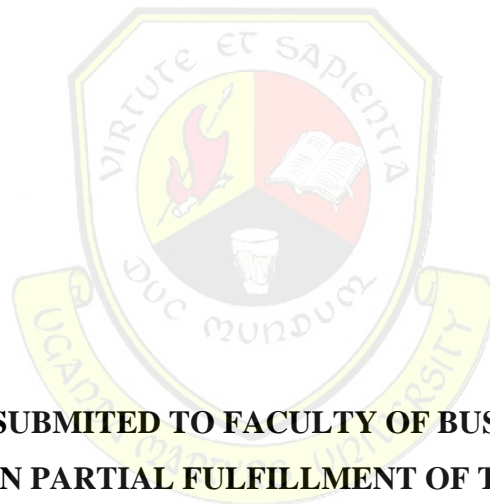


**ENTREPRENEURSHIP SKILLS AND PERFORMANCE OF SMEs; A CASE STUDY OF  
AGGREY ZONE IN RUBAGA DIVISION-KAMPALA DISTRICT**

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## **DEDICATION**

I dedicate this piece of work to my precious parents Mr. and Mrs Mukwaya Ally, my beloved siblings Ssejjoba Stella, Ddambya Phiby and Ddumba Ashraf, my dear friends who have really helped me in one way or the other. May this research be a source of inspiration to my loving daughter Happiness Lynette in the days to come.

*May the Almighty ALLAH Reward you Abundantly.*

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## **ABSTRACT**

Small and Medium Enterprises (SMEs) are important to economic growth and significantly essential to generate profit, increase sales and provide return on investment to the owners of SMEs. Therefore the SMEs growth depends to a great degree on the way entrepreneurship skills have been developed in SMEs. The study thought to examine the “Entrepreneurship Skills and Performance of SMEs; A Case Study of Aggrey Zone In Rubaga Division-Kampala District”

The study adopted a survey research design and employed a stratified random simple sampling. The study used a questionnaire to collect the required data from a sample of 28 SMEs. The data collected was coded, quantified and analyzed quantitatively and qualitatively. Quantitative data was analyzed by the use of statistical package for social sciences (SPSS). The data was analyzed descriptively and inferentially and presented through figures, tables and percentages.

The findings indicate that; the whole Aggrey Zone members have limited entrepreneurship skills particularly in terms of recognising business opportunities, basic business, financial management skills being innovative and communicating effectively in business transactions. Particularly 65% admitted that they lack skills of identifying business opportunities. Similarly, the study indicated that, (96%) of the sales decrease because of failure to communicate effectively with their potential customers/ clients. Above all lack of entrepreneurship skills greatly affected the growth of their businesses in terms return on investment, net profit and sales turnover.

Therefore, it is recommended that the cooperative should organize training for its members in entrepreneurship skills. They need to be equipped with such skills as separating money between business and household, reinvesting profits in the business, maintaining records of sales and expenses, and thinking proactively about new markets and opportunities for profits. In addition to these strategies, business to business linkages should be explored by entrepreneurs to enable SMEs join global business chain to create new market and explore business opportunities

## **CHAPTER ONE**

### **1.0 Introduction**

This chapter provides a general introduction to the research study, the purpose of this chapter is to establish foundations for the following chapters and the study as a whole by providing a general picture of the study. The study is to investigate on the entrepreneurship skills and performance of SMEs on Rubaga road Kampala District. Entrepreneurship skills are entrepreneur's abilities to run business well and an entrepreneur is a person who under takes innovations or introducing new things finance and business acumen in an effort to transform innovations into economic goals. This chapter presents the background to the study, the statement of the problem, general objectives, the specific objectives of the study, the research questions, the hypothesis, the scope of the study, the significance, justification and operational definitions of terms and concepts.

### **1.1 Background of the Study**

The term entrepreneur originated in French Economics as early as 17th and 18th centuries. Entrepreneurship is a multidimensional phenomenon that cuts across disciplines. Worldwide entrepreneurship is regarded as a panacea to unemployment, poverty and poor economic growth.

Anne Ngima Kinyua(2014), interest in the role of small and medium-sized enterprises (SMEs) in the development process continues to be in the forefront of policy debates in developing countries. Small and Medium-sized Enterprises form the back bone of the private sector, making approximately 90% of Uganda's private sector, and contribute two-thirds of National income (Adnan, 2011). SMEs generate employment, add value bring in foreign exchange and investment, improve labor skills and have linkages with large organizations (World Bank,2012). Therefore, sustainable development and employment cannot be achieved without SMEs.

The small and medium, sized enterprises (SMEs) sector transcends all the sectoral boundaries in the production and marketing channel. Recent economic studies in Uganda, have dubbed SMEs are the back bone, key drivers and primary catalysts of economic development (BLS, 2010), estimated at 800,000 in urban and rural areas, the subsistence incomes.



Reports shed light on how easy or difficult it is for an entrepreneur to open and run small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 10 acres in life cycle of a business; starting a business, previous studies with the conditions of successful business have focused on large companies rather than SMEs. However, changes in the environment cause more uncertainty in SMEs than in large companies. Given the above SMEs stimulates private ownership and entrepreneurial skills, flexible and can adapt quickly to changing market demand and supply situations generate employment, help diversify SMEs are predominantly owner–managed and sole proprietorship in the norm, and the leasing competences of managers are cited as one of the key factors that influences the performance of SMEs (Fairoz,2010).

The myth that entrepreneurs are born, no more holds good, rather it is well recognized now that the entrepreneurs can be created and nurtured through appropriate interventions in the form of entrepreneurship skills development programs. Skills refer to the abilities and capacities of people who perform tasks demanded of them in a work environment. Skills can either be generic, referring to general transferable skills, or specific to certain work functions, such as managing people, computing, dealing with risk and uncertainty, or developing a new product or service (Alhyari,2013). Entrepreneurship skills are required for creating and running new business ventures or innovative projects in existing firms. They include risk assessment, strategic thinking, self-confidence, the ability to make the best of personal networks, motivating others to achieve a common goal, and the ability to deal with other challenges and requirements (OECD, 2010).

Skill is knowledge demonstrated by actions or the ability to perform in a certain way. Skills are acquired through training and education, (Perks & Smith, 2006). Education and training create circumstances in which a person can acquire and apply the skill that will help him/her achieve the objective of the business. Skills development can be achieved through training and education (Erasmus, 2005). The difference between education and training is that education prepares the individual for life while training prepares him or her to perform specific tasks. In this study, the focus was on skills development through training. Landzani (2004) argues that changing circumstances require that small business managers/owners receive regular training in order to reduce failure rates, increase profits and achieve growth. This is necessary because most small

business owners start their businesses without appropriate training. Many SMEs in Rwanda suffer from lack of technical and business skills. SMEs themselves identify a variety of skills gaps in areas including ICT, technical and industrial knowledge, finance, accounting and management. There is also limited innovation and competitiveness in the SME sector caused by a lack of technical and managerial skill. The unstructured environment in which SMEs operate and their inability to be open to new or innovative ideas presents a major challenge to the development of the SME sector (Ministry of Finance and Economic Planning, 2010).

The Ugandan economy has made significant recovery since 1987, and is on the way to sustainable growth and development. This is being made possible by prudent policies that have been consistently pursued for the last 15 years towards economy liberalization and support for the private sector. It is estimated that there are about 1,069,848 micro and small-scale enterprises in Uganda, the majority of which are located in rural areas and on the outskirts of urban areas, producing goods and services consumed not only by the low-income class but also by some sections of the middle class. As in most developing countries, small and medium-scale enterprises form a significant part of the Ugandan economy.

Aminu (2011), discovered that the recurring problems of SMEs included poor management, lack of capital and credit facilities; shortage of skilled workers and raw materials; inadequate infrastructure; lack of managerial, marketing and technical expertise; and limited applications of new technology. In addition, external environmental factors, such as fast changing technology, competition, economics, socio-cultural and international factors also have a significant effect on the success and failure of SMEs. Increased competition, dimension growth, continuous improvement and also significant development in information technologies are all reasons why performance measurement systems (PMS) in SMEs should be designed in an applicable manner. Therefore, although the need of an appropriate PMS to measure SMEs performance is apparent, different problems cause firms to experience difficulty in implementing such systems.

Uganda has a very high rate of private business failure. This is largely due to the lack of entrepreneurial skills, lack of access to high quality and affordable business development services, limited access to finance, lack of adequate technical and management support services and limited access to information on market opportunities.

## **1.2 Statement of the Problem**

It is accepted by the chairman of Aggrey Zone on Rubaga road that provision of entrepreneurship skills like marketing skills, planning and budgeting, financial skills and many others in a business improves the performance of the business, Entrepreneurs in Aggrey zone have involved in small scale businesses for several years, where some entrepreneurs progress using entrepreneurship skills others fail despite the entrepreneurship skills used by these entrepreneurs in their small scale businesses growth is still low and there are many whose business have collapsed, yet they have used entrepreneurship skills like planning, marketing financial and many others. There is an observation by the chairman of Aggrey Zone that those who have persisted to improve these skills or acquire the skills seem to have better performance. Private Sector Federation (PSF) in 2008, indicated that about 80 percent of businesses lack entrepreneurship skills. And this is greatly affecting their growth not only on the local market but also in the region. This study therefore intended is to investigate entrepreneurship skills and performance of SMEs in Aggrey zone Rubaga road In Kampala city.

## **1.3 Objectives of the Study**

- i) To examine how planning and budgeting skills influence on the performance of SMEs.
- ii) To assess the influence of marketing skills on performance of SMEs
- iii) To determine the influence of financial skills on performance of SMEs.

## **1.4 Research questions**

- i) How does planning on the influence performance of SMEs?
- ii) What role does marketing play performance of SMEs?
- iii) How does financing influence performance of SMEs?

## **1.5 Scope of the Study**

### **1.5.1 Conceptual scope**

The study is limited on the entrepreneurship skills of SMEs and their financial performance in Uganda; it scrutinizes the effect of business entrepreneur skills on the SMEs performance.

In particular the study assess the relationship between collateral/security and SMEs access to credit, investigate the factor that affect the SMEs ability to complete the study also establishes

relationship between business regulation and policy and national legislation and the success/survival of SMEs.

### **1.5.2 Time scope**

The study is conducted for a five period before 2014 (2009-2013). This period is chosen so as to enable new knowledge to be gained in relation to the more recent social-economic trends, policies and regulations relating to Uganda's SME entrepreneurs and their performance.

### **1.5.3 Geographical scope**

The study is conducted in Aggrey zone on Rubaga road in Kampala district. Rubaga road in Kampala district is chosen because of its location annex to the capital city of Uganda. A lot support is received in this region as a result of proximity to Uganda's busiest central trading district with fast growing opportunities.

## **1.6 Justification of the study**

The study is conducted because of high rate decrease on the level of growth in SMEs on Rubaga road. The researcher is to use questionnaire methods in way respondents will be given questions so that they answer them. The research is carried out on Rubaga road which will be done between 10:00AM-4: PM form Monday-Friday and the researcher is to look at the entrepreneurs who have SMEs.

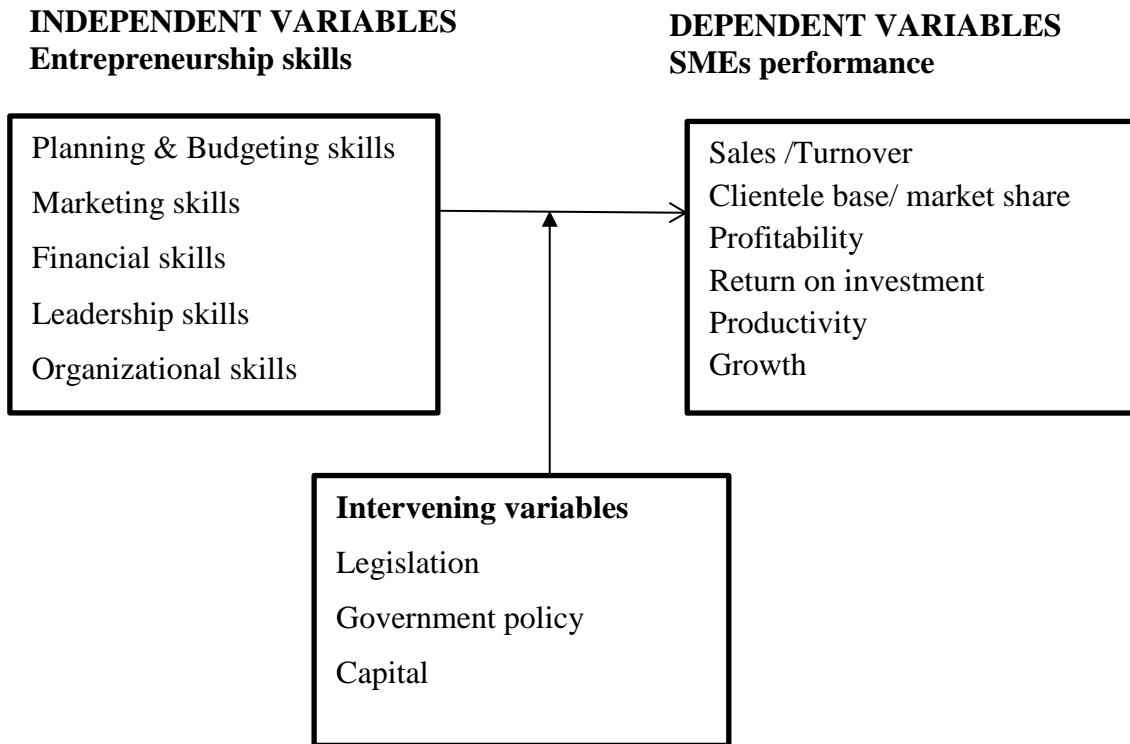
## **1.7 Significance of the study**

The significance of the study is to contribute to the existing body of knowledge on the subject. It is also meant to help policy makers to address the issue of management and performance of SMEs, in particular, this study is to help entrepreneurs to realize the challenges they face in SMEs sector and it is also hoped that this study is to make some recommendations to overcome those challenges. The study is to also aid the efforts of the other scholars and libraries.

The study is to enable the promoters of SMEs to sensitize entrepreneur skills in a way that it helps firms to perform well thus the future rate.

The findings of the study is to bring to light the relevance of development of relevance competences in achievement of original goals at an SME level and acts as feed back to all existing providers of SME strengthening initiatives such as enterprises Uganda and private sector foundation that have been involved in training SME entrepreneurs in an attempt to improve their competences.

## 1.8 Conceptual frame work



*Source: Adapted from Menna Allah Ahmed Fouad, (2012) (Factors affecting the Performance of SMEs in the Manufacturing sector of Cairo, Egypt; Published in International Journal Of Business and Management studies.*

According to the frame work above the study has major variables that is to say entrepreneurship as the independent and SMEs financial performance as dependent variables these major variables are split to generate specific variables that are use to stipulate many to many relations. The specific independent variables under entrepreneurship skills include planning skills, staffing skills and financial skills these are hypothesized to be having correlation relationships with the specific independent variables that include organization expansion, clientele base and profitability and ability to complete well as survival and success of the SMEs. Considering Uganda investment climate as the moderating variable characterized according to legislation, it has significant impact on both the dependent and independent variables thus when the investment climate is favorable management of SMEs (independent variables will positively improve.

## 1.9 Definition of the Terms/Concepts

**Entrepreneurship** : is the act and art of being an entrepreneur or one who undertakes innovations or introducing new things, in an effort to transform innovations into economic goods. In this case the study, the term entrepreneurship is limited to starting new business and all forms of entrepreneurial activities that can lead to its growth and development, (GEM, 2007:8).

**Entrepreneurship** is the creation of an innovative economic organization or networks of organizations for the purpose of gain under conditions of risk and uncertainty (Dollinger, 1999:7).

**Management** : refers to the overall process of planning, organising, controlling and assembling all factors of production in order to achieve the fore set goals and objectives of business venture. The objectives and goals include profitability, competitive advantage, market Share, performance efficiency etc.

**SME'S:** The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro." (Enterprise and industry publication 2003)

A **skill** is the ability to do something effectively and involves a system of specific behaviours that help achieve an objective, or standard of performance.

**Leadership skills**—motivating and influencing others and delegating work.

Entrepreneurship skills—identifying customer needs, technical or market opportunities, and pursuing opportunities.

**Technical skills**—expertise in a technical or functional area, developing technically superior solutions.

**Organisational skills**—organising resources, coordinating tasks.

Strategy formalisation—the extent to which there are formal processes in place for planning and setting strategy.

**Strategy responsiveness**-the extent to which strategic planning is adaptive in response to new information from a wide variety of sources including employees.

**Strategy centralisation**-the extent to which strategic planning is conducted by a small group or an individual.

**Human Resource Management best practices** –selective staffing, investments in training, variable compensation, employee ownership, performance management, information sharing, and employee participation in decision-making

**Planning** : decision and arrangement of something in advance

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter reviews existing literature on the subject of this study. It outlines the literature review, the theoretical and conceptual frameworks, empirical review, research gap and summary.

#### **2.2 Theoretical Framework**

##### **2.2.1 The Balanced Scorecard (BSC)**

BSC suggests managers to view organization's performance from four dimensions, customer perspective, internal perspective, innovation & learning perspective, financial perspective (Apulu, I., & Latham, A. (2011). BSC incorporates financial and non-financial measures in one measurement system. The objectives and measures of BSC are derived from an organization's vision and strategy. The Balanced Scorecard provides executives with a comprehensive framework that translates a company's vision and strategy into a coherent set of performance measures. According to Balunywa,(2010) the balanced scorecard not only allows the monitoring of present performance, but also tries to capture information about how well the organization is positioned to perform in the future. Furthermore, the Balanced Scorecard has evolved to become a core management tool, in that it helps CEOs not only to clarify and communicate strategy, but also to manage strategy. In practice, companies use the BSC approach to accomplish four critical management processes, clarify and translate vision and strategy, communicate and link strategic objectives and measures, plan, set targets, and align strategic initiatives and enhance strategic feedback and learning.

##### **2.2.2 Sociological Theory**

The sociological theory of entrepreneurship holds social cultures as the driving force of entrepreneurship. The entrepreneur becomes a role performer in conformity with the role expectations of the society, and such role expectations base on religious beliefs, taboos, and customs. Weber, (1920) held religion as the major driver of entrepreneurship, and stressed on the spirit of capitalism, which highlights economic freedom and private enterprise. Capitalism thrives under the protestant work ethic that harps on these values. The right combination of discipline and an adventurous free-spirit define the successful entrepreneur, (Calice, 2012)



**Table 1: Skills required for Entrepreneurship**

<b>Technical Skills</b>	<b>Business Management Skills</b>	<b>Personal Entrepreneurial Skills</b>
Written and oral communication	Planning and goal setting	Inner control/discipline
Monitoring environment	Decision making	Risk taking
Technical business management	Human Relations	Innovative
Technology	Marketing	Change orientated
Interpersonal	Finance	Persistent
Listening	Accounting	Visionary leader
Ability to organise	Management	Ability to manage change
Network building	Control	
Management style	Negotiation	
Coaching	Venture Launch	
Being a team player	Managing Growth	

***Source:** Hisrich, R.D. and Peters, M.P. (1992) – Entrepreneurship: Starting, Developing, and Managing a New Enterprise – Irwin, Boston, MA*

## **2.2 Effects of planning on the level of financial performance of SMES**

Carstens, M.,(2012) , examined the impact of planning usually depends on the size and the scope of business operation. Smaller starts ups are often less concerned with long term .The more established business tend to have the resources and stability to analyze the long term. Entrepreneurs often spend copious amounts of planning business growth opportunities. The goal of planning is to:

- Identify the firm’s financial goals
- Analyze the difference between goals and current financial status.
- State actions needed for the firms to achieve its financial growth performance.

Erdil, O., &Ayse, G. (2010), asserts that the effects of planning on the financial performance of firms are measured by an examination of stock holder’s returns. Although there has been a proliferation of the literal disagreement exists in the business community as to its financial impact. Ring Bakk (1969) found out that organized co-operate long range planning as suggested

by the literature on the subject. Gerster (1972) conducted that in the majority of companies corporate planning is an academic line impact (stonich 1975) wrote that many executives are disappointed by their formal corporate planning systems.

In contrast, Cooper & Schindler, (2011), attributed much of 3 million companies growth to careful long- range that record earnings for Bendix Corporation were done partially planning to business growth usually includes quantitative or qualitative analysis. Quantitative analysis uses mathematical formulas to review growth opportunity are financial. Quantitative analysis relies on business owners or managers' personal judgment and interferences regarding information.

Owners and managers may need to speed additional time planning business growth, it requires owner to add their work day. Planning responsibilities can also increase the amount of communication business and leave unanswered questions on various business opportunities.

Companies who fail to plan for business growth can face alive consequence. Selecting the wrong growth opportunity can create negative cash flows for the business. Negative cash flow requires company to pay for new opportunities from current operations. Business may also over extend their economic resources, over extending resources means business must potentially reallocate resources from profitable operations to new consumer products that have a strong financial record, (Fairoz, Hirobumi, & Tanaka, 2010).

Many SMEs owners or managers lack managerial training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Gibb, 2010). Although this attitude is the key strength at the start-up stage of the enterprise because it provides the creativity needed, it may present problems when complex decisions have to be made. A consequence of poor managerial ability is that SMEs owners are ill prepared to face changes in the business environment and to plan appropriate changes in technology. Majority of those who run SMEs are ordinary lot whose educational background is lacking. Hence they may not well be equipped to carry out managerial routines for their enterprises (King& McGrath, 2002). Management skills relate to the owner/manager and the enterprise. Bennet (1997) defines management as concerned with the deployment of material,

human and finance resources with the design of organization structure. Haimann (1977) looks at management as a process of getting tasks accomplished with and through people by guiding and motivating their efforts. Cant and Lightelm (2003) in a survey of small business failure maintain that entrepreneurs often have good ideas and are competent but they do not have a clue on how to run a business and have no underlying appreciation of business fundamentals.

Kagame V. Sebikar (2014), noted that Professional experience has been cited as an important factor affecting many aspects of entrepreneurial firms. Experience takes many guises and breadth of experience is shown to be an important factor driving the performance of firms, with the number of previous jobs positively related to new firm performance (Lumpkin & Marvel 2007). Thapa (2007) found a positive association between education and small business success. The likelihood of failure was also found to be associated with the owner/manager's work experience prior to business launch and education. Human capital is the most critical agent of SME performance. The recruitment of academically qualified employees is a necessary start for sustainable human capital development in all organizations. Human capacity has become a critical index of competition in the world of business to the extent that the development of such capacities through training has become top priority in designing the strategic plan of business organizations (Tim & Brinkerhoff, 2008).

Education and skills are needed to run micro and small enterprises. Research shows that majority of the lot carrying out micro and small enterprises in Kenya are not quite well equipped in terms of education and skills. Studies suggest that those with more education and training are more likely to be successful in the SME sector (King & McGrath, 2002). As such, for small businesses to do well in Kenya, people need to be well informed in terms of skills and management. SMEs in ICT appear to be doing well with the sprouting of many commercial colleges offering various computer applications. Further, studies show that most of those running SMEs in this sector have at least attained college level education (Wanjohi & Mugure, 2008).

Management is therefore necessary to enable group or business goals to be accomplished through the functions of planning, staffing, directing, controlling activities, coordination

and directing. Personal characteristics of the owner/manager were interpreted by Larson and Clute (1979) as lack of experience among small business managers who happen to be the owners leading to poor performance and consequently to business failure. Bamback and Lawyer (1979) also identified poor management as the root cause of many failings and poor performance of small business. Ishengoma & Kappel (2011) in the role of education in business performance notes that one of the things that hold back the development of small –business is the need for better management. Good management means need for proper planning, control, organizing skills and proper staffing with qualified and competent employees.

Fatoki & Asah (2011), observes that the poor growth of many enterprises of all sizes, suggest that the scarcity of competent managers is a more serious constraint on economic development. As the enterprise becomes larger, the more need for managers to plan, coordinate and control the activities of the enterprise. The owner who is likely to be the manager of the small enterprise may not have the training, skills and experience to steer the operations of the business successfully hence affecting business performance. He/she may operate in a very rigid environment sometimes not dictated by sound business and management decision but by social and cultural norms. The inability to keep proper records, to separate business operations from personal, manage cash flow and growth is likely to affect business performance.

The informal sector has proved that it can be a factor that can boost economic growth in Kenya. In this sector, practical skills are being developed at low cost and with financial support, various types of small scale technology could be developed for labour-intensive enterprises that could absorb hundreds of young job seekers. However, those who run the businesses in this sector lack adequate business skills mainly attributed to low levels of education. It is not sufficient to know how to produce a high quality product. The producer must also know how to sell it effectively and how to control the financial side of the business and in doing that the entrepreneur must be skilled in business (Wanjohi, 2009).

### **2.3 Importance of Financing Skills n Financial Performance of SMEs**

Kayisime (2013), lamented that Finance is the life blood and nerve center of business, just as circulation of blood is essential in the human body to smooth running of the business. It has been rightly termed as universal lubricant that keeps the enterprise dynamic. No business whether big,

medium or small can be started without adequate amount of finance. Financial planning is a process of framing objectives, policies, procedures, programs and budget regarding financial activities of a concern. Finance is needed in a business to promote or establish the business, even existing concern may require further finance for making improvement or expanding the business thus the importance of finance cannot be over emphasizes and the subject of business finance has become almost important both to academicians and managers. Finance plays a very important role in the day to day lives of each business. Finance for a business cannot be undervalued and be regarded as the life line of a business which is required for its well being. Finance is important in business because debt payments often require playing a lower rate of return than investors expect with other instruments such as common and preferred stock. Finance allows a company to receive the necessary to pay bills without giving up ownership rights through the sale of stocks

Lu & Yang (2010), observed that Finance is necessary for many small business stock exchangers often require a minimum share value and company size before a company's share may trade on the exchange. Since small business owners cannot sell shares of a company to the public, the owner must borrow money from banks and other sources to finance the expenditures of small businesses. Financing helps in ensuring a reasonable balance between outflow and inflow of fund so that stability is maintained in the business. Financing helps in making growth and expansion programs which helps in long run survival of the company.

Kelley, Bosma, & Amorós. (2010), note that Finances the life blood and nerve center of business, just as circulation of blood is essential in the human body to smooth running of the business. It has been rightly termed as universal lubricant that keeps the enterprise dynamic. No business whether big, medium or small can be started without adequate amount of finance. Financial planning is a process of framing objectives, policies, procedures, programs and budget regarding financial activities of a concern. Finance is needed in a business to promote or establish the business, even existing concern may require further finance for making improvement or expanding the business thus the importance of finance cannot be over emphasizes and the subject of business finance has become almost important both to academicians and managers.

Finance plays a very important role in the day to day lives of each business. Finance for a business cannot be undervalued and be regarded as the life line of a business which is required for its well being. Finance is important in business because debt payments often require playing a lower rate of return than investors expect with other instruments such as common and preferred stock. Finance allows a company to receive the necessary to pay bills without giving up ownership rights through the sale of stocks, (Menna Allah Ahmed Fouad, 2013).

Ministry of Finance, Planning and Economic Development, (2012), state that Finance is necessary for many small business stock exchangers of ten require a minimum share value and company size before a company's share may trade on the exchange. Since small business owners cannot sell shares of a company to the public, the owner must borrow money from banks and other sources to finance the expenditures of small businesses. Financing helps in ensuring a reasonable balance between outflow and inflow of fund so that stability is maintained in the business. Financing helps in making growth and expansion programs which helps in long run survival of the company. proprietor making all the financial management decisions has important implications for the firm's functioning and may lead to low staff morale and customer service which in turn may contribute to the failure or success of the SME (Marion, 2011).

Financial abilities are essential for today's entrepreneur. Although entrepreneurs hire Accountants and bookkeepers to kp track of their business interests, the entrepreneur m have a strong understanding of financial/accounting principles and practices. Currently" fabrication is one of the expensive businesses being run by entrepreneurs in Kisenyi the fact being that most of the raw materials being used are manufactured steel products that are sold expensively (Tushabomwe - Kazooba, 2006). Financial abilities needs for an entrepreneur may include accounting skills, organizational and administrative skills, an understanding of tax laws, and provincial/federal regulations.

This seems like a lot for the small business person to learn, that is because it is a lot to lean. Education is the key to developing the financial abilities necessary to own and operate a business efficiently and effectively. Numerous educational institutions including secondary institutions offer courses that will enhance the potential entrepreneur's financial abilities and in turn increase their likelihood of success (Hjorth, 2003).

Collis et al (2002) states that to successfully establish and grow these small and medium business entities, various crucial decisions have to be put into account. Many of these decisions relate to Sourcing and pooling of capital and ensuring that it is utilized in a way that results in the optimal growth and profitability of the entity. In order to achieve this objective, it is necessary for the entity to possess financial management and accounting skills either by the owner/ manager or recruiting employees having them. Although most SMEs are not registered as companies from the registry, it is important to assess the regulatory environment relating to the preparation of annual financial statement.

The Companies Act that clearly stipulates that all companies must produce financial statements, results in companies that meet the definition of an SME as stated by various authors providing that they too have to comply with the requirement of producing financial statements in compliance with Generally Accepted Accounting Practice (GAAP). This is a good financial practice for small and medium enterprises because it monitors cash flows and also helps when it gets to planning for the entrepreneurial ventures (Rajendra, 2008).

Reflecting from research observations relating to a lack of skills in the small business sector, this requirement places an onerous responsibility on entrepreneurs and the small business sector. One of the main concerns of owners of SMEs is the cost of producing these financial statements. The owners generally feel that the preparation of these financial statements is an inconvenience to them and that there is a large associated cost that is incurred in order to meet the statutory requirement (Coetzee, 2007)

Lack of access to credit/ finance is almost universally indicated as a key problem for SMEs. Credit constraints operate in variety of ways in Kenya where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives which is not enough to enable SMEs undertake their business activities optimally. Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance. There are various financial challenges that face small enterprises. They include the high cost of credit, high bank charges and fees. The scenario witnessed in Kenya particularly during the climaxing period of the year 2008 testifies the need for credit among the common and low earning entrepreneurs.

Numerous money lenders in the name of Pyramid schemes came up, promising hope among the 'little investors,' which they can make it to the financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of entrepreneurs is mainly to seek alternatives and soft credit with low interest rates while making profits. Financial constraint remains a major challenge facing SMEs in Kenya (Wanjohi and Mugure, 2008).

Finding start-up finance for the business is the biggest hurdle that many entrepreneurs go through. Even after getting started, getting sufficient finance to sustain business growth is another problem. Research findings by McCormick et al (1996), Daniels et al (2003) Kinyanjui (2006) show how SMEs are constrained by finance. Studies undertaken by Kiiru, Mirero and Masaviro (1988) for Kenya Rural Enterprise Programme (K-Rep) confirm that a major constraint within the small business enterprise sector is financing. In the study carried in Nairobi among small manufacturing enterprises, Nyambura (1992) established that finance was rated among the biggest problem. In South Africa Eeden (2004) found finance as cited as one of the most prominent constrains. The problem related to finance includes lack of information on where to source for finance, restrictive lending offered by commercial banks, lack of access to finance, insufficient financing, lack of track record required by the banks, limited access to collateral, and the fact that financial institutions lack appropriate structure for dealing with SMEs.

Insufficient financing is as much a problem as lack of finance and as a result of scarcity of finance, small enterprises are unable to expand, modernize or meet urgent orders from customers. The profit Margins are usually little to support growth. Harper (1984) notes that businesses like grain millers and tailors are unable to compete with large manufactures of ready-made goods because they have to wait until a customer provides them with raw material or money to buy it. Some may be unable to get started until a customer pays the deposit, which will be used to buy the raw material. Access to finance is essential for improving SME competitiveness, as SMEs have to invest in new technologies, skills and innovation. Access to finance issues cannot be resolved by implementing financing schemes or programs in a vacuum. There are institutional issues covering a spectrum from the macro level to the micro level, which are accompanied by capacity deficiencies (Basil, 2005). A wide spectrum such as this may only be tackled by mainstreaming SME development in national frameworks. It is also note worthy to



add that effort to resolve access to finance issues is not solely the responsibility of governments. SMEs need to take a better initiative than pointing it out as their number one obstacle: they need to mobilize joint advocacy and recommendations, based on sound analyses, through their membership organizations. Most significantly, SMEs must implement sound business practices and continuously invest in good internal management systems: in accounting, planning, financial, operations and human resource management.

SMEs identify financing, especially medium to long-term finance, as their topmost obstacle to growth and investment. These obstacles come at two levels. In least developed economies, and in some transition and developing economies deficiencies in both the macroeconomic and microeconomic environments pose challenges: high budget deficits and unstable exchange rates and legal, regulatory and administrative environment poses major obstacles to access of SMEs to financing. In some economies, capital may just not be available, property rights regimes may not allow ownership of land, markets for transfer of immovable assets may be very underdeveloped, credit and collateral legislation may not allow certain assets that SMEs commonly have access to, to be used as collateral, absence of registries for mortgages and pledges may increase risks to lenders, contract enforcement and asset liquidation may be hampered due to weaknesses in legislation and in the judiciary (Kinyanjui, 2006).

The obstacles may be due to organizational capacity weaknesses: For example, in least developed economies, business services markets in accounting, auditing, financial management and legal counsel may be so underdeveloped that SMEs may not be able to access or afford such services: essential services they would need when they approach banks and other types of lenders. In more advanced developing countries, where there is reasonable progress in the fundamental institutions, SMEs may still face challenges in accessing formal finance in the form of bank loans, guarantees, venture capital and leasing. For instance, although SMEs are by far the largest group of customers of commercial banks in any economy, loans extended to SMEs are often limited to very short periods, thereby ruling out financing of any sizable investments. Moreover, due to high-perceived risks in SME loans, access to competitive interest rates may also limit. In many developing economies, banks prefer to lend to governments, which offer less risk and higher returns, crowding out most of the private sector from the financial system. The problem related to finance includes lack of information on where to source for finance,

restrictive lending offered by commercial banks, lack of access to finance, insufficient financing, lack of track record required by the banks, limited access to collateral, and the fact that financial institutions lack appropriate structure for dealing with SMEs. As a result of scarcity of finance, small enterprises are unable to expand, modernize or meet urgent orders from customers. Capital is therefore necessary for the long-term survival and growth of small enterprises. It should also be noted that more money than required can be much of a problem as less money. More money means high cost for money in terms of interest and may also lead to un-worthwhile investments.

Most studies (OECD , 2010), point to finance as one of the key constraints to small enterprise growth. This is worsened by the absence of financial markets in the developing countries. Small enterprise owners cannot easily access finance to expand business and they are usually faced with problems of collateral, feasibility studies and the unexplained bank charges. This means that they cannot access finance to enable them to grow. Ngobo (1995) , makes a detailed analysis of finance as a constraining factor and includes collateral, interest rates, extra bank charges, inability to evaluate financial proposals and lack of financial management skills as hindrances to small enterprise growth.

Ogechukwu and Latinwo,(2010),postulated that Under developed financial markets impose additional constraints. There are no financial instruments and no independent financial sources that are market driven. Lack of access to credit/ finance is affects technology choice by limiting the number of alternatives that can be considered. Many SMEs may use inappropriate technology because it is the only one they can afford. In some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan. Credit constraints operate in variety of ways in Kenya where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives. Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance.

## **2.4 The Impact of Marketing Skills on the Performance Of SMEs**

Rae, (2012) states that “Emerson said that if you build a better mousetrap the world will beat a path to your door, and that may have been true then ... but it’s not true now. No one will come. You have to package and promote that mousetrap. Then they will come (Sautia, 2000). Sauti (2000) defines the marketing process as that which takes on the planning and execution strategy to get goods and services offered by an entrepreneur to customers. The components of marketing can be described as the four P’s” or the marketing mix.

According to Saeid Sehhat, and Faezeh Ghanepas and Fooman (2014). Products and services that your social enterprise furnishes; the product is characterized by quality, assortment, packaging, and guarantees. Price however is looked at as the amount the entrepreneur is willing to charge customers for the products or services. Promotion within the mix focuses on how the entrepreneur will create awareness of products or services in the marketplace and it takes form through; advertising, publicity, and sales. Place also referred to as (distribution) is how the entrepreneur brings his or her products or services before customers; distribution comprises wholesalers, retailers, multilevel marketers, and sales representatives. The marketing mix is broadly looked at as a set of tools and techniques social enterprises use to achieve their marketing objectives in their target market. An entrepreneur’s marketing plan will emphasize certain “P’s” in its mix more than others.

Defining and targeting business customer is one of the key success factors for business success as exhibited by entrepreneurs, yet it is one of the practices most neglected by the entrepreneur. Once, the market has been defined, entrepreneurs communicating information to customer becomes the focus of marketing. This is not to suggest that this endeavor is a one-time occurrence for the entrepreneur, defining and re-defining the target market must be an on-going exercise for the business owner (Santarelli and Tran, 2013).

Marketing is important skill to any entrepreneur because it embraces nearly all facets of their social enterprise. Enterprise production responds to what market research discovers about customer preferences for quality product and the way they are packaged which in turn are factors that determine price. Market research broadens further to new-product development based on what the business customers want and identifies promotion techniques to reach new customers.

Helpful or friendly marketing entrepreneurs do inspire customers to buy products or services made by entrepreneurs. (Subrahmanya, 2011).

Finally, entrepreneurs are urged to formulate strategic decisions impacting operations based on marketing information about competitors' prices and positions (Sautia, 2000). Each of the four P's within the product mix is a variable an entrepreneur controls in creating the marketing mix that will attract customers to the venture being brought up by the entrepreneur. The entrepreneur's marketing mix should be something the entrepreneur pays careful attention to because the success business entirely depends on it. The entrepreneur being the venture creator, they ought to determine how to use these variables to achieve your profit potential. This publication introduces the four P's of marketing and includes worksheets that will help you determine the most effective marketing mix for your business (Ehrnke, 2009).

### **Product as a focus on marketing skills**

The Product as manufactured by an entrepreneur refers to the goods and services he or she offers towards the business customers. Other than the physical product itself, there are more elements associated with the product that customers may be attracted to which include: the way the product is packaged. Other product attributes include quality, features, options, services, warranties, and brand name. The entrepreneur might think of what they offer to their clients as a bundle of goods and services. The entrepreneur's product appearance, function. and support make up what the customer is actually buying. Successful entrepreneurs pay close attention to the needs their product bundles address for customers (Ehmke, 2009).

The entrepreneur's product bundle should be positioned in. a way to meet the needs of a particular target market segment. For example, a luxury product should create just the right image for "customers who have everything at their disposal." as various basic products must be positioned for price-conscious consumers, the other important aspects the entrepreneur's product may include an appropriate product range, design, warranties, or a brand name before the market (Ehmke, 2009).

Customer research is a key element in building an effective marketing mix. Your knowledge of your target market and your competitors will allow you to offer a product that will appeal to

customers and avoid costly mistakes. In case an entrepreneur is considering a business start-up or adding a new product, he is urged to consider the product bundle if it will fit the business's strengths and weaknesses which will provide an acceptable risk/return tradeoff for the entrepreneur. In case the enterprise is very good at timely response to customer needs, timely service should then be looked at as an important part of product bundle of the business (Ehmke, 2009).

Entrepreneurs are urged to think in a long term about their venture by planning for the ways they can deepen and broaden the product bundle. For instance, the entrepreneur might be able to take advantage of opportunities to add value through processing, packaging, and customer service. Other future growth may enable the entrepreneur to offer the business product to different customers. Start-up businesses are most successful when they concentrate their efforts on one product or one market they so target, like a restaurant or a car service center does (Ehmke, 2009). Price as a focus on marketing skills (Talaia, M., & Mascherpa, S. (2011).

Price refers to how much an entrepreneur charges for the product or service given out by the business. Determining the product's price by the entrepreneur can be tricky and even frightening before the customers. Many small business owners feel they must absolutely have the lowest price around so that they begin their business by creating an impression of bargain pricing. To a greater extent, this may be a signal of low quality and not part of the image an entrepreneur might desire to put up before the targeted clientele, (OECD, 2010b),

The entrepreneur's pricing approach should reflect the appropriate positioning of the product in the market and result in a price that covers your cost per item and includes a profit margin. The result should neither be greedy nor timid. The former will price you out of the market; pricing too low will make it impossible to grow (Ehmke, 2009).

Whatever the product pricing, ultimately it must cover the entrepreneur's costs of production, contribute to the business image by communicating the perceived value of the product produced, counter the competition's offer, and avoid deadly price wars on the market by other producers. Notwithstanding the fact about price, it is the one "P" that generates revenue to the business, as

the other three “P’s” incur costs. Effective pricing is important to the success of entrepreneurial activity (Ehmke, 2009).

Place as a contributing factor towards marketing skills. The “Place” within the marketing mix refers to the distribution channels used by the entrepreneurs to get the product to the business customers. The composition of the product is will greatly impose a stronger impact on how it is to be distributed by the entrepreneur. If. For example, an entrepreneur owns a small retail store or offers a service to within the community, this implies that the entrepreneur is at the end of the distribution chain, and in doing so will be supplying directly to the customer. Businesses that create or assemble a product will have two options which include selling directly to consumers or selling to a vendor (Sautia, 2000).

#### Direct Sales

In this context, the entrepreneur decides if supplying directly is appropriate for the products manufactured, whether to be sold through retail, door-to-door, mail order, e-commerce, onsite, or some other method came up with the entrepreneur. An advantage of direct sales would be the contact the entrepreneur gains by meeting customers face to face. contact the entrepreneur can easily detect market changes that occur and thus adapting to them. Entrepreneurs further have complete control over their product range depending on how the product is sold and at what price. Direct sales may be a good place to start when the supply of business product is limited or seasonal. For example, direct sales for many home-produced products can occur through home-based sales, markets, and stands (Sautia, 2000). Direct sales however require that entrepreneurs have an effective retail interface with their business customers, which may be in person or electronic. If developing and maintaining this retail interface is not of the entrepreneur’s interest, they should consider selling through an intermediary as their products are brought onto the market.

#### **Reseller Sales (Sales through an Intermediary)**

Instead of selling directly to the consumer, an entrepreneur might decide to sell through various intermediaries such as ‘holesalers or retailers who will resell the product manufactured. With doing this, an entrepreneur might provide a wider distribution than selling direct while, decreasing the pressure of managing their own distribution system. Additionally, an entrepreneur may also reduce the storage space necessary for inventory. One of the most important reasons for

selling through an intermediary is eased access to customers. In many situations, wholesalers and retailers have customer connections that would not be possible for their entrepreneurs to obtain on their own (Ehmke, 2009).

“Promotion” as a “P” within the marketing mix refers to the advertising. And selling part of marketing. Further it is how an entrepreneur lets his clientele to know what the business for sale. The purpose of promotion is to get people to understand what the entrepreneur’s product is, what they can use it for, and why they should want it. High transaction costs related to government procedures are seen to be particularly problematic in Bangladesh, Nepal and to a lesser extent in the Philippines (Meier and Pilgrim, 1994). Complicated time-consuming bureaucratic procedures, a lack of information regarding processes and the extra processing payments frequently required, all adversely affect small-scale enterprises relative to larger enterprises which, due to economies of scale and specialist staff, are able to absorb these costs more easily.

A barrier for doing business abroad is the unfamiliarity with the national laws, regulations and business culture in a country. Regulations in Uganda tend to be ubiquitous, and inefficiently and inconsistently applied. This is particularly detrimental to SME’s, since they have weaker capacities than larger firms to deal with complex regulatory and bureaucratic networks. The complexity of the regulatory system is aggravated by several other problems such as overlapping jurisdictions, poor coordination amongst government entities, low quality of information available to officials and inadequate filing and record keeping. On this page we provide some information about difficulties which you could face in Uganda, like fraud and unfair trade barriers.

In the Doing Business indicators 2012 for Uganda, marked improvements were recorded in four of the 10 categories, including employing workers, registering property, paying taxes, and enforcing contracts. However, Uganda is still not an easy country to do business. The different activities involve many procedures and in general, the costs are substantial. The overall ranking of the ease of doing business for Uganda is 123 in 2012.

The membership of Uganda in the East African Community has a positive influence on the Ugandan economic development. The union will promote production efficiency, industrial diversification and enhance domestic, cross-border and foreign investment by establishment of a

custom union and common market. However, numerous exceptions, unchanged regulations and bureaucratic inefficiencies still exist. For trade the open borders means that there are more trade possibilities and probably more efficient and cheaper trade possibilities.

The Intra-East African trade protocol split traded products in two categories goods. Tariffs were completely eliminated for category-A goods and the tariffs have been reduced every year for category-B goods, which includes agricultural materials, building- and raw materials. The result of the intra-region trade regulations of the East African Community is that most of the traded goods can move freely among the countries and that will benefit the efficiency of the Ugandan trade. Another improvement is the common import tariff from outside the community: An extensive overview of trade laws can you find at the Ministry of Tourism, Trade & Industry; business laws, trade laws, investment laws and tax laws are included: Businesses in Uganda need to be registered with the Uganda Registration Services Bureau. Unfortunately it is not easy to assess their database to check the reliability of Ugandan companies.

Uganda's regulatory structure exists within a broad legal and administrative framework, most of which is centered on central government. Given that Uganda was a British colony, Uganda's legal system is based on English Common Law and African customary law. Uganda's ranking in "trading across borders" is affected to some degree by transport and port conditions in Kenya and Tanzania. Ugandan legal system recognizes statutory law, common law and doctrines of equity and customary law, although only to the extent of non-contradiction with the national statutory law. It is worth noting that Uganda's Constitution contains several provisions that are compatible with the principles underlying good regulatory practice.

There appears to be no complete and comprehensive inventory of laws and regulations affecting businesses in Uganda. Licensing reforms have focused on a small subset of business licenses to date, and there has been no need within that particular reform to prepare a broad inventory of licenses and permits at central or local government level. However, as indicated by the Uganda Investment Authority (UIA) in an interview, SMEs face a large regulatory burden in Uganda, with considerable redundancy in licensing, since various agencies within government require very similar licenses and frequent renewal and repeated submission of documents by licensees.



Principle 1 requires the president to report to Parliament at least once a year; principle 2 stipulates that the state is based on democratic principles that empower and encourage active participation of citizens, in part through decentralization of government functions. Principle 10 requires the state to involve the citizenry in formulation and implementation of development plans and programs. It is also worth noting that these provisions of the Constitution have been influenced by the shift towards increasing presidential power over the last decade.

In terms of the hierarchy of legal and regulatory instruments, the supremacy of the Constitution is explicitly stated in Chapter 1, Article 2.7 Other written law comprises statutes, Acts of Parliament and Statutory Instruments, all of which have to be published in the national Gazette. The Parliament is the supreme legislative authority, and bills can be proposed to Parliament by both individual MPs and the Cabinet. Over time, the trend has been for the government to look for increased delegated powers so it can issue regulations without the need for new primary legislation. This trend has been accentuated by the growing tendency for enabling regulations to be drafted separately from, and after passage of primary legislation.

Small and Medium Enterprises (SMEs) need to have access to adequate information to enhance productivity and to facilitate market access. The establishment of an active SMEs sector and the effective utilization of quality business information have been identified as crucial in attaining long-term and sustainable economic growth for developed and developing countries, alike (Corps 2005). However, in most developing countries, the SMEs sector suffers from inadequacies in the provision of business information, which is only available from stand-alone institutions; is often slow and cumbersome to access; is limited in scope; and is not provided in an integrated manner (UNIDO 2005). SMEs need tailor-made information solutions - i.e. business information services that assess, verify and apply information to a specific business problem.

The international involvement of SMEs requires accurate and adequate access to relevant business information. Based on that, a study was conducted to establish strategies for designing a viable business information system for the SMEs. One of the issues is the problems SMEs face in accessing business information in Uganda. According to Ladzani (2001), the priority ranking of the SMEs' needs, clearly puts information provision at the top of the list of services to be

provided. The SMEs' development is hampered by an "information-poor" environment. Market signals on business opportunities, customer trends, methods of organization, etc., are not communicated, effectively, to the SMEs (Ladzani 2001). The SMEs perform better in information-rich environments (Moyi 2000 and Ladzani 2001). If the SMEs are crucial for poverty eradication this could confirm why there is a high level of poverty in northern Uganda. The SMEs in northern Uganda operate in information-poor environments. This is not because there is no information, but because there is a lack of an efficient, formal information system to address their information needs coupled with problems that affect accessibility to information. According to Shokane (55), information is a crucial resource in gaining a sustainable, competitive advantage for modern business enterprises. Despite this importance and improvement in economic development in Uganda, economic agents in northern Uganda operate in a business environment characterized by fragmented and incomplete information where an awareness of markets, technology, policies, regulations and finance is limited. Businesses in northern Uganda fail to receive timely business information (Cochrane 6). There is no meaningful information system in place to facilitate efficient and effective access to business information by business enterprises. Traders and other small companies are simply "out of the loop" in developing strategic business relationships that occur more frequently in Uganda's capital city, Kampala (Cochrane 6). A recent study by the Ugandan Bureau of Statistics (2005:30) established that the majority of business enterprises depended on "word of mouth". This could imply that the SMEs are facing a number of problems in accessing business information.

In order to SMEs to develop successfully they need to acquire or create new technology that they integrate to develop new products, processes and services as the basis of their business competitiveness. These knowledge-intensive companies occur in many industry sectors including manufacturing and service industries and not just those that have been traditionally regarded as high-technology such as ICT and, biotechnology. Indeed, technology-based SMEs renew established industries and help create new industry sectors.

The World Bank Report on Building Competitiveness in Albania (2009) indicates a high degree of dependence on foreign sources of technology for upgrading. It states, "Technological upgrading is largely driven by two key factors: (i) firm's exposure or access to more advanced

foreign technical knowledge and (ii) their capacity (and incentives) to absorb it.” “The most important of the channels [for accessing technical knowledge] tend to be (i) participation in foreign trade, (ii) Foreign Direct Investment, and (iii) “brain circulation,” meaning the international movement of individuals with advanced knowledge, experience and skills.”

Internal generation of innovation is important. 29 percent of firms reported that they developed or adapted the new technology internally. This is more important the smaller the enterprise. 100 percent of micro-level firms and 58 percent of small firms cited developing new technology internally as their second main method of upgrading. A fundamental factor in the capacity of firms to absorb advanced technology is the investment climate in which they operate. This includes knowledge, infrastructure and regulation as well as finance. This is regarded by outside observers as uncertain and enterprises fund developments primarily from internal resources, which are limited.

#### 2.4 Performance of SMEs

Firm performance refers to the firm’s success in the market, which may have different outcomes. Firm performance is a focal phenomenon in business studies. However, it is also a complex and multidimensional phenomenon. Performance can be characterized as the firm’s ability to create acceptable outcomes and actions. Earlier studies have shown that several factors affect performance in SMEs. The major factor has been shown as lack of capital and financial resources. However, Dia (1996) found that additional capital and finance can be overcome through innovation and creativity.

Kallon (1990) also found out that access to commercial credit did not contribute to entrepreneurial success in any significant way. Some researchers argue that small businesses are undercapitalized. Business owners in Africa tend to depend upon their own family savings and access to capital remains a challenge. Most of them cannot meet the requirements for commercial loans, and those who do find such loans expensive. Administrative problems have been cited as a major cause of business failure. Kazooba (2006) found that poor record keeping and lack of basic business management experience and skills were major contributors. Other factors identified are inexperience in the field of business particularly lack of technical

knowledge, lack of managerial skills, inadequate planning and failure to do market research (Lusier, 1996, Mahadea & Murphy 1996).

Ntakobajira (2013) exploring performance of SMEs concludes that access to business information services affected the performance of business to a great extent and that access to finance affected performance of SMEs because it limited the entrepreneurs' ability to take advantage of opportunity as and when they arose. The study further concludes that technology affected the businesses to a very great extent by facilitating communication with both the supplier and customers, by easing the transportation of goods and by easing the marketing of the products.

## **2.5 Summary of the literature review**

SMEs face significant obstacles that can affect their development and growth; these vary from country to country. Some Governments make it increasingly difficult for local businesses to flourish through burdensome regulation that lengthens important procedures and raises the stakes of failure. Furthermore, while regulatory barriers to growth can be damaging to start-ups and small businesses, they do not discourage innovation or business development on a wide scale. Indeed, impressive innovation continues to emerge from countries where regulation is cumbersome. What does make SME growth and development especially difficult, however, is lack of access to credit. If this can be improved, African designed innovations could provide local economies with substantial opportunities for growth and job creation. SMEs themselves are growth and development-oriented. Therefore, if an enabling policy, a legal and regulatory framework and the necessary infrastructure to reduce the cost of doing business are accompanied by a stable macroeconomic environment, SMEs can play a significant role in economic development.

## **2.6 Research Gap**

A lot of research has been carried out locally and internationally reviewing small and micro enterprises. Most of these research concentrate on businesses in the cities and urban centres. There is scarcity of literature touching on the rural traders. Therefore, the proposed study will build on the local literature on factors that affect performance of rural market traders. Similar studies have focused on the challenges faced by SME traders but this study will concentrate on

what affects their performance. The impact of access to business information, access to finance and availability of managerial experience are yet to be researched as a single intervention in a rural setting. This study will concentrate mainly on the factors that affect performance of entrepreneurs in Aggrey Zone in Rubaga Division. The scarce availability of reliable and valid data continues to be one of the key obstacles in understanding small and medium entrepreneurs in the Uganda. This study will help to build on the locally scarce available data.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This section entails the research design, area of study, study population, sampling size, sampling procedure, data collection instruments, model specification and estimation the ethical considerations in the study to assess entrepreneurship skills on the performance of SMEs. A research design encompasses the methodology and procedures employed to conduct scientific research. The section further provides the methodology that is used to obtain the perspectives of the respondents towards the research question, hypotheses, independent and dependent variables, for data collection and a statistical analysis plan.

#### **3.1 Research Design**

The research adopted a survey design conducted on a sample of Small and Medium sized Enterprises (SMEs) within the Aggrey Zone in Rubaga Division-Kampala District. According to Owens (2002), survey research design has the advantage of uniqueness since information gathered is not available from other sources, having unbiased representation of population of interest and standardization of measurement as same information is collected from every respondent. The study adopted a descriptive design because the study seeks to answer the why, how and when of the problem under study. Descriptive research involves field survey where the researcher goes to the population of interest to ask certain issues about the problem under the study. Mugenda and Mugenda (2003) describe descriptive research design as a systematic, empirical inquiring into which the researcher does not have a direct control of independent variable as their manifestation has already occurred or because they inherently cannot be manipulated. Inferences about relationships between variables are made from concomitant variables.

### **3.2 Population of the Study**

At the time of conducting this research, Out of a population of 30 SMEs, the researcher is to use a sample of 28 SMEs, analysis. Simple random sampling was used to select the respondent SMEs. And 5 key informants were obtained from the various stake holders in the development of the SME sectors such as kyengo auto glass, kyambongo hardware, and kayita furniture home using purposive sampling.

### **3.4 Area of the Study**

The study conducted in Aggrey zone on Rubaga road in Kampala district. Rubaga road lies in the Central Region of the country and is one of the Kampala district's five divisions: Kampala Central, Kawempe, Nakawa and makindye.

### **3.5 Sample and Selection/Procedure**

Out of a population of 30 SMEs, the researcher used a sample of 28 SMEs. This is in accordance with the rule of the Krejice & Morgan (1970). Simple random sampling was used to select the respondent SMEs.

The research also employed a stratified random sampling in selecting respondents. The population was segregated into several mutually exclusive subpopulations or strata herein referred to as business categories, and the key informants include small business development associations and policy makers.

The research is to apply proportionate stratification that is based on the stratum's share of the total population to come up with the sample in each stratum. The actual expected sample size to be interviewed was obtained by using simple random procedures to draw the sample from each stratum. A total of 5 interviews with business owners, distributed proportionately were carried out for this survey.

### **3.6 Data types and collection methods**

#### **3.6.1 Primary source of data**

The self-scoring questionnaire was used to ascertain the respondent's perceptions. The questions simply worked to avoid obscure meaning and to encourage independent in making the response.

### **3.6.2 Secondary sources of data**

Secondary sources were also used. They include; magazines, newspapers, journals, text books and other researcher works that are related to the topic. Collection of secondary data is done by collecting information from the magazines and other documented reports of SMEs.

### **3.7 Research instruments**

The study used both self-administered questionnaire and observations data collection instruments.

#### **3.7.1 Questionnaire**

In this case self-administered questionnaire are designed to be used by people who can read and write and these set of questions at the same time acted as response schedule. Open and close ended questionnaires are used because they enable the researcher to obtain full information concerning the study variables without biasness.

#### **3.7.2 Observation**

The researcher also used the eyes to observe the various financial records of the organization, accidents and while carrying out data collection, the researcher critically saw and reviewed the SMEs reports and stakeholders documents

### **3.8 Data control/Management**

#### **3.8.1 Validity**

Validity refers to truthfulness of findings or extent to which the instrument is relevant in measuring what it is supposed to be measured, to ensure the content validity of the study instruments used in this study questions were discussed with the help supervisor for scrutiny, clarity and removal of ambiguity., the sample used in the research was representative of the whole population. The selection of the sample used in this study was done in accordance with guidelines for estimating the sample size.

#### **3.8.2 Reliability**

Reliability is dependability or trustworthiness and in the context of a measuring instrument, it is the degree to which the instrument consistently measures whatever is measuring. Reliability was further ensured by performing the Cranach's Alpha coefficient tests. Upon performing the test, the results that were 0.724 and above were considered reliable for the independent variables while the results that were 0.750 and above were considered reliable for the dependent variables.



### **3.9 Data Analysis**

#### **3.9.1 Quantitative analysis**

A questionnaire was used to collect primary data by way of interviews. The respondents were business owners or those involved in the start-up and day to day running of these businesses. The data gathered was analyzed and presented using descriptive statistics. Statistical Package for Social Sciences (SPSS) for windows and Microsoft Excel. SPSS is a well-used computer package in research to calculate effectiveness of study and programmers by performing a variety of statistical analyses and procedures (Taylor 97). After the questionnaires are returned, the researcher edited all the questionnaires to ensure legibility and accuracy.

Data from interviews [unstructured questions] was analyzed, using the content analysis method. Content analysis is the systematic, quantitative analysis of communication content - including verbal, visual, print, and electronic communication. In content analysis, “a researcher uses objective and systematic counting and recording procedures to produce a quantitative description of the symbolic content in a text” (Neuman 311). In applying content analysis, the researcher will identified the themes of the research - based on the objectives of the study - and classified the responses from each respondent, accordingly, so as to come up with a quantitative value that will facilitate decision-making. Classification will simplify the task of obtaining a quantitative value from what policy makers said about the management problems SMEs and factors limiting their access to credit.

#### **3.9.2 Qualitative Analysis**

The researcher used this method because there was a need to interact with the entrepreneurs to ensure that specific information that was obtained from particular respondents. the use of this was relied upon to collect qualitative data.

### **3.10 Ethical consideration**

#### **3.10.1 Consent**

Consent involved the procedure by which an individual chose whether or not to participate in a study. The researcher ensured that participants have a complete understanding of the purpose and methods to be used in the study, the risks involved, and the demands placed upon them as a participant. The participants were informed that they have the right to withdraw from the study at any time

### **3.10.2 Confidentiality**

The researcher explained to the respondents that information provided about this research study was to be kept confidential and for academic purposes only. This was ensured by not inquiring the respondents to write their names but the researcher used code numbers to describe the respondents.

### **3.10.3 Deception**

Research deception involves an intentional misrepresentation of facts related to the purpose, nature, or consequences of an investigation. In this context, the researcher fully informed participants about important aspects of the study to avoid omissions and commissions as part or all of the information was not withheld.

### **3.11 Limitations of the study**

The researcher faced some limitations during the course of this research. Some respondents were unwillingly to supply the needed information due to the confidentiality and sensitivity of the data. Thus research work had to source for the available data.

Time and financial factor was also a major factor as the timeframe to complete and submit the research was too short for an extensive research. Lack of adequate finance to fund the researcher as to visit many places was another major setback

## **CHAPTER FOUR**

### **ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS**

#### **4.0 Introduction**

This chapter presents the research findings analysis and interpretation in accordance to the study objectives. The data presented in this chapter is based on sample random survey carried out among entrepreneurs in Aggrey zone on Rubaga division. Out of the sample population of 28 respondents that were supposed to participate in the study 28 physically participated.

Descriptive statics have been used to analyze data and standard deviation and mean have been summarized in the table.

#### **4.1 Response Rate**

For the study 28 questionnaires were issued out to respondents and 28 questionnaires were returned back fully answered representing a response rate of 100%.with this kind of response the researcher can say that the respondents were not biased with the study.

#### **4.2 Background information of the Respondents**

This section shows the distribution of respondents according to gender, age, status, level of education, type of business, any other occupation, and time spent in this business.

##### **4.2.1 Gender distribution of Respondents**

Respondents were asked to specify their gender category and from the above, it is seen that 71.2%of respondents targeted entrepreneurs in Aggrey were male, 27.1% of respondents were females. This implied that the entrepreneurs in AGGREY zone engaged in SMEs were highly occupied by men and that women were engaged at a low scale which researcher showed that men had a better understanding of business activities compared to women.

Similarly, Kolvereid (1996) found that males had significantly higher entrepreneurial intention s than females. Kolvereid (1996) found that individuals with prior entrepreneurial experience had significantly higher entrepreneurial intentions than those without such experience. Mazzarol et al. (1999) found that female were generally less likely to be founders of new business than

male. Similarly, Kolvereid (1996) found that males had significantly higher entrepreneurial intentions than females.

**Table 4. 1: Age of respondents**

Age bracket	Frequency	Percentage (%)
10-18	0	0
19-35	15	53.6
36- 45	5	17.9
46-aove	8	28.6
<b>Total</b>	<b>28</b>	

*Source: Primary data 2015*

From the table above, it is seen that 53.6% of respondents were in age bracket between 19 -35 years, followed by 46- above with 28.6%,next was age bracket of 36-45 years with 17.9%and lastly those that fall under 10-18years with 0%.from the above findings the researcher can say that most respondents who own businesses in Aggrey Zone are youths of between 19 and 35 years, this is because these are the years when people are ambitious and energetic top of that they want to be their own bosses as one the entrepreneurs indicated and since the work most of entrepreneurs engage in demands a lot of pressure and that’s why most the entrepreneurs are youths.

Mohammed,(2012),suggested that the entrepreneurs demographic profile variables for performance include age which is found to be between 20 and 40 years. This is the age bracket where youthful vigour and energy are abundant for pursuing entrepreneurial endeavours and that risk-taking is likely, considering that they are willing to correct mistakes (mistakes that lead to business failure) and have a second chance to forge ahead. The optimum age bracket of this study is the age of those entrepreneurs that fall within the age bracket of 20 and 40 years. This age bracket is referred to as the optimum age because they represent the productive age of any country’s population that the capacity and ability to work effectively and efficiently in increasing the performance of SMEs which in turn have positive impact on employment generation, since most unemployed Ugandans fall within this age bracket. The finding is also synonymous to Reynolds et al. (2000) found that in dividuals ranging from 25 to 44 years were the most entrepreneurially active. Finding from another study in India by Sinha (1996) disclosed that successful entrepreneur were relatively younger in age. Kristiansen, Furuholt, & Wahid (2003)

found a significant correlation between age of the entrepreneur and business success. The older (>25 years old) entrepreneurs were more successful than the younger ones.

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### Level of education

**Table 4.2: Level of education of the respondents**

Level of Education	Frequency	Percentage (%)
Primary	5	17.9
Secondary	6	21.4
Tertiary/institution/university	15	53.6
None of the above	2	7.1
<b>Total</b>	<b>28</b>	<b>100</b>

**Source: primary data 2015**

From the table the highest level of education attained the researcher can say most of the entrepreneurs are literate meaning that they can read and write and at least they have attained a certificate in life apart from the 7.1% who the researcher did not understand if they totally did not attend school at all or they were above the mentioned level. This implied that most of the entrepreneurs were in position to run their businesses has required since one of them said that most of the activities that businesses engage in do not require a higher tertiary certificate but rather skills and energy, however education level emphasized a lot in the management position that required educational, skills which moves along with quality services and bigger attraction of business for bigger sales to the entrepreneurs.

According to Cragg & King (1988); Rutherford & Oswald (2000) small business success has often been classified into three categories of antecedents: the individual characteristics of the owner-manager, firm characteristics and environmental characteristics. The individual characteristics include attributes like the age, education, managerial know-how, industry experience and social skills of the owner/manager. A research by Charney and Libecap (2000) found that entrepreneurship education produces self-sufficient enterprising individuals.

Furthermore, they found that entrepreneurship education increases the formation of new ventures, the likelihood of self-employment, the likelihood of developing new products, and the likelihood of self-employed graduates owning a high-technology business. Also, the study revealed that entrepreneurship education of employee increases the sales growth rates of emerging firms and graduates' assets. Similarly, Sinha (1996) who analyzed the educational background of the entrepreneur revealed that 72% of the successful entrepreneurs who had a minimum level of technical qualification, whereas most (67%) of the unsuccessful entrepreneurs did not have any technical background. She summed up that entrepreneurs with business and technical educational background are in a better position to appreciate and analyze hard reality and deal with it intuitively, which seems to play a critical role in entrepreneurial effectiveness.

**Table 4.3: Type of the business run by the respondents**

<b>Type of the business</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Sole proprietorship	20	71
Family business	8	28.6
<b>Total</b>	<b>28</b>	<b>100</b>

*Source: Primary Data 2015*

The typed of business run by the respondent was also included in that the researcher to find out the type of business being run by the entrepreneurs in Aggrey zone, the findings presented the type of business the entrepreneurs mostly they engage in sole proprietorship businesses were by they run their own businesses within the zone and their percentage was 71(%) of the respondents and out the respondents 28.6 (%) were running family businesses were family members were engaged in different roles this implied that many individual entrepreneurs could stand on their own and rather depending on the nature of customers targeted and their interests from businesses.

The personal characteristics of the owner-manager have been under increasing interest. Some attempts have been made to explain business success or failure in terms of personality traits of the entrepreneur (Glancey, Greig & Pettigrew 1998; Carland & Carland 1998). Nooteboom (1994) highlighted that one of the most important characteristics of the small business is its diversity. The sources that produce diversity lie in the variance of the backgrounds, motives and goals of the entrepreneurs.

According to Yusuf (1995) personal qualities and traits, such as self-confidence and perseverance, have been suggested to affect firm success. In their study of new small firms,

Duchesneau and Gartner (1990) found that lead entrepreneurs in successful firms were more likely to have been raised by entrepreneurial parents, to have had a broader business experience and more prior startup experience, and to believe that they had less control of their success in business, than unsuccessful entrepreneurs. They also found that lead entrepreneurs in successful firms worked long hours, had a personal investment in the firm, and were good communicators. Moreover, successful firms were those initiated with ambitious goals, and lead entrepreneurs had a clear and broad business idea. Firms with more than one shareholder when it was set up were significantly more likely to survive (Westhead et al. 1995). Education and prior experience in business have been seen as critical success factors for small firms (Wijewardena, 1996).

**Table 4. 4: Time spent in this business**

	<b>Time spent</b>	<b>Frequency</b>	<b>Percentage (%)</b>
1	Less than a year	4	14
2	1-5 years	14	50
3	6-10years	6	21
4	10years plus	4	14
	<b>Total</b>	<b>28</b>	<b>100</b>

**Source: primary data 2015**

Respondents were asked their time spent in the business in the tabled above, were 1-5years with 50% was with the highest rated, then 6-10 years who had a percentage of 21% followed by the less than 1year and 10 years plus with the same percentage of 14%.this drew up an implication that most entrepreneurs in the business are new and this was to enable the researcher to find out how the entrepreneurship skills move at the same pace with long term experience in the business and it so happened that those in bracket between 6-10 years and those in a bracket of 1q0o plus in the business had more skills than these that were just starting up which indicated that skills could also be improved by the entrepreneurs as they carry out the business just as suggested by their chair person.

Length time in operation may be associated with learning curve. Old players most probably have learned much from their experiences than have done by new comers. Kristiansen, Furuholt, & Wahid (2003) found that length time in operation was significantly linked to business success. Moussavi (1988) in his unpublished PhD thesis stated that experience on the part of the owner/ manager factor contributing to the survival of businesses. In their study of new small firms, Duchesneau and Gartner (1990) found that lead entrepreneurs in successful firms were more

likely to have been raised by entrepreneurial parents, to have had a broader business experience and more prior startup experience, and to believe that they had less control of their success in business, than unsuccessful entrepreneurs. They also found that lead entrepreneurs in successful firms worked long hours, had a personal investment in the firm, and were good communicators. Moreover, successful firms were those initiated with ambitious goals, and lead entrepreneurs had a clear and broad business idea (Duchesneau & Gartner 1990). Education and prior experience in business have been seen as critical success factors for small firms.

### Independent Variables

The study was on entrepreneurship skills on performance of SMEs in Aggrey zone on Lubaga road in Kampala district took on various variables in search of the findings to relate to the study. among the independent variables included planning and budgeting, marketing skills and financial skills. these also took other elements like

4.3 how planning and budgeting skills influence on the performance of SMEs.

**Table 4.5: Planning and budgeting skills**

statements	N	Minimum	Maximum	Mean	Standard deviation
Entrepreneurs plan for their business on daily basis	28	1	5	3.89	1.043
Entrepreneurs possess a strong budgeting cultural	28	2	5	3.91	0.668
Entrepreneurs have the ability to forecast for their business	28	2	4	4.07	0.769
Entrepreneurs always plan for the changing seasons to meet the demand of clients	28	2	5	3.86	0.739
Entrepreneurs budget for the expenses incurred in the business	28	2	5	4.31	0.837
Entrepreneurs operate their business within the estimated budget	28	1	5	3.76	1.112
Entrepreneurs spend amounts of money on planning business growth opportunities	28	1	5	4.54	1.141

Table 4.5 above shows responses on how planning and budgeting skills influence on the performance of SMEs. Results showed that respondents agreed with the item that Entrepreneurs plan for their business on daily basis (Mean = 3.88, SD=1.043). Respondents agreed that Entrepreneurs possess a strong budgeting cultural (Mean = 3.91, SD=0.668), respondents further agree that Entrepreneurs always plan for the changing seasons to meet the demand of clients (Mean = 4.07, SD=0.769).



Respondents further agreed with the statement that Entrepreneurs always plan for the changing seasons to meet the demand of clients (Mean =3.86, SD=0.739). It further shows that Entrepreneurs budgets for the expenses incurred in the business (Mean =4.31,SD=0.837), furthermore the item that Entrepreneurs operate their business within the estimated budget (Mean =3.76, SD=1.12). The study shows that Entrepreneurs spend amounts of money on planning business growth opportunities (Mean = 4.52,SD =1.41).

One major implication from this research is that the findings will give the existing, new or potential entrepreneurs of SMEs in the manufacturing industry an optimal understanding about the factors that will affect their business performance. This is to ensure that their business continue to grow and ultimately help to support the development of economy in Malaysia. The results of this study provide clues for recommending strategic behavior of SMEs to be utilized as a basis for benchmarking and improvement for SMEs in manufacturing industry in Malaysia.

Firstly, entrepreneurs should have sufficient prior work experience and education on the well-being of SMEs to search for the most favorable growth opportunities within the market. SMEs should react proactively in the application of the latest technologies and programs since the application of IT is momentous in this new era. Additionally, the use of integrated marketing information and appropriate human resource might also have a consequential impact on SMEs' growth probabilities. In addition, firms should also be aware of the threats which might harmfully affect the business and try to safeguard against them proactively. Each firm should pay attention to customer and supplier relations, personnel, quality, flexibility, and planning. It is supported by the research conducted by Pasanen (2003), where the results found that Most of the successful SMEs were characterized by qualities such as innovativeness, specialization and networking in their daily operations. Another research carried out by Jouirouet al., (2004) showed there should be a match between an organization's system and its strategy in order to enhance the performance.

Accounting research shows that management accounting is a facilitator of control in firms as it can keep the distance between the head office and the subsidiaries or branches manageable (Moilanen, 2008; Quattrone and Hopper, 2005; Kirk and Mouritsen,1996).

Management Control systems embraces a variety of activities undertaken by middle management. These include planning, coordinating, communicating, evaluating, acting and

influencing (Antony, Dearden, and Govindarajan, 1992). The literature on management control systems describes formal changes in management accounting and control systems as being essential to organizational change across life-cycle stages (Moore and Yuen, 2001; Davila and Foster, 2005). According to Vaughan and Tague-Sutcliffe (1997), many small enterprises failed in China

Lybaert (1998) found a positive relationship between the extent of information usage and the performance of small enterprises. The three-part division of management accounting suggested by Simonet al. (1954) is appropriate for the exploration of managerial accounting information in small businesses namely score keeping, attention directing and problem solving. Randall and Horsman (1998) suggested that score keeping in small businesses was performed as a result of the data processing and reporting in the financial accounting function of the business. In contrast to score keeping information, Randall and Horsman (1998) argued that attention directing and problem solving categories of information were most likely to be absent in small businesses.

The possible types of managerial accounting information relevant to small businesses such as break-even point, analysis of costs, non-financial indicators, key financial ratios and performance by product, were outlined in the International Federation of Accountants –Chartered Institute of Management Accounting - IFAC and CIMA (1998) Financial Management Fundamentals package. This package of advice also discussed a number of Methods such as benchmarking, debt factoring, invoice discounting and total quality management for small enterprise management to consider. Furthermore, the package provided a graphical illustration for each of 21 information topics such as funding structure, profits and loss account –actual versus budget, working capital, cash flow projection, break-even calculation, contribution by products, market share and inventory for small enterprise management to monitor the changes and trends appearing.

A study by Hall and Young (1996) showed that management accounting was an important deficiency in 38 per cent of 241 failed small enterprises surveyed. Similarly, Randall and Horsman (1998) found that the lack of management accounting information contributed to small Enterprise failure. They also found that there were barriers preventing external accountants from providing managerial accounting information for owner/manager's decisions. A number of studies have suggested that the quality of managerial accounting information used within small

enterprises had a positive relationship with their performance (Raymond and Magnenat-Thalman, 1982; Holmes and Nicholls, 1989).

Managerial accounting information in small businesses is therefore an important topic for research. Randall and Horsman (1998) argued that the owner/managers were vague about some of the techniques of management accounting, which might be useful in their business. They also argued that the attitudes of the owner/managers and the range of services offered by actual and potential information providers limited the level and role of managerial accounting information available to the owner/managers. Randall and Horsman (1998) stressed that even expert owner/managers in management were personally unlikely to understand the power of some techniques, which might be good indicators of a high level of risk of failure for businesses.

This study postulates that managerial accounting capabilities will positively influence decision making and hence growth of the SME. It is therefore rational to investigate the role of management accounting skills in the development of the SME in a developing country.

Business activities of enterprises have a direct relationship with their needs for business skills.

The issue of what constitutes effective small business management practice and how they impact the performance and potential success of small firms is a significant one in the field of small business management research and has been the focus of many studies (Stokes and Blackburn, 2002; Sadler-Smith et al, 2003). These studies have a behavioral emphasis and have identified core competencies and skills that are essential to the effective management of a small business in order to ensure its survival and growth. These include, vision, people, operations, resources, customer service, financial skills, planning, strategy, marketing and many others (Gadenne, 1998, Zinger, leBrausseau and Zannibi, 2001). This study examines the extent to which the owner/manager competency in business skills influences decision making in the firm performance and subsequent success and growth and formulates the following hypothesis: Business skills positively influence decision-making for the success and growth of the firm.

Tait (1990) argues that: it is the owners/managers' decision-making perceptions which govern their behavior through the various stages of the decision-making process. For instance, the perception of need by owners/managers is a critical factor in the decision by owners/managers to participate in

management education programs . It is clear that small business owners/managers vary considerably in their perceptions of a need for formal management education.

Previous research has found that management decision-making and organizational structure revolves around the preferences and interests of owner-managers who take all the major decisions and monitor all activities.(Pansiri et al, 2006;Hitt et al 1996). While such approaches and structures enable strong control over the firm, organizational success or failure in SMEs is seriously affected by the managerial competencies of the owner-managers. This study investigates the extent to which the owner/manager managerial capabilities influence the decision-making for the growth and success of the firm

#### 4.4 the influence of marketing skills on performance of SMEs

**Table 4. 6: Marketing skills**

statements	N	Minimum	Maximum	Mean	Standard deviation
Entrepreneurs use persuasive language to market their business	28	1	5	4.25	1.038
Entrepreneurs use personal selling to market their business	28	1	5	3.88	0.935
Entrepreneurs use price discrimination	28	2	5	4.09	0.698
Entrepreneurs always meet the demand of customers due to changing seasons	28	1	5	3.76	1.123
Entrepreneurs give discounts to customers	28	2	5	4.26	0.860
Entrepreneurs use sign post for advertisement	28	2	5	4.31	0.837

From the 5- point likert scale which was used in the study, the finding in the table 4.6 above shows that most respondents agreed with the statements on the influence of marketing skills on performance of SMEs as most of the means are  $\geq$  (greater or equal ) to 3.

Results showed that Entrepreneurs use persuasive language to market their business (Mean =4.25, SD=1.038), respondents also agreed that Entrepreneurs use personal selling to market their business (Mean =3.88, SD=0.935) and further agreed that Entrepreneurs use price discrimination (Mean =4.09,SD=0.698). The study also found out that Entrepreneurs always meet the demand of customers due to changing seasons (Mean = 3.76, SD=1.123), respondents also agreed that Entrepreneurs give discounts to customers (Mean =4.26, SD=0.860). the respondents also agreed that, Entrepreneurs use sign post for advertisement, (Mean =4.31, SD=0.837).

The above finding is synonymous to earlier researchers like, Fearne, and McNeil (2011) who indicated that SMEs that make good use of structured marketing information presented a higher probability of growth. The research of Mahmoud (2011) concluded that the higher the level of market orientation, the greater the level of performance of SMEs. Apulu and Latham (2011) found that the competitiveness of SMEs will be increased through adopting Information and Communication Technology. Subrahmanya, Mathirajan, and Krishnaswamy (2010) summed up that those SMEs which have technological innovation have a higher growth compared to the SMEs which are not creative in the sales turnover, investment and job. This study found out that an effective entrepreneurship with skills and experiences will lead to a higher innovation as well as competitiveness in the business performance of SMEs, and an ineffective entrepreneurship will lead to bad performance of SMEs. This result supports prior researches such as Fairoz et al., (2010) and Talaiat et al.,(2011).

According to Kim (in Meng & Liang, 1996), Staw (1991), and Katz (in Holt, 1992), after entering the entrepreneurial world, those with higher levels of education are more successful because university education provides them with knowledge and modern managerial skills, making them more conscious of the reality of the business world and thus in a position to use their learning capability to manage business. The result also indicates that there is a significant positive relationship between use of marketing information and performance of SMEs. This result is supported by studies carried out by Keh et al.,(2007) and Cacciolatti et al.,(2011), where they found that the good use of marketing information by the organization can lead to a higher probability of growth and enhance the competitiveness as well as a better decision making process in the research, application of IT is found to have a significant positive relationship with increased performance of SMEs in Malaysia. This result is consistent with the prior researches' findings (Levy & Powell, 2000) where an application of information technology will enhance the overall performance of SMEs in Malaysia.

The adoption of IT will assist an organization in storing information as well as communicating with customer, suppliers and business partner who will facilitate business transaction. As a result, it will lead to a better performance in reducing the operating expenses as a whole. In conclusion, effective entrepreneurship, appropriate HRM, use of marketing information and application of information technology do have a significant impact on the performance of SMEs

in Malaysia whereas the use of marketing information has the strongest relationship among the four variables in affecting the organization performance SMEs in the manufacturing industry in Malaysia.

Marketing management Previous research shows that SMEs have unique characteristic that differentiate them from conventional marketing in large organizations (Carson, 1990). These characteristics may be determined by the inherent characteristics and behavior of the owner/manager or by the size and stage of development of the business. Such limitations are finance, time, marketing knowledge, lack of specialist expertise and limited impact in the marketplace. Most owner/managers make most decisions on their own, respond to current opportunities and circumstances and so end up with decisions made in a haphazard and chaotic manner according to personal and business priorities at any point in time (Scace and Gofee, 1980).

SMEs do not conform to the conventional marketing characteristics of marketing text book theories but are characterized by the limitations outlined above. Thus, their marketing is likely to be haphazard, informal, loose, unstructured, spontaneous, reactive, built on and conforming to industry norms. (Gilmore, 2001). To understand how the marketing activity of the owner manager influences the decision making and consequently the firm performance, it is necessary to carry out a research. This study investigates how the marketing management affects decision making within the SME.

**Table 4. 7: Planning and budgeting skills**

<b>statements</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Standard deviation</b>
Entrepreneurs plan for their business on daily basis	28	1	5	4.55	0.857
Entrepreneurs possess a strong budgeting cultural	28	1	5	3.88	0.998
Entrepreneurs have the ability to forecast for their business	28	1	5	4.14	1.015
Entrepreneurs always plan for the changing seasons to meet the demand of clients	28	1	5	3.87	0.661
Entrepreneurs budget for the expenses incurred in the business	28	1	5	4.45	0.869
Entrepreneurs operate their business within the estimated budget	28	1	5	3.88	0.935
Entrepreneurs spend amounts of money on planning business growth opportunities	28	1	5	4.09	0.698

**Source:** Primary

From the 5- point likert scale which was used in the study, the finding in the table 4.7 above shows that most respondents agreed with the statements on the influence of Planning and budgeting skills on performance of SMEs as most of the means are  $\geq$  (greater or equal 3).

Results showed that Entrepreneurs plan for their business on daily basis (Mean =4.55, SD=0.857), respondents also agreed that Entrepreneurs possess a strong budgeting cultural, respondents further agreed that Entrepreneurs have the ability to forecast for their business (Mean =3.88, SD=0.998), respondents agreed that Entrepreneurs always plan for the changing seasons to meet the demand of clients (Mean =4.14, SD=1.015). respondents revealed that Entrepreneurs budget for the expenses incurred in the business (Mean = 3.87, SD=0.661), respondents stated that Entrepreneurs operate their business within the estimated budget (Mean =4.45, SD=0.869), respondents finally stated that Entrepreneurs spend amounts of money on planning business growth opportunities (Mean =3.88, SD=0.935)

#### 4.5 The Influence of Financial Skills on Performance of SMEs.

**Table 4. 8: Financial skills**

Statements	N	Minimum	Maximum	Mean	Standard deviation
Entrepreneurs have the ability to estimate their return on the investment	28	1	5	3.89	1.043
Entrepreneurs obtain their initial capital from savings	28	1	5	3.91	0.668
Entrepreneurs keep their main financial records	28	1	4	4.07	0.769
Entrepreneurs track their business expenditure	28	1	5	3.86	0.739
Entrepreneurs do stock taking	28	1	5	4.31	0.837
Entrepreneurs pay taxes	28	1	5	3.98	1.214
Entrepreneurs pay licence	28	1	4	4.26	0.661
Entrepreneurs use banks to save their profits	28	1	5	4.83	1.006

From table 4.8 above, results show that respondents generally agreed with items related to on the influence of financial skills on performance of SMEs as most of the means are  $\geq$  (greater or equal 3). It was revealed that Entrepreneurs have the ability to estimate their return on the investment (Mean =3.89, SD=1.043), respondents also agreed that Entrepreneurs obtain their initial capital from savings (Mean =3.91, SD=0.668), it also found out that Entrepreneurs keep their main financial records (Mean = 4.07, SD=0.769), the study further showed that

Entrepreneurs track their business expenditure (Mean =3.86, SD=0.739), respondents revealed that Entrepreneurs do stock taking (mean=4.31, SD=0.837). the results indicated that Entrepreneurs pay taxes (mean=3.98, SD=1.214). Respondents revealed that Entrepreneurs pay licence mean=4.26, SD=0.661). Finally the results indicated that Entrepreneurs use banks to save their profits mean=4.83, SD=1.006).

Many of these decisions relate to sourcing of capital and ensuring that such capital is utilized in a manner that results in the optimal growth and profitability of the entity. In order to achieve this objective, it is necessary for the entity to possess financial management and accounting skills (Collis and Jarvis, 2002)

Financial management De fries (1989) argues that a major theme in the life and personality of many entrepreneurs is the preoccupation with control which inevitably affect their power relationships and consequently the interpersonal action. He goes on to say that the entrepreneur has a great inner struggle with issues of authority and control and has difficulty working with others. The issue of control of the SME owner/manager making all the financial management decisions has important implications for the firm's functioning and may lead to low staff morale and customer service which in turn may contribute to the failure or success of the SME.

Perren et al. (1999) posits that owner managers in small firms move from informal methods of financial management and decision - making to more formal methods depending on the development of the businesses. Fur thermore, financial management decisions are based on evolutionary change and dynamic processes, which rely on relationships established between owners and external advisors whether accountants, bank managers or other professionals (Deakins, Morrison and Galloway, 2002). Small businesses are less transparent when providing financial information and are more reluctant to facilitate voluntary accounting and financial information. Financial controls may be used with the main purpose of tax minimization instead of for strategic and performance decisions (Perez de Lema and Durendez., 2007; Trostel and Nichols, 1982). The majority of small firms prepare regular income and expenditure reports but use other financial reports less regularly. Small businesses often falter due to business -related problems such as poor financial management (Holland and Boulton, 1984).



McChlery and Godfrey (2005) found that “the principal catalysts to sound financial management systems within the small firms sector appeared to be: computerised accounting systems, highly motivated owners/directors of the firm, qualified internal accounting staff, proactive external accountants and pressure from providers of finance. From these discussions, this paper has postulated that owner/manager financial management capabilities will positively influence growth of the firm and consequently success of the SME. It is therefore rational to investigate the role of this characteristic in the SME development, particularly in a developing country, where human development is persistently a challenge. The following hypothesis is formulated Journal of Language, Technology & Entrepreneurship in Africa Vol. 3 No. 1

#### 4.6 SMEs Performance

**Table 4. 9: SMEs Performance**

SMEs performance	N	Minimum	Maximum	Mean	Standard deviation
Entrepreneurship skills have increased business sales growth	28	1	5	4.25	1.038
Entrepreneurship skills have decreased the level of unemployment amongst youth in Aggrey zone	28	1	5	3.98	1.214
Entrepreneurship skills have influenced the business clientele base.	28	1	5	3.88	0.935
Entrepreneurship skills have influenced the level of profitability in the business	28	2	5	4.09	0.698
Entrepreneurship skills have helped entrepreneurs to create awareness for their businesses.	28	1	5	3.76	1.425

Table 4.9 above shows responses on the SMEs performance. Results showed that Entrepreneurship skills have increased business sales growth (Mean=4.25, SD=1.038), Respondents agreed that Entrepreneurship skills have decreased the level of unemployment amongst youth in Aggrey zone (Mean = 3.98, SD=1.214), respondents further agree that Entrepreneurship skills have influenced the business clientele base (Mean = 3.88, SD=0.935). Respondents further agreed with the statement that Entrepreneurship skills have influenced the level of profitability in the business (Mean =4.09, SD=0.698). It further shows that Entrepreneurship skills have helped entrepreneurs to create awareness for their businesses (Mean = 3.76, SD=1.425).

**Table 4. 10: The Relationship Entrepreneurship skills and Performance**

Correlations		Entrepreneurship skills	Performance
<b>Entrepreneurship skills</b>	Person correlation	1.000	0.722**
	Sig. (2. tailed)	.	.012
	N	35	35
<b>Performance</b>	Pearson correlation	0.722**	1.000
	Sig. (2-tailed)	.012	.
	N	35	35

\*\* Correlation is significant at the 0.05 level (2-tailed).

**Source:** Statistical Package for the Social Scientists (SPSS) output.

The results revealed a significant positive relationship between Entrepreneurship skills and performance ( $r = 0.722^{**}$ , Sig. = .012). This implies that the more efforts are needed to improve performance of SMEs. The Pearson coefficient ‘r’ reflects the degree of linear relationship between the two variables, it ranges from negative one and positive one that is  $-1 \leq r \leq 1$ . If  $r=0$ , then, there is no relationship between the two variables, if r ranges between  $\pm 0.1$  to  $\pm 0.4$  the relationship is weak, if r ranges between  $\pm 0.4$  to  $\pm 0.6$  the relationship is moderate and if r lies between  $\pm 0.6$  to  $\pm 0.9$  the relationship is strong. Besides if  $r=\pm 1$  there is perfect relationship between the two variables. However, since the correlation coefficient ( $r=0.722^{**}$ ) lies between  $\pm 0.6$  to  $\pm 0.9$  the researcher concluded that Entrepreneurship skills and performance are significantly related.

The finding of the study indicated a strong positive relationship between c Entrepreneurship skills and performance. According to the findings using Pearson correlation coefficient, the relationship was found to be significant with a correlation coefficient of 0.722 implying a strong relationship between the two variables.

Management also indicated that the levels of entrepreneurial skills in their employees vary from average to very low. Kolb (1984) echoed the same sentiments when he said the entrepreneur must possess and use analytical skills to conceptualize experience and must also possess decision making and problem solving skills in order to use the new ideas gained from experience. In support of the above, Niyonkuru (2005) also asserts that promoting entrepreneurial skills and attitudes provides benefit to society even beyond their application to new business ventures. 92% of participating employees indicated that Management and Entrepreneurial modules were important for various reasons including; improving performance; equipping one with skills for

running own business and enhancing business growth. This therefore calls for the need to strengthen entrepreneurial and management skills in artisanal engineering businesses use the new ideas gained from experience. In support of the above, Niyonkuru (2005) also asserts that promoting entrepreneurial skills and attitudes provides benefit to society even beyond their application to new business ventures. 92% of participating employees indicated that Management and Entrepreneurial modules were important for various reasons including; improving performance; equipping one with skills for running own business and enhancing business growth. This therefore calls for the need to strengthen entrepreneurial and management skills in artisanal engineering businesses.

Further findings were that SMEs have weaknesses in the following areas; Poor skills, poor product range, poor marketing strategies, and poor networking with suppliers. These weaknesses are a pointer to lack of training in management and entrepreneurial skills as supported by Orford et al (ibid) who noted that the most frequently mentioned weakness among Entrepreneurs was the lack of education and training. On the other hand however, the strengths observed among participants were that there was room for idea sharing and that they were also positive about acquiring entrepreneurial skills. This therefore implies that imparting entrepreneurial skills to this group of SMEs is possible and would go a long way in strengthening entrepreneurial capacity and improve productivity.

Interview results revealed; suggested that SMES need to focus their attention in significantly increasing the skills, competencies or knowledge of their employees in order to stimulate performance in the following areas. Business planning (including management and leadership services, consultancy and advice), Marketing and promotion services, Research (including market research) and product development, Accounting and finance services, Information and Technology services, human Resource services, Legal advice and services (IP, patents etc), E-Commerce (e.g. on-line work with clients and suppliers; access to web-based information), Organisational health and Safety advice, Job-specific technical activities (e.g. advice on utilisation of new plant or equipment), Language or communication coaching, Social skills development, Entrepreneurship related activities (e.g. brainstorming about opening new markets or new range of products and services), Green skills development (e.g. cooperation with other organisations to find ways to adjust production to minimise climate change)

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATION

#### 5.1 Introduction

This chapter presents discussion of the major findings, a summary of the findings, conclusions, recommendation drawn there after based on previous chapter and answering the objectives of the study chapter one.

#### 5.2 Summary of the major findings

Basing on the discussion of findings the study revealed that planning and budgeting skills influence on the performance of SMEs. Despite of this SSBs exhibited poor planning and budgeting skills . The research further showed that there is a significant relationship between planning and budgeting skills influence on the performance of SMEs using Pearson's correlation coefficient which gave  $r = 0.05$ . The performance of SMEs requires possession of traits of self-employment as well as business administrator more than managerial skills. These helped them to gain experience, self-confidence and were motivated to work hard in order to manage personal responsibilities. However they lacked risk taking initiatives of entrepreneurship to commit their funds to long term investment. The study also established that limited entrepreneurial skills curtailed the potential to expand markets.

This study sought to investigate the effect of entrepreneurial skills on SME performance. Results indicated that entrepreneurial skills helped to develop managerial business practices and capabilities used by SMEs and their influence on the decision -making for enterprise success and growth. Hence adequate entrepreneurial skills have a strong, positive and significant influence on the decision making of owner/manager and consequently the success and growth of an SME. The respondents clearly recognize the importance of managerial accounting capability as critical to decision-making for success and growth of the firm. Owner /managers with good financial and managerial skills made more use of computers to reduce financial and accounting information and extensive the business records are in the small business, the more regularly the accounting information is produced to help in future decision making.

### **5.3 Conclusions**

The purpose of this study was to determine whether entrepreneurial skills can be used as resource acquisition strategies to make SMEs and new ventures profitable. The study found out that entrepreneurial skills have significant effect on business success of SMEs in Aggrey Zone in Rubaga Division-Kampala District. This implies that SME owners must possess appropriate and/or formidable entrepreneurial skills and pay strict attention to the following: missionary zeal about their products or services, be willing to be personally involved in their business and stick to the business, be able to define the market clearly and pay attention to details.

The secret behind the success of any business venture is largely dependent on entrepreneurial skills. As initially indicated in chapter four findings, Entrepreneurial skills and Technical skills to enhance their sustainability. There is need to hold adequate training and advise on specific areas such as: compiling a business plan; market research; identifying business and market opportunities; marketing and advertising; entrepreneurial skills training; financial and cash flow planning; networking opportunities; counseling and advise on Managing a business and risk management. However, when SMEs choose to become sustainable entrepreneurs, they should be willing to devote time and effort to the project and they should select a simple, pragmatic and effective format that is tailored to their needs and compatible with their style.

In regard to the influence of marketing skills on performance of SMEs ; there was limited marketing skills among entrepreneurs in Aggrey Zone in Rubaga Division-Kampala District SMEs operators and owners should ensure they have built a strong social network and good government relationship in order to ensure their business success. Also important are, inter-firm cooperation, consultation, performance measurement and flexibility. Cooperation enables the small ventures to improve their strategic positions, focus on core business, enter international markets, reduce transaction costs, learn new skills and cope positively with rapid technological changes. The major implication marketing in this study is that, it provides better understanding for entrepreneurs and business owners in addressing the factors that significantly affect the business profitability and success in SME sector.

The study also established that limited financial skills significantly affected performance of SMEs. This hindered their resilience and competitiveness in the following ways: i) Difficulties in obtaining funds from financial institutions and the government. Difficulties in acquiring loans from financial institutions or at high costs, compounded by lack of financial transparency by SMEs. This hindered efficient SME business development operations.

#### **5.4 Recommendations**

The modest suggestions and practical recommendations are given below:

The government should play a leading role in educating SME operators on the incentives available to them and how to access them. These incentives should be delivered the SMEs through an establishment that really cares for the success and sustainability of SMEs in the country.

The government should increase the number of centers that offer consultancy and expert services to SMEs engage more experts in different areas (e.g ICT, financial planning, marketing planning etc). The government should ensure that SMEs get these incentives at a lower cost and in a more effective way. The efficiency and effectiveness of the delivery system of incentives are vital to their utilization and success.

SMEs should be encouraged to form entrepreneurial teams to start new ventures and businesses Seminars and workshops are recommended to improve SMEs' management capabilities, skills as well as the institutional co-ordination of the efforts of relevant agencies and institutions, and the streamlining of the myriad of taxes stifling SMEs in Proceedings of 25th International Business Research Conference other to increase their profitability which can serve as the best resource acquisition strategy for new ventures

Reorientation of the education systems to emphasize and value, entrepreneurship in order to cultivate an enterprise culture

To extend better training to the young generation the faculty members to be oriented though industrial training

## **5.5 Suggestions for future Research**

The study therefore suggest that more research should be conducted in the following areas;

The effect of entrepreneurship education to the entrepreneurial development of senior six leavers.

The impact of the government on the improvement of entrepreneurship education in both senior secondary and at university.

The influence of the Young Entrepreneurs Program on the development of the general education program in senior secondary.

To establish the effect of cash management techniques on performance of SMEs.

Further research should be conducted to ascertain the impact of risk management on performance small scale business in Uganda.

To examine the effect of women empowerment on performance of SSBs.

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## APPENDICES

### APPENDIX A: TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

**Note:**

“N” is population size

“S” is sample size.

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## APPENDIX B: QUESTIONNAIRE

Dear Respondents,

As part a post graduate degree study requirement, I'm carrying out a research "*On Entrepreneurship Skills on Performance of SMES In Aggrey Zone On Rubaga Road, Kampala District Uganda*". I therefore kindly ask for your cooperation in this study by filling in the following questionnaire which will help me to get the required information. This research is purely for academic purposes and the information obtained from you will be treated with at most confidentiality.

**Please, take a few minutes of your time and answer the questions in the spaces provided.**

Thank you for your cooperation.

Yours Sincerely,

Bukirwa Khadijah

### SECTION A. PERSONAL INFORMATION

**Provide a tick where appropriate.**

Gender

a. Male  b. Female

1. Age bracket

2. a. 10-18years  b. 19-35years  c. 36-45years  d. 46-above

3. Status

a. Single  b. Married  c. Divorced  d. Widowed

4. Highest educational level

a. Primary  b. Secondary   
c. Tertiary/Institution/University  d. None of the above

6. Type of business

a. Sole of proprietorship  b. Family business

7. Any other occupation

a. Teacher  b. Healthy workers  C. Business  d. Other

8. Time spent in this business

a. Less than a year.  b 1-5 years  c. 6-10 years  d. 10 plus years

## SECTION B

Independents variable: **entrepreneurial skills using the table below tick where it is appropriate**

Strongly disagree	disagree	I am not sure	agree	Strongly agree
1	2	3	4	5

### 1. Planning and budgeting skills

statements	1	2	3	4	5
Entrepreneurs plan for their business on daily basis					
Entrepreneurs posses a strong budgeting cultural					
Entrepreneurs have the ability to forecast for their business					
Entrepreneurs always plan for the changing seasons to meet the demand of clients					
Entrepreneurs budgets for the expenses incurred in the business					
Entrepreneurs operate their business within the estimated budget					
Entrepreneurs spend amounts of money on planning business growth opportunities					

### 2. Marketing skills

statements	1	2	3	4	5
Entrepreneurs use persuasive language to market their business					
Entrepreneurs use personal selling to market their business					
Entrepreneurs use price discrimination					
Entrepreneurs always meet the demand of customers due to changing seasons					
Entrepreneurs give discounts to customers					
Entrepreneurs use sign post for advertisement					

### 3. Planning and budgeting skills

statements	1	2	3	4	5
Entrepreneurs plan for their business on daily basis					
Entrepreneurs possess a strong budgeting cultural					
Entrepreneurs have the ability to forecast for their business					
Entrepreneurs always plan for the changing seasons to meet the demand of clients					
Entrepreneurs budget for the expenses incurred in the business					
Entrepreneurs operate their business within the estimated budget					
Entrepreneurs spend amounts of money on planning business growth opportunities					

### 4. Financial skills

statements	1	2	3	4	5
Entrepreneurs have the ability to estimate their return on the investment					
Entrepreneurs obtain their initial capital from savings					
Entrepreneurs keep their main financial records					
Entrepreneurs track their business expenditure					
Entrepreneurs do stock taking					
Entrepreneurs pay taxes					
Entrepreneurs pay licence					
Entrepreneurs use banks to save their profits					

### SECTION C: SMES PERFORMANCE

SMEs performance	1	2	3	4	5
Entrepreneurship skills have increased business sales growth					
Entrepreneurship skills have decreased the level of unemployment amongst youth in Aggrey zone					
Entrepreneurship skills have influenced the business clientele base.					
Entrepreneurship skills have influenced the level of profitability in the business					
Entrepreneurship skills have helped entrepreneurs to create awareness for their businesses.					

**Thank you for your precious time.**

**God Bless You.**