creates a platform for teamwork among their employees.

Beside the mentioned dimensioned elements of management competence, SMEs' need to take notes of other factors that is affecting their performance such as innovation; lack of experienced HR to aid their businesses. Other problems leading to reduction in sales in their companies' included limited advertisement, high competition from various firms offering the same service, lack of enough capital and high taxes imposed on SMEs by government as one of the major problem faced by SMEs in Uganda today.

Lastly but not least, findings also show that SMEs can use organizational learning theory as an alternative way of responding to the different challenges facing their businesses by translating knowledge into practice and systematization of more effective practices beside knowledge thus better performance (Bitencourt, 1991).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.0 Introduction

This chapter gives a summary of findings, conclusion and recommendations made on the study carried out on performance of SMEs using Victoria Seed Limited, Gulu Branch as a case study and issues for further research.

5.1 Summary of findings

These are based on the objectives of the study.

5.1.1 Objective 1: To evaluate the importance of management knowledge on the Performance of SMEs, Victoria Seed Limited Gulu Branch

Findings reveal that majority of SMEs' employees spent a maximum of 10 years working for an enterprise before retiring and very few workers proceeds this limit (figure 5). The study revealed that most SMEs owners employ youth that is in the age bracket of 18-35 (table 2). This is because they are energetic and productive working age and are likely to increase their production.

The findings indicates that Knowledge Management improves efficiency effectiveness of the organization's man power is a direct competitive advantage for SMEs selling ideals, avails enterprise's knowledge to all its members through the use of KM practices for them to survive in a competitive market, a tool for solving problems in SMEs and influence strategic decision making of SMEs.

5.1.2 Objective 2: To assess the use of management skills on the performance of SMEs, Victoria Seed Limited Gulu Branch

Findings showed that SMEs' employees must pose a wide range of technical skills such as technology, technical business management for them to work with advanced technologies (figure7), management skills helps in spreading team work among SMEs' employees (Table 9). It is a vital asset that influences performances of SMEs (Figure 8) and aids SMEs to meet their expectations and goals.

5.1.3 Objectives 3: To find out the relationship between management experience, skills and performance of SMEs, Victoria Seed Limited Gulu Branch

The researcher used Likert scale to determine the relationship. Basing on the findings in table 9 and figure 10, most of the respondents strongly agreed that management skills and experience are form of human capital that creates a platform for team work among SMEs. This implies that efficient human capital would result into higher performance of SMEs. However other factor such as lack of innovation and experienced human resource to aid SME's businesses shows no relationship between management experiences and performance of SMEs.

5.2 Conclusion

The above findings imply that management competence positively influence the performance SMEs. However on the other hand, Management competence also influences the performance of SMEs negatively. This evidenced by lack of innovation and experienced human resource to aid SME's businesses.

5.3 Recommendations

Based on the study findings, the researcher made the following recommendation to be considered by involved in SMEs' managers or SMEs' owners;

1. Management is advised to employ the youths in their SMEs since they can work for long hours for higher and better performance.
2. SMEs' managers have to handle individual employee with care, they have to understand the individual employee's behavior and personality for them to come up with a strategy to manage them and while preparing skill matrix for selecting the right persons with the right skill during the staffing process.
3. SMEs owners and managers need to invest in skills for them to meet their goals and expectations of their businesses.
4. SMEs' managers have to invest more in managerial skills to steer up their work units, teams and individuals results which would eventually lead to superior performance of SMEs in their respective business frameworks.

5.4 Suggestions for further research Issues for Further Research

Having carried out research on the role of management competence and performance of SMEs, the researcher suggests that further research should be carried out on the following areas;

1. The company needs to invest in technical skills and more in managerial skills to steer up their work units, teams and individuals results which would eventually lead to superior performance for the organization.
2. Rewards to employees and team work spirit among employees should also be studied.

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APPENDICES

Appendix I: Questionnaires

Dear Respondent, This is a research being carried out by Oroma Janet a under graduate student in Uganda Martyrs University. The research is being carried out to establish the Role of Management Competence and Performance of Small and Medium Enterprises in Uganda. The research is purely for academic purposes.

Your responses are kindly sought and needed to these questions. Be assured that the information you give will be treated with utmost confidentiality.

SECTION A: PART ONE

A) GENERAL INFORMATION

1. Title

.....

Please tick choice in the appropriate box provided

2. Gender

(a) Female (b) Male

3. Age group

(a) 18-35 years (b) 36-45years (c) 46 years and above

4. Marital status

a) Married (b) Single

5. Educational Qualifications

Certificate	Diploma	Degree	Postgraduate	others

6. Level of Management

- a) Top b) Middle c) Operation

7. Year served

- a) 0-5 years
b) 6-10 years
c) 10-15 years
d) 16-20 years

PART TWO

Evaluate the following statements by circling the appropriate alternative of your choice.

I strongly agree	I agree	I disagree	I strongly disagree
1	2	3	4

SECTION B: MANAGEMENT KNOWLEDGE

1.	Knowledge is a direct competitive advantage for companies' selling ideas	1	2	3	4
2.	Knowledge management improves efficiency, effectiveness of the organization's manpower	1	2	3	4
3.	Knowledge management practices avails enterprise's knowledge to all its members	1	2	3	4
4.	Knowledge management helps SMEs to achieve their necessary capabilities such as Problem solving	1	2	3	4
5.	SMEs need to acquire knowledge in order to make strategic decisions to improve in productivity.	1	2	3	4

SECTION C: MANAGEMENT SKILLS

1.	Employees must poses technical and interpersonal skills to work with advanced technologies	1	2	3	4
2.	Individual employees are essential part of the entire human resource system in SMEs	1	2	3	4
3.	Management skill is a form of human capital that create a platform for teamwork among SMEs' employees	1	2	3	4
4.	Management is a vital assets that influences performance of SMEs	1	2	3	4
5.	Management skills are platforms for business to meet their goals and expectations	1	2	3	4

SECTION D: MANAGEMENT EXPERIENCE

1.	Experience is a form of human capital that create a platform for teamwork among SMEs' employees	1	2	3	4
2.	Experience is gained through job training	1	2	3	4
3.	Experienced employees require minimum supervision to perform than inexperienced employees	1	2	3	4
4.	Lack of innovation and experienced human resource affects the performance of SMEs' businesses	1	2	3	4
5.	The organization incurs less cost in supervising employees.	1	2	3	4

Appendix II: Interview Guide

1 (a) Are you always involved in recording the organization's sales transactions?

.....

(b) Give reason(s) for your answer.

.....

2 (a) Has the value of the bookkeeping help in tracking the organization's sales and profits?

.....

(b) Give reason(s) for your answer.

.....

.....

3. Which other factors contributes to the success of an enterprise business?

.....

4. What could be some of the problems leading to the reduction in sales and profit in your organization?

.....

5. What are some of the problems facing performance of Small and Medium Enterprises (SMEs) in Uganda today?

.....

Appendix III: Introductory Letter

Uganda
Martyrs
University



making a difference

**Office of the Dean
Faculty of Business Administration and Management**

Your ref.:
Our ref.:

Nkozi, 5th February, 2015

To Whom it may Concern

Dear Sir/Madam,

Re: Assistance for Research:


Greetings and best wishes from Uganda Martyrs University.

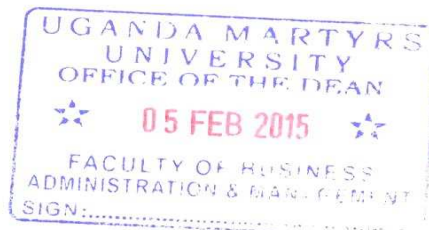
This is to introduce to you OROMA JANET who is a student of Uganda Martyrs University. As part of the requirements for the award of the Degree of Bachelor of Business Administration and Management of the University, the student is required to submit a dissertation which involves a field research on a selected case study such as a firm, governmental or non governmental organization, financial or other institutions.

The purpose of this letter is to request you permit and facilitate the student in this survey. Your support will be greatly appreciated.

Thank you in advance.

Yours Sincerely,

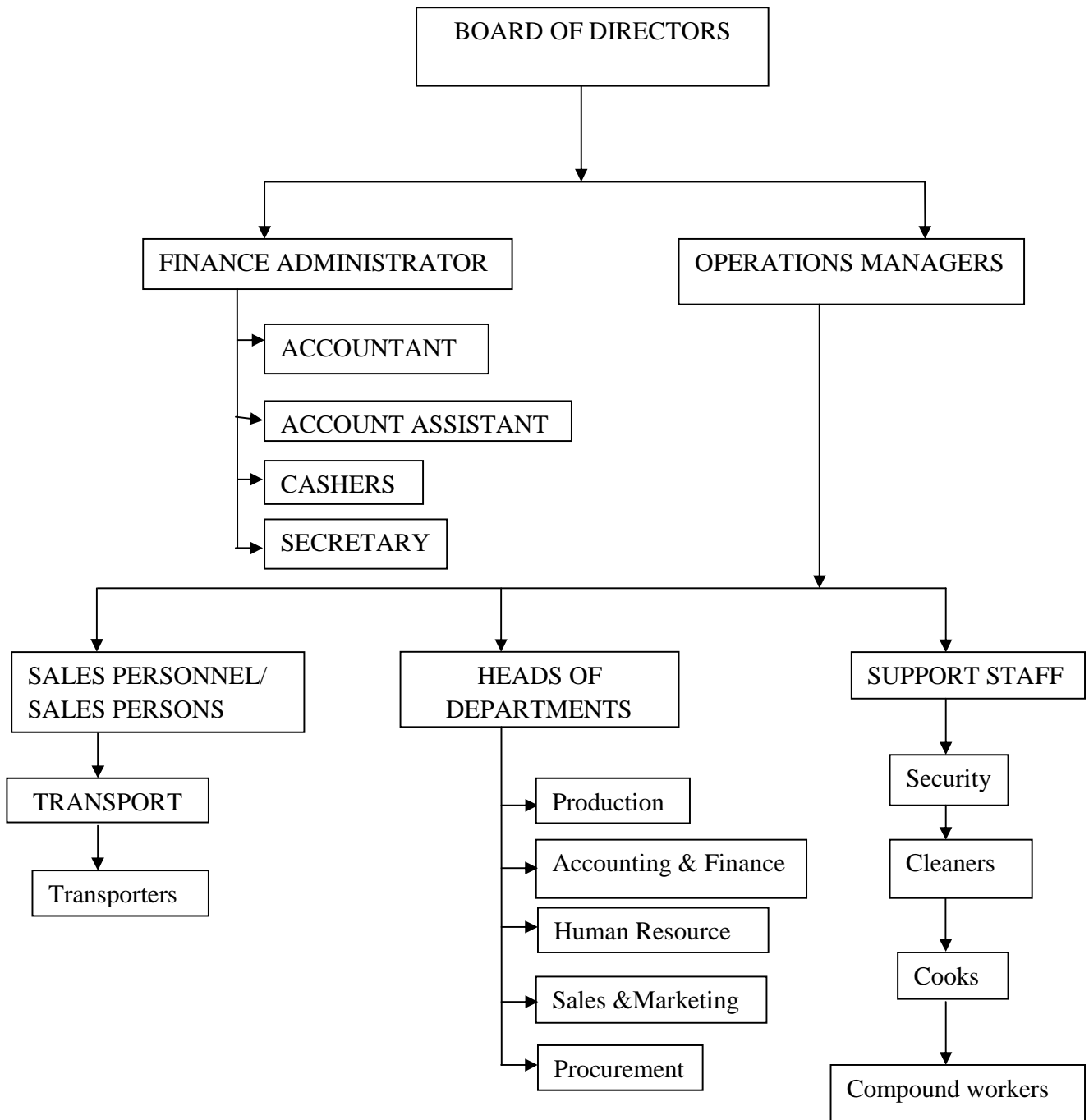

Fr. Edward Ssemwogerere
Associate Dean



Appendix IV: Lists of People Interviewed

Names	Gender	Titles
AUMA BETTY	Female	Cashier
ADONG ALICE	Female	Cashier
OYELLA GLADYS	Female	Secretary
ACAN JANET	Female	Employee
ACEN FLONA	Female	Accountant
ACHORA SHARON	Female	Account Assistant
OPIO PATRICK	Male	Marketing Manager
OKELLO PAUL	Male	Operations Manager
ORACH SIMON PETER	Male	General Manager
OLOLA BENARD	Male	Sales Personnel
OCEN ALEX	Male	Human Resource Manager
OBALI BEN	Male	Transporter
ORACH GEOFFRED	Male	Finance Manager

Appendix V: Organization Structure of Victoria Seed Limited, Gulu Branch



Appendix VI: Photo Gallery of Victoria Seed Limited



Victoria
SEEDS Limited

