

**THE ROLE OF ENTREPRENEURIAL SKILLS ON THE PERFORMNCE OF
SMALL AND MEDIUM ENTERPRISES**

CASE STUDY OF SMES IN WAKISO TOWN

SUBMITTED

BY

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DEDICATION

This work is dedicated to my family members, friends and all my relatives for their tireless efforts, and all their love, moral and financial support so as to complete the course and these are Mum, Dad, Silas, Margret, Jacob, Sarah, Susan, Solome, Tonny, classmates as well as lecturers who taught during the course. May God award you abundantly.

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ABSTRACT

The major objective of this study was to examine the role entrepreneurial skills on the performance of Small Medium Enterprises in Uganda. The specific objectives are; to find out the role of entrepreneurial skills on the business growth of Small and Medium Enterprises in Wakiso Town, to examine the role of entrepreneurship skills on the profitability of small and Medium Enterprises in Wakiso Town, and to examine the role of entrepreneurship skills on the Return on Investment of SMEs performance in Wakiso town.

A descriptive research design was used to conduct the study with a sample size of 228 respondents. Various data collection instruments were used in this study and these include; questionnaires and interview guide.

The findings revealed that there is correlation between entrepreneurial skills on the business growth of SMEs with a positive and significant relationship ($r = 0.681$, $p < 0.01$), there is a correlation between entrepreneurial skills and profitability of SMEs with a positive and significant relationship ($r = 0.783$, $p \leq 0.01$), and there is a strong positive correlation co-efficient (r) of ($r = 0.694$) 69.4 % while 30.6% is by other factors.

From the study it can be concluded that entrepreneurial skills strongly affect performance of SMEs in Uganda. Based on the findings of the study the researcher found in the field where entrepreneurial skills had a strong and significant relationship with business growth, profitability and return on investment of SMEs.

The researcher recommends that since lack of these skills greatly affects the growth of their businesses in terms of return on investment, net profit and business growth. Therefore, it is

recommended that the business cooperation for entrepreneurs should organize training for its members in entrepreneurship skills. SMEs should develop and organize constant seminars and workshops to train and educate employees on mechanisms for mitigation of critical risks which have affected the performance of firms. The SMEs should learn how to develop budgets and incorporate them in their businesses to monitor and allocate resources used in different periods of time so as to effectively improve the performance of SMEs.

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

Within the Ugandan, there has been a realization and acknowledgement that Small and Medium Enterprises (SME) have a role to play in any economy. Numerous authors (Sebikari, 2014; Kongolo, 2010; Ligthelm, 2008) have recognized entrepreneurship as important to small business enterprises. Kongolo (2010) suggested that both small business and entrepreneurship form the hub of economic development by absorbing productive resources at all levels of the economy. Beyond what has been said, Rafi, Arzu, Khanul and Kashif (2013) indicate that starting new businesses is the most form of entrepreneurship. According to Walter, Balunywa, Rosa, Sserwanga, Barabas, Namatovu (2004) entrepreneurship focuses on the startup of new firms and ventures. In order for SMEs to thrive and perform to their full potential, various factors specifically entrepreneurial skills have to operate in harmony to help business perform well. This study there, aims at examining the role of entrepreneurial skills in the performance of SMEs in Uganda, a cases study of Wakiso Town.

1.2 Background of the Study

Worldwide, entrepreneurship is increasingly recognized as a foundation stone for economic growth, innovation, employment and productivity, and it is widely accepted as a key aspect of economic dynamism (Shane, 2005). Transformation of business ideas into economic opportunities is the decisive issue of entrepreneurship (Kuratko and Hodgetts, 2008; Timmons and Spinneli, 2007). Still, economic progress has been significantly advanced by pragmatic people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks (Hisrich, 2005). Entrepreneurship in various economies is being connected to regional

development programs and the creation of new firms is stimulated to boost employment and output in depressed regions (Schumpeter, 2005). In others, entrepreneurship is one of the strategies designed to facilitate the participation of certain target groups such as women, youth or disadvantaged groups in the economy. Entrepreneurship is also taken as means to increase firm creation; while others set out to support high-growth firms (Hisrich, 2005). Although many countries regardless of the level of economic development are making serious efforts to support entrepreneurship, the impact of entrepreneurship appear to vary.

The role of entrepreneurship and entrepreneurial skills in economic and social development in developing countries has often been underestimated. In developing economies like Uganda, most of business activities are in the informal sector and are termed as Small & Medium Enterprises (SMEs). The informal sector in Uganda is dominated by disadvantaged groups such as women, youth and those who have retired from formal employment. Such groups are estimated to account for 76% of Uganda population (Uganda Census, 2014). This underutilization of the untapped potential in the disadvantaged group is attributed to a various reasons such as ineffective use of entrepreneurship skills and knowledge in poverty reduction (Gakure, Ngugi, Waititu and Keraro, 2013).

It has recently been revealed by new research carried out by Virgin entrepreneurs that an unlikely set of countries leading the way in the global entrepreneurship race, with the UK and US far off the pace, Uganda is the most entrepreneurial country on the globe (Trilby, 2015). You rarely associate the term entrepreneur with the corner shop owner, the fruit and vegetable seller or the person selling knick knacks at a local street market, but by definition, that's exactly what

they are. An entrepreneur is someone who starts a business taking on some form of financial risk, and financial risk is all relative.

Table 1.1 the most entrepreneurial countries in the world.

1	2	3	4	5
Uganda 28.1%	Thailand 16.7%	Brazil 13.8%	Cameroon 13.7%	Vietnam 13.3%
6	7	8	9	10
Angola 12.4%	Jamaica 11.9%	Botswana 11.1%	Chile 11%	Philippines 10.5%
11	12	13	14	15
China 10.2%	Indonesia 10.1%	Ecuador 9.9%	Burkina Faso 9.7%	Guatemala 9.2%

Source: Trilby, R., 2015. *Uganda is named the world's most entrepreneurial country.* (Online article by Virgin Entrepreneurs). Uploaded on 6th August, 2015. Retrieved on www.virginentrepreneur.com/uganda-named-the-most-entrepreneur-country [5th November, 2015].

Uganda's position has been enhanced right from fresh food, to trinkets, to cobblers, honey makers and hand crafted furniture and you will find everyone is selling something. However,

Uganda enterprises are largely informal with approximately 97% unregistered businesses, employing close to 80% of the population. The situation of business sustainability is appalling in Uganda. Many businesses do not live even for a year (Nangoli, *et al.*, 2013; Rooks & Sserwanga, 2009). Research by PELUM (2011) established that limited market, fluctuations in commodity prices, inefficient value addition techniques, lack of access to timely market information, limited access to capital, low bargaining power, and limited managerial skills and capacity are some of the most pressing challenges faced by Ugandan small businesses owners. Rwakakamba (2011) describes Uganda as a graveyard of business start ups argues that family members constitute the main source of labor in most of these businesses (Rwakakamba, 2011; Gersicket *et al.*, 1997).

Small and medium size Enterprises (SMEs) are the key drivers of economic growth in LDCs (Nangoli, *et al.*, 2013; Rwakakamba, 2011; Ocici 2006). Thus efforts directed towards enhancing their survival and growth, directly impact on the economic development of LDCs. Uganda is one of the LDCs that is experiencing high failure rates of SMEs although it is ranked as one of the most entrepreneurial countries in the world (GEM, 2009). Many Ugandans tend to start businesses in all spheres of operations, unfortunately many of these businesses, shutdown before even completing a year in operation (Nangoli, *et al.*, 2013; Walter *et al.*, 2004; Rooks & Sserwanga, 2009). The range of businesses operated by SMEs in Uganda include setting up and managing carpentry workshops, boutiques, general merchandise shops, operating health clinics, selling fresh foods, riding motor cycles (commonly known as boda-bodas), selling telecoms Airtime and vending cooked food among others (Nakamura, 2007).

Existing studies (Nangoli, *et al.*, 2013) indicate that the survival and growth of small and Medium Size Enterprises (SMEs) significantly accounts for the economic performance of LDCs

like Uganda. However, the failure rate of SMEs in Uganda is still high as new start-ups collapse shortly after they assume operations. Thus, Uganda being the most entrepreneurial country, so many businesses have collapsed. It is estimated that out of 100 businesses opened, about 75% of them have failed.

The failure rate of these businesses leads one to agree with Rwakakamba (2011) who suggests that Uganda is a graveyard of nimble entrepreneurial ideas. There are many studies that have come to the conclusion that the majority of businesses started up in Uganda close while still in their nascent stage (Bewayo, 2000; the GEM Report 2009). The failure to sustain such start-ups puts the economy into great danger (Ocici, 2006). In Uganda, most entrepreneurial set-ups are privately owned although they contribute about 75% to the national GDP (Rwakakamba, Lukwago and Walugembe, 2014Rwakakamba 2011). Many Ugandans are at first not aware of the extent of their entrepreneurial ability and they do not carry out a market survey to determine the viability of the venture. They start businesses to just exploit what initially looks like a potentially profitable business opportunity only to realize later that they do not have what it takes to become an entrepreneur.

Wakiso Town, a new town, has the second largest share of businesses, 8%, and 10% of employees (Uganda Bureau of Statistics Report, 2013). Clearly, most of the industries that formerly fell under the auspices of Mpigi town now come under Wakiso town. Wakiso town particularly in town has experienced high rate business failure despite the increase in Small and Medium enterprises, and this calls for this study. Many of these groups face difficulty in accessing finance from formal financial institutions as well as borrowing from informal financial sector such as SACCOs, money lenders, friends and relatives. Even though the funds are made available, few among the disadvantaged groups effectively and efficiently use them to improve

the performance of their small and medium enterprises (SMEs) because of lack of entrepreneurship skills. These groups mostly known as entrepreneurs are sometimes the source of innovation and have access to greater numbers of very productive people. However, this potential is under-utilized due to lack of entrepreneurship skills in addition to other factors. Entrepreneurship skills and knowledge belong to critical factors of production. However, due to lack of comparable results world-wide, there is need to understand how entrepreneurial skills identified elsewhere contribute to the performance of SMEs in Uganda specifically Wakiso Town.

1.3 Problem statement

Over the last decades, the growth and performance of SMEs in both formal and informal sectors has been increasing and their importance cannot be underestimated (Uganda Manufacturers Association Report, 2013). This has even led to mention Uganda as the most entrepreneurial country in the world with a percentage of 28.1 (Virgin Entrepreneurs, 2015).

Despite the fact that Uganda is the most entrepreneurial country, existing research (Nangoli, *et al.*, 2013; Mayoka&Balungwa, 2012) has discovered that out of the businesses that start, about 75% businesses fail in Uganda. The failure of businesses is due to lack of entrepreneurial skills such as failure to embrace change (Rwakakamba, 2011; Linda, 2012). Still, field study by TechnoServe Uganda (2013) discovered that as a relatively new market economy, Uganda is still testing how business is done in a free market. Many SMEs owners especially in Wakiso Town as will be revealed in this study, remain highly risk averse, and even the most compelling business opportunity can be rejected.

However, building the gap to check the role of entrepreneurial skills on the performance of Small and Medium Enterprises (SMEs) signifies the need for this study. Thus, this study will concentrate on the role of entrepreneurship skills on the performance of SMEs in Wakiso Town.

1.4 Study objectives

1.4.1 General Objectives

The main objective of this study will be to examine the role of entrepreneurship skills on the performance of Small and Medium Enterprises (SMEs) in Uganda, a case study of Wakiso Town.

1.4.2 Specific objectives

The study aimed at achieving the following objectives:

- i) To find out the role of entrepreneurial skills on the business growth of Small and Medium Enterprises in Wakiso Town.
- ii) To examine the role of entrepreneurship skills on the profitability of small and Medium Enterprises in Wakiso Town.
- iii) To examine the role of entrepreneurship skills on the Return on Investment of SMEs performance in Wakiso town.

1.5 Research Questions

The study aimed at answering the following questions:

- i) Do entrepreneurial skills play a significant role on the business growth of Small and Medium Enterprises in Wakiso Town?

- ii) Do entrepreneurship skills have a role they play on the profitability of small and Medium Enterprises in Wakiso Town?
- iii) Do entrepreneurship skills have a role they play on the Return on Investment of SMEs performance in Wakiso town?

1.6 Justification of the study

According to Mugenda and Mugenda (1999), justification of the study highlights the reasons for conducting the study as well as the importance of carrying it out. Concerned with entrepreneurial skills, most previous researchers have concentrated on examining, investigating and describing the behavior of SMEs in practicing financial management. Their findings are mainly related to exploring and describing the behavior of SMEs towards entrepreneurial skills. Although they provided much descriptive statistical data and empirical evidence on SME entrepreneurial skills, it appears that there still are some gaps in the literature, which need to be addressed. For example, there is no study that specifically focused the role of entrepreneurial skills on the Performance of SMEs in Wakiso town, hence the need for this study. This topic on ‘the role of Entrepreneurship skills on the performance of SMEs in Wakiso town, is worthy of academic study because it is an un-researched area guided by the research objectives

1.7 Significance of the study

The research outcome will be of great importance in that;

Government planners, managers, policy makers like Uganda Investment Authority among other representatives of boards will benefit from the result of this research as they may come up with effective realistic policies of entrepreneurial skills and performance in SMEs. It will help lending institutions in Uganda to put into consideration the capabilities and skills as well as training the

potential of entrepreneurs. The government may also find the findings useful and informative in developing strategies and programs that will help its citizens willing to go for entrepreneurship to improve on their skills and expand their businesses.

It will help Wakiso town planners in that it will contribute to debates on SMEs development in Wakiso town in particular but also in Uganda in general.

Business owners of SMEs in that it will help them to understand how entrepreneurial skills affect their performance of their businesses in terms of profitability, business growth and returns on investment. It will help them in improving business performance of SMEs in Uganda since the SMEs are great contributors to the Ugandan economy.

This research will be beneficial to the entire community, the Ugandan government and to other researchers in many ways. First it will enable one to gain more knowledge on entrepreneurship skills development and growth of Small and Medium Enterprises in Uganda, it will also enable the community get information on how to improve skills so as to grow their SME businesses in the best way possible.

It will be helpful to the researchers and scholars as it will contribute to the existing literature, literature on SMEs in Uganda is limited. Thus it will add to the body of knowledge and will also provide a basis for further research.

1.8 Definition of key terms

Enterprise: Commercial venture other than Technological and Consultancy services.

Micro-Finance: Refers to the provision of financial services to low-income clients, including consumers and the Self-employed.

Small Enterprise: A business engaged in commercial activities whose capital is exceeding 20,000 and not exceeding 50,000 shillings, other than high Technological and Consultancy service Institutions (Ministry of Finance, Planning and Economic Development, 2010; Uganda Manufacturers Association Report, 2012).

Medium Enterprise: Medium enterprises as those enterprises employing more than five paid or unpaid employees including the owner. In this study, Medium Enterprises were taken to be those businesses employing up to 49 persons (URT, 2003; Mbilinyi and Shundi, 1991).

Entrepreneur: A person (male or female) who is engaged in enterprise activities. The greatest concentration of the entrepreneurs is in Informal sector.

Entrepreneurial Skills: Skills that complement the ability of the entrepreneur to analyze situations, opportunities and environments and assist the entrepreneur to organize, manage and assume the risks and rewards of a business or enterprise (Kuratko and Hodgetts, 2008).

Profitability: it refers to the ability of a business to earn a profit. A profit is what is left of the revenue a business generates after it pays all expenses directly related to the generation of the revenue, such as producing a product, and other expenses related to the conduct of the business' activities.

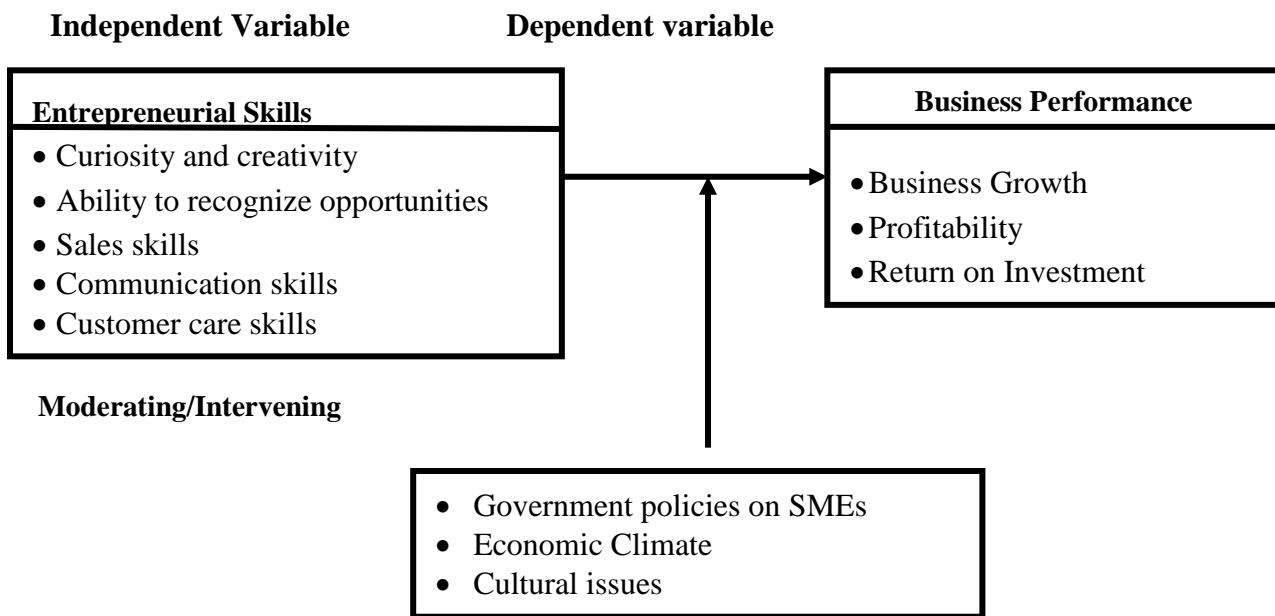
Business growth: This refers to the amount by which the average sales of a company's products or services has grown, typically from year to year. It entails the amount a company derives from

sales compared to a previous, corresponding period of time in which the latter sales exceed the former.

Returns on investment: Return on investment allows an investor to evaluate the performance of an investment and compare it to others in his or her portfolio. It is the benefit to the investor resulting from an investment of some resource. A high ROI means the investment gains compare favorably to investment cost. As a performance measure, ROI is used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments.

1.9 Conceptual Framework

Figure 1.1 the Conceptual Framework



Source: Compiled by the researcher after reviewing related literature (Demers, 2015; Kayisime and Kerosi, 2013; Chou, 2012; Gakureet *al.*, 2013; Agbim, 2013).

The conceptual framework above presents the connection between the dependent variable and independent variable. A conceptual framework is a research tool for developing awareness and

understanding of the situation under scrutiny and to communicate it. It assists a researcher to make meaning of subsequent findings (Guba and Lincoln, 1989). A conceptual framework explains the possible connection between the variables and answers the why questions (Smyth, 2004). By examining the entrepreneurial skills possessed by the SME owners, the study will bring to attention the effect of these skills on business performance of the respective entrepreneurs. This relationship is represented in Figure 1.1.

As noted in Figure 1.1, conceptual framework, entrepreneurship skills is the independent variable whereas the business performance is the dependent variable. Entrepreneurship skills influence performance of SMEs. The entrepreneurship skills are expected to result in change in performance of entrepreneurial activities including business growth, return on investment, and profitability. In this relationship, the entrepreneurship skills have been found to have impact on growth and performance of the enterprise (Chou 2012; Gakureet *al.*, 2013; Agbim, 2013).

Other independent variables include management skills and amount of credit advanced to SMEs for start-up or expansion (Agbim, 2013). The entrepreneurship skills which have effect on the growth and performance of the enterprise are conceptualized as the independent variables while entrepreneurial growth and performance activities are dependent variable. Also there are intervening variables such as government policies on SMEs, Economic climate of the area and culture of the area which have a moderating influence on the role of various entrepreneurship skills on entrepreneurial activities.

1.10 Scope of the study

1.10.1 Subject scope

This study focused on the role of entrepreneurial skills on the performance of SMEs in Uganda, a case study of Wakiso Town. The study will specifically look at how entrepreneurial skills play a role on the profitability, business growth and return on investment of SMEs in Wakiso Town. Entrepreneurial skills were viewed as follows; Curiosity and creativity, ability to recognize opportunities, sales skills, communication skills and customer care skills. On the other hand performance of SMEs was viewed in the following dimensions; profitability, return on investment and business growth.

1.10.2 Geographical scope

The study was conducted in Wakiso town that is known for the big number of SMEs in Wakiso district since it is a growing town. This was chosen because of closure and failure of SMEs which may be caused by lack of entrepreneurial skills, as well as the willingness of people to provide information that was beneficial to the study. Wakiso town being close to the City Centre that was well situated and populated area is known to have a number of Small and Medium Enterprises and therefore provided a good sample for all SMEs in the country. This study was also carried out from Wakiso Town because it is the second with high rate of business startups as well as business failures.

1.10.3 Time scope

This study covered a period of five years to enable researcher get enough data for data analysis. This means that the researcher reviewed reports (2010 – 2015) in Wakiso Town data base as well as interviewing business entrepreneurs with at least three years' experience.

1.11 Conclusion

As the subject matter of examining the role of entrepreneurial skills on the performance of SMEs in Wakiso Town, this chapter has presented the background, statement of the problem, research objectives and questions, significance, justification, conceptual framework as well as the scope of the study. Next is Chapter two which presents literature review on the subject matter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, literature is reviewed as provided by different authors concerning the various aspects of entrepreneurial skills and performance of SMEs. The literature is reviewed in the line with the research objectives as developed in chapter.

2.2 Entrepreneurship Theories

This study will be backed by various entrepreneurship theories such as psychological and sociological. First and foremost, Kuratko and Hodgetts (2008) define entrepreneurship theories as verifiable and logically coherent formulations of relationships, or underlying principles that either explains entrepreneurship, predict entrepreneurial activities, or provide normative guidance. Early scholars such as Joseph Schumpeter, Marx Weber, David McClelland and others looked at entrepreneurship from hypothesizing several theories among them like psychological, sociological and economic theories. In this vein, Schumpeter and McClelland were the main proponents of the psychological theories which looked at the individual characteristics or traits of entrepreneurs which made them different from other people.

On the other hand, Marx Weber and others proposed sociological theories of entrepreneurship, where they hypothesized that the social environment under which an entrepreneur lived in, shaped a person to become an entrepreneur. The third category is the economic theories whose proponents were Adam Smith and Richard Cantillon in the 17th and 18th centuries respectively. They saw entrepreneurs as people of ‘creative destruction’ for economic growth (McClelland,

1965; Weber, 1958; Schumpeter, 1928; Holt, 1992; Dollinger, 1995). Linked to the economic theory is theory of Entrepreneurial Discovery-Austrian perspective (Swedburg, 2000). This theory is based on anticipating market behavior and needs of customers exactly and correctly.

2.3 The role of entrepreneurial skills on the business growth of Small and Medium Enterprises

Entrepreneurial Skills are the skills that complement the ability of the entrepreneur to analyze situations, opportunities and environments and assist the entrepreneur/manager to organize, manage and assume the risks and rewards of a business or enterprise (Kuratko and Hodgetts, 2008). That is, Entrepreneurship skills are particularly important to performance in emerging market economies such as Tanzania. The skills may ignite more entrepreneurial opportunities and nature attractive innovative enterprises that will eventually create successful entrepreneurs. Several researchers have acknowledged the fact that skills such as management skills can be acquired. Personal qualities have a strong influence on the management skills/ competencies of the entrepreneur (Baum *et al.*, 2001; Westerberg *et al.*, 1997, Chandler and Jansen, 1992).

According to Shane (2000), an entrepreneur can discover only those opportunities related to his/her prior knowledge. It is presumed that prior knowledge creates a “knowledge corridor” that allows an entrepreneur to recognize certain business opportunities, but not others (Ardichvili, *et al.*, 2003). Furthermore, literature reveals that the management skills of an entrepreneur refer to knowledge, skills, and/or abilities required for managing a venture (Sambasivan *et al.*, 2009; p.23). Another study by Hood and Young (1993) found that financial management, accounting, marketing and sales were meaningful skill areas of successful entrepreneurs.

Thus, to be successful, Malecki (1997) argues that entrepreneurs must know how to integrate scientific knowledge, facts, and management techniques with contextual experience. This implies that an entrepreneur's management skills are favorable to business performance and development (Cooper & Gimeno-Gascon, 1994; Bird, 1995). In addition, it has been acknowledged that new ventures rely on whatever knowledge resources are brought to the table by the founders (Brush *et al.*, 2001).

Furthermore, some scholars (Hood and Young, 1993) argue that successful entrepreneurs were typically able to employ a host of various skills in areas such as financial management, accounting and marketing. Some researches such as that of Lussiers and Pfeifer (2001) empirically established that in addition to competencies and personality traits, human capital of individual entrepreneurs play a role in contributing to the success of entrepreneurs. Their study found that entrepreneur with higher education level, industrial and managerial experience, and business exposure has greater chance of succeeding compared to people without tertiary education, minimal industrial and managerial experience, and with little or no business exposure.

Brush *et al.* (2001) asserted that one of the biggest challenges facing new ventures is transforming the founder CEO's personal knowledge of the industry, market, and product into organizational resources. Management of prior knowledge is an important factor in opportunity recognition. Three major dimensions of prior knowledge considered to be important to the process of opportunity recognition are: - prior knowledge of markets, prior knowledge of ways to serve markets, and prior knowledge of customer problems (Ardichvili, *et al.*, 2003).

In brief, prior knowledge, through entrepreneurial alertness ultimately helps entrepreneurs discover innovative ways (opportunity recognition) to satisfy the needs of the customers through

new products, services and processes (Sambasivan, *et al.*, 2009). And for this reason, the role and management of information in opportunity recognition is critical especially in high-technology domains (Ozgen and Minsky, 2006).

That is, higher skills and knowledge of entrepreneurs leads to greater likelihood to the success in entrepreneurship (Yusof, 2012). A good number of studies have acknowledged the fact that prior knowledge of a market, industry, or customer needs are important entrepreneurship skills and can be a major advantage for entrepreneurs in terms of recognizing potentially profitable opportunities (McKelvie and Wiklund, 2004; Shane, 2000).

These studies have argued that “prior knowledge of customer needs and ways to meet them greatly enhances entrepreneurs’ ability to provide innovative solutions to these problems” and thus they are important in recognizing potentially valuable business opportunities (Baron, 2007). Three types of procedural knowledge are important (Wiklund and Shepherd, 2003): knowledge about the industry, knowledge about the type of business and knowledge about starting up new ventures. Findings by Haber and Reichel (2007) found that a large number of small tourism ventures in Israel showed that the entrepreneurial human capital, particularly managerial skills, were the strongest contributor to small venture performance both in short and long term perspectives. Furthermore, entrepreneurial learning capability and pro-activity have been identified as key dimensions of management skills (Sharma and Vredenburg, 1998).

Entrepreneurial learning capability does not only lead to the development of management skills but also to entrepreneurial success in terms of improved efficiency, cost reductions, higher productivity and it also triggers personal entrepreneurial skills. It has been noted that enterprises with higher learning capability are more sensitive to changes and tendencies in the market. They

are usually more flexible and respond more quickly than their competitors to such changes because entrepreneurial learning provides for the creation of new useful knowledge for making decisions in the enterprise, allowing for more complete adaptation to the environment and increased efficiency capabilities (Snell *et al.*, 1996; Brockmand and Morgan, 2003).

One of the necessary management skills that entrepreneurs need to have is a good plan. This in turn can help the entrepreneurs in business marketing and earn the trust of customers and suppliers (Batten, 2002) and thereby contribute to business success. Perelman (2001) reviewed the management style of women entrepreneurs in high technology industries, in a rapidly changing environment. These entrepreneurs were found to make decisions in an environment that is clouded by uncertainty and ambiguity, thus, good decision is largely dependent on their judgment. Perelman found that to be successful in their businesses, decisions that they made needed to reflect the changing needs of high-tech industries. In addition, they were flexible in risk-taking, focus, personal involvement in day-to-day running of the business, creativity, energy renewal (innovation), understanding (insight) and business impulse (intuition) (Timmons and Spinelli, 2000; Hilsrichet *al.*, 2002). All these were required to ensure good management skills.

Running your own business means having to wear all different types of hats. Whether it is your marketing hat, your sales hat, or your general people skills hat, you are going to need to know how to court sales, and on the other side of operations, you are also going to need to know how to run a balanced account and continue to grow your wealth. While the debate rages on as to whether entrepreneurs are born or made, one thing cannot be disputed: polishing certain skills can help you be a better entrepreneur (Demers, 2015). Whether you're already great at the following skills or could use a few pointers, these are the areas you should focus on for success.

Though there are many business skills that a successful entrepreneur will have, the following five skills are the ones that you absolutely need to make your business successful:

Ability to recognize opportunity: Entrepreneurs recognize opportunities where they are and they utilize them by producing products or services that will fill the vacuum identified. Entrepreneurs often see things in a holistic sense; they can see the “big picture” when others see only the parts. One study found that successful owners of SMEs gathered more information about the business environment, and more often, than those who were less successful. This process, known as scanning the environment, allows the entrepreneur to see the entire business environment and the industry and helps to formulate the larger picture of the business activity. Entrepreneurs try their hand on opportunities that are by-pass by others; these opportunities may include: meeting the demand that is not currently met, pushing up a product that is much better than what is currently in the market, solving a problem or annoyance that consumers have (Lambing &Kuehl, 2007).

They further note that there is need for Innovative skills are practically the types of skills that allow individuals to become innovative in what they do. These are usually a combination of cognitive skills such as the ability to think creatively and critically; behavioral skills such as the ability to solve problems. One of the reasons entrepreneurs are successful is that they are imaginative, innovative and can environ alternative scenarios.

Sales skills: This one is a no-brainer--of course you are going to need sales skills in order to run your business! After all, marketing can drive customers in to your business, but sales are going to be what keeps them coming back and keeps putting money into your pocket (Rwakakamba, Lukwago and Walugembe, 2014; Nakamura, 2007). It is no wonder why most entrepreneurs

actually come from a sales background! Taking one bad step can make or break your business, especially when it is still in the early stages of development. Entrepreneurs that are successful with their ventures make a plan and stick to it, thinking out every risk, benefit, and cost of an option available to them (Demers, 2015; Kongolo, 2010). They also make their plans realistic and factor in things such as time and budget in order to make their plans a reality.

Communication skills: Communication is an underlying skill for many others in business (sales included). Communication is how you will be able to cultivate loyal employees, charm customers into coming back time and time again, and court investors and other sources for increasing revenue for your business (Sebikari, 2014). This skill can also come in handy when dealing with vendors or any other necessary business services that may apply to your venture—being friendly in business to business relationships is a sure-fire way to be treated a little bit better, therefore making at least one aspect of your job a little bit easier. Demers (2015) argue that when you are a solopreneur, you may think communication is less of an issue, since you don't have staff to interact with. But you've still got to maintain clear lines of communication with your customers via email and phone, as well as ensure that the message you send through your website and social-media profiles is the one you want.

Customer Focus: Successful entrepreneurs keep a narrow focus--on the customer that is paying their bills. They do not forget that everything that they do is for the customer, since the customer is the one that is allowing them to do anything in the first place (Kerosi and Kayisime, 2013). A good business owner will always have time for a customer, whether they have a complaint or praise. Having good customer focus will mean that you see every customer as an opportunity to do better and grow, versus an annoyance or a difficulty.

Curiosity: The best business skill has always been a healthy curiosity. This will lead you to look into what your competitors are doing, and it will also allow you to utilize new technologies to the best of your ability to streamline your business and even reach out to new customers (Demers, 2015). When the only limit you have is what you can imagine and apply, just about anything is possible.

The entrepreneurial skills are associated with birth, survival and venture's growth (Tehseen and Ramayah, 2015; Colombo & Grilli, 2005; Baum, *et al.*, 2001; Bird, 1995). It is evident that an entrepreneurial skills result into venture performance, profitability and its growth (Lerner & Almor, 2002; Bird, 1995; Cooper, *et al.*, 1994; Chandler & Jansen, 1992). According to Mitchelmore & Rowley (2010), the literature emphasizes different approaches to reveal the impact of skills on performance. For instance, the entrepreneurs seek for better opportunities for their ventures. And management skills of entrepreneurs are related to formulate venture strategy that better fit with their businesses. Bird (1995) referred skill to the quality of entrepreneur's action that contributes to venture outcomes. Chandler and Jansen (1992) clustered the entrepreneur's skills identified through the literature according to three basic roles such as technical skills, entrepreneurial skills and managerial role. They found that entrepreneur's skills were related with venture performance. Personal qualities, self-confidence, leadership, innovativeness and risk-taking abilities are very essential for entrepreneur success (Martin & Staines, 1994).

Man *et al.* (2002) indicated ten areas of competencies of entrepreneurs which are innovative, learning, opportunity, analytical, human, relationship, and commitment, strategic, operational and personal competencies. Such competencies show both direct and indirect influence on performance of SMEs. Entrepreneur's skills keep on changing as the firm enters from one

development stage to another (Lewis & Churchill, 1983). Thus, it is vital to understand the changes that result from venture's growth because entrepreneur's skills and capabilities for one stage will be not suitable for another (Mitchelmore& Rowley, 2010).

Thus, the entrepreneurs should be skilled enough to manage their relationships with their customers and suppliers to get competitive advantage. Only sustainable competitive advantage will ensure business survival and success (Tehseen and Ramayah, 2015).

2.4 The role of entrepreneurship skills on the profitability of small and Medium Enterprises

Entrepreneurial skills assist Small and Medium Enterprises (SMEs) generate growth and profitability of new ventures in developing economies like Uganda. That is (Umaru and Obeleagu-Nzelibe, 2014) attempted to find out whether entrepreneurial skills and SMEs profitability are strategies for business success for SMEs and new ventures in Uganda and they found out that entrepreneurial skills have significant effect on the profitability and business success of SMEs. This implies that small-business 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.

Duncan statistics shows that SMEs that operated longer periods have been more successful and profitable with great management skills compared to those who have been in operation for shorter periods (Umaru and Obeleagu-Nzelibe, 2014).

There is no universally accepted definition of Small and Medium Enterprises since the concept reflects the level of development of a particular country (URT, 2003). However, in defining

Small and Medium Enterprises, the most frequently used indicators are amount of capital investment, number of employees and sales volume (Mbilinyi and Shundi, 1999; URT 2003; Rwanshane, 2000). Accordingly, in Japan, small and medium enterprises are defined in terms of main activity, paid up capital and number of paid employees. For example, in the retail and service trade, paid up capital is up to 10 million Yen, and a maximum of 50 employees (Bandera and Mbilinyi, 1999). In Tanzania, the 1991 National Informal Sector Survey and the 1995 Dar es salaam Informal Sector Survey, Micro and Small Enterprises were defined as those enterprises with a capital investment of Tshs. 500,000/= or less and up to 10 paid employees (Mbilinyi, 1999; Mbilinyi and Shundi, 1999).

Almost a decade later, SMEs are still defined as those enterprises employing up to 49 employees and with a capital investment not exceeding Tshs.20 million (URT, 2003). Up to now there has been no revision of the definition. Accordingly, Micro Enterprises are those enterprises having 1-4 employees, capital investment of up to Tshs.5 million while small enterprises are employing 5-49 people and with a capital investment of more than Tsh. 5 million but less than Tshs.20 million. The level of capital investment is taken as the determining factor in this classification.

Turning specifically to SMEs, these comprise the sub- sector of the smallest units within the Trade and Industries sector (Levitsky, 1993). According to Otieno (1987), a small entrepreneur is a person who begins and owns a business employing no more than five (5) persons. In their study on gender patterns in Uganda Micro and Small enterprises, Mbilinyi and Shundi (1991) defined small enterprises as those enterprises employing 1-5 paid or unpaid employees including the owner. In this study, SMEs were taken to be those businesses employing up to 49 persons as defined by URT (2003). The selected entrepreneurs were owner/managers, that is, entrepreneurs who started, operate and control their businesses. This will be considered important because this

study focused on SME Growth and performance in Uganda where these enterprises are the source of employment for over 80% of the population (ILO, 2002).

The small and medium enterprises sector in Uganda is the second leading employer after peasant agriculture since it employs between 20 and 30 percent of the total labor force (ILO, 2002). For their contribution to Gross Domestic Product (GDP), it is estimated that the SME sector contributes between 35 and 40 percent to GDP (ILO, 2002). A large part of SMEs growth is generated by entrepreneurship processes in both developed and developing countries (ILO, 2003). Their potential contribution to the development of respective countries is widely recognized despite their subordinate role in the society.

According to Ogutu (2010), performance is defined in terms of output terms such as quantified objectives or profitability. Performance has been the subject of extensive and increasing empirical and conceptual investigation in the small business literature (Bidzakin, 2009). The issues that remain unresolved are the goals against which performance should be assessed and from whose perspective the goals should be established (Etzioni, 1998).

Alasadi and Abdelrahim (2007) in their study, state that ‘The most commonly adopted definition of success (good performance) is financial growth with adequate profits.’ Other definitions of success (good performance) are equally applicable. For example, some entrepreneurs regard success (good performance) as the job satisfaction they derive from achieving desired goals. However, financial growth due to increasing profits has been widely adopted by most researchers and practitioners in business performance models (Kessy, 2009).

Global Entrepreneurship Monitor (GEM) defined performance in relation to positive outcome as a result of equitable use of resources. Performance entails the act of doing something

successfully using knowledge as distinguished from merely possessing it (GEM, 2004). However, performance seems to be conceptualized, operationalized and measured in different ways thus making cross-comparison difficult (Srinivasan *et al.*, 1994).

2.5 The role of entrepreneurial skills on the Return on Investment of SMEs performance

Among the most frequently used indicators are business survival, growth in sales volume and profitability (Bidzakin, 2009). A business enterprise could measure its performance using the financial and non-financial measures. The financial measures include sales revenue, profit before tax and turnover, while the non-financial measures focus on issues pertaining to customer satisfaction and customer referral rates, delivery time, waiting time and employee turnover or creation of employment (Bidzakin, 2009). Recognizing the limitations of relying solely on either the financial or non-financial measures, owner-managers of the modern small businesses have adopted a hybrid approach using both the financial and non-financial measures (Chou, 2008). In this study enterprise performance will be measured in terms of sales revenue, asset accumulation, employment creation and loan repayment.

Return on Investment, percentage change in profit and percentage change in sales. According to Horngren (2006), the return on investment (ROI) is used to gauge the profitability of the business. Return on Investment is defined as a profitability measure that evaluates the performance of a business by dividing net profit by net worth. Other measures of firm growth that could be used are market share, return on capital employed, and measures of productivity (Robson and Bennett, 2000). Growth indicators applied by various scholars (Kerosi and Kayisime, 2013; Delmar *et al.* 2003) such as; assets, market share, physical output return on investment can be achieved if the entrepreneurs are skillful.

Return on investment is a percentage change in firm's turnover/sales and percentage change in profit these attempted to show the impact on SMEs growth as result of the business done by businessmen who are well equipped with entrepreneurship skills. Entrepreneurial skills are believed to have a positive impact on return on investment, profit, and turnover (Kerosi and Kayisime, 2013). In this study therefore, investigation into the impact of entrepreneurship training on the businesses of CAPLAKI cooperative members who received the training.

All have been discussed above have not talked about entrepreneurial skills and performance of SMEs in Wakiso Town. This research seeks to fill this gap and will use both quantitative (questionnaire) and qualitative (in-depth interview) methods to assess the role of entrepreneurship skills on performance of business ventures owned and the challenges entrepreneurs face in their entrepreneurial activities in Wakiso town (town area), Uganda.

2.6 Conclusion

Uganda being the most entrepreneurial country in the world, this indicates how Ugandans have struggled to open up various business ventures across the country. Similarly, such SMEs have contributed a lot not only in terms of providing jobs; increase in income levels but also to the country's GDP. However, it has been observed by various researchers as discussed above that out of the businesses that open up, about 75% of them close down as an assumption to lack of entrepreneurial skills among the entrepreneurs. This has also been experienced in Wakiso Town especially town areas, whereby so many business startup but most of them shut down after few months, hence a need for this study. In order to carry out this study, the researcher intends to use the following research methods in data collection as discussed in the next chapter.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is about research strategies, survey population area of research sampling design and procedures. It explains the research design, geographical areas of study, target population, sample size and sampling techniques, data collection methods and data analysis.

3.2 Study Area

This study was carried out from Wakiso District specifically Wakiso town. Wakiso District has an area of 2,807.7 sq. Km of which 901.1sq. Wakiso District is located within the central of Uganda and shares its boundaries with Mpigi, Luwero and Kiboga towns in the North; Mukono in the East, and Kalangala to the South. Wakiso town encompasses most of entrepreneurs in town because of its possibility growth and connection to West and North West parts of Uganda. The main economic activities in the town are agriculture, trade (Retail), financial services, hotels and restaurants whatsoever. The researcher used Wakiso town for the study of this research because of not only ease of getting required data from entrepreneurs, but also getting enough data for data analysis.

3.3 Research Design

Research design is the conceptual structure within which research was conducted. It constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2008), as well as a plan and structuring for selecting the sources and types of information needed to answer the research questions (Easwaran and Singh, 2010; Cooper and Emory 1995; Cooper and Schindler, 2001).

In this study descriptive research design was adopted because this research is concerned with describing the characteristics of the problem with narration of facts and characteristics of individuals, group or situation that the research is investigating (Kothari, 2008; Cooper and Schindler, 2003). It also involves surveying people and recording their responses to generate the required data from the sampled respondents for analysis. The quantitative approach was through questionnaire while qualitative approach was through use of interviews that allowed the researcher to collect information for understating characteristics of respondents in situations and helped to uncover rationale for their decisions (Saharan, 2003).

The combination of quantitative and qualitative approaches as recommended by Newman (1994) and Patton (1990), was used; since this is not fully a statistical research, what was needed to gather views of the population and the number of participants were not critical but rather attempts were made to be representative; the research sought to understand the phenomenon in terms of role of entrepreneurs' skills on enterprise performance; information was intended to complement data from interviews; and there is little theory about the phenomenon and little or no research as the case in this study.

The source for the study comprised books academic journals, newspapers the internet, official and accessing some unofficial documents from 200 SMEs are located in Wakiso town. Questionnaires formed the major part of understanding and gave the answer to the study on the role of entrepreneurial skills on the performance of the SMEs. However, interview guide was also used to supplement on the data collection. The empirical data was collected for the study, coded and analyzed in detail using descriptive analyses.

3.4 Target Population

This research targeted entrepreneurs who had been engaged in various enterprise activities for at least two years and at least had received loans from lending institutions. The general enterprise population was not targeted because it was too diverse to enable meaningful data to be collected. According to Wakiso Town report 2014, there are approximately 600 small and medium business enterprises in Wakiso town as well as about 128,706 in Wakiso Town (Wakiso District Report Business Report, 2015; Uganda Investment Authority (UIA), 2014).

Target group identified as businessman and businesswomen in Wakiso town dealing with SMEs. The study also used lending agencies Credit Officers (COs) because they had regularly involved with monitoring activities of enterprises. Wakiso town leaders were further included in the research because they always give reference letters to entrepreneurs as documentation procedures prior to obtaining loans from lending agencies. Table 3.1 shows break-down of population categories in the study areas.

Table 3.1 Composition of Study population and target size

Categories of population	Target size
Entrepreneurs	600
Credit/Loans officers:	
Centenary Bank (9)	
DFCU Bank (7)	
Stanbic Bank (8)	
Pride Microfinance (6)	30
Wakiso town leaders (Connected to SMEs)	5
Total	635

Source: Primary data, 2016

3.5 Sample Size

A sample size refers to a portion or subset of the study population which is used to represent the population of the study (McDaniel and Gates, 2003; Kothari, 2008). To be specific the researcher adopted Krejcie and Morgan's (1970) table as simplified in Sekaran (2000) and Kenpro (2012) in Appendix I. According to Krejcie and Morgan's table (Appendix III), the study had targeted 234 out of 600 respondents from Wakiso town. They were identified through the office of the Registrar of Companies in Wakiso town. The researcher used random sampling since the SME's are many and are scattered in wide geographical area. The study actually comprised of 200 out of

228 entrepreneurs, 24 Credit officers as well as 4 other leaders actually responded to this study totaling up to 228 respondents.

Table 3.2 sample size of the study

Category of population	Target population	Sample size
Entrepreneurs	600	200
Credit officers	30	24
Wakiso town leaders	5	4
Total		228

Source: Primary data, 2016

3.5.1 Sampling Techniques

Sampling refers to a systematic process of selecting the number of individual cases/units to provide information needed for the study (Kombo and Tromp 2006). Thus, sampling is important in research due to the limitations in studying the whole population and reduction of both costs and time required since a small number of units have to be investigated (Easwaran and Singh, 2010; Robinson, 1993). This research used stratified sampling and purposeful sampling techniques to obtain samples to be used in each population category.

Stratified random sampling

The study used a stratified probability sampling in the selection of respondents who have obtained micro-loans and have been with lending agencies. This stratified random sampling

technique was implemented as follows: first organizing the population in homogenous business categories (such as retail and whole sale, agricultural produce, retail, barber shops or salons, financial services and hotel/restaurants) before sampling and then drawing a sample from each subset using the lending agencies client database as the sampling frame by taking every third next borrower from the list of subset borrowers. Hence, using this sampling technique, 40% of the borrowers were proportionately selected from each business category in the town to form the study sample.

Purposive Sampling

This approach was recommended by Kombo and Tromp (2006) since the study is both qualitative and quantitative, in order to understand the audience and respondents' behavior. For the interview, the researcher used purposive sampling to select a sample of entrepreneurs who were not in position to feel the questionnaires for in-depth interview. These were considered reliable and were able to provide resourceful information for the study.

3.6 Sources of data and data collection instruments

3.6.1 Data sources

Data are facts and other relevant materials, past and present, serving as basis for study and analysis (Krishnaswami and Ranagnatham, 2006). Data for this study was collected from lending agencies meeting and also from the field both as primary and secondary data.

Primary data

Kothari (2008) defined primary data as those data collected afresh and for the first time and

mostly are original in character. Basing on this study's research questions, various research instruments were used to collect primary data and these include self-administered questionnaires and interview guides.

Secondary data

Secondary data is the data that is already in existence and found in published reports, books and internet (Saunders *et al.*, 2003; Easwaran and Singh, 2010) and may be used by researchers for their studies (Krishnaswami and Ranagnatham, 2006). In this research, the secondary data was collected from reviewing existing lending agencies clients' reports in database as well as borrowers' own reports on their enterprise and loan repayment.

3.6.2 Data Collection Methods and Instruments

The method of data collection flows from the research design. This study incorporated both questionnaires and interview guides:

Questionnaires

The first primary data collection method to be used in this research was questionnaires (Saunders *et al.*, 2003). The researcher designed questionnaires for lending agencies clients (borrowers), employees and town executive officers who focused on respondents' profile as well as entrepreneurship skills and personal network and its impact on business performance. It included closed ended questions with pre-determined answers and a few open ended questions. The questionnaire also used a 5-point Likert rating scale to secure the degree of the presence of the variables of interest in the study population.

The questionnaire was first pre-tested with experts and few respondents for clarity and completeness and their comments were incorporated in the final version. The researcher personally distributed questionnaires to borrowers, employees and town leaders in Wakiso town in the study area and collected the questionnaires later at a time agreed with the respondents.

In-depth interview: The second primary data collection instrument was semi-structured in-depth interview and this was used to collect qualitative data (Krishnaswami and Ranganatham, 2006). The guiding questions on each research objective were prepared in advance as indicated in the interview protocol.

3.7 Data management

Data collected from the field was coded and analysed using descriptive analysis to help describe relevant aspects of phenomena to be obtained from the people's opinions via interviews and questionnaires and provided detailed information about each relevant variable. Well as the data collected from objective by objective that regards relationship, was analyzed using Pearson correlation model to measure the degree of association between different variables under consideration and also to estimate the causal relationship between the entrepreneurial skills variable and performance of SMEs variable.

3.8 Data Analysis

Data was analysed basing on both quantitative and qualitative data analysis.

3.8.1 Quantitative data analysis

Descriptive statistics of frequency tables were used to analyze and present the data from questionnaires. In particular, the researcher carried out an analysis using descriptive and inferential statistics using Statistical Package for Social Scientists (SPSS) software package to generate frequency tables as means of presenting data. The data was summarized, analyzed and interpreted as on each research objective. Spearman correlation coefficients, frequencies, mean and standard deviations were used to determine the degree and predication of the role of entrepreneurial skills on the performance of small medium enterprises in Wakiso town.

3.8.2 Qualitative data analysis

The qualitative data from Interview scripts, notes and statements were systematically coded and classified into broad descriptive categories while exploring themes, meanings and/or issues that emerged from the information to be gained from the interview. These data was further linked to the research objectives/questions to generate meaning and explanation on the study topic.

3.9 Reliability and validity of research design

In research, there are two criteria was used for judging the quality of research design: reliability and validity. How these criteria were met is discussed next.

Reliability: In order to ensure reliability of the data, all the questionnaires used in the research were uniform to all respondents. Furthermore, the reliability of questionnaire was achieved through pre-testing that ensured that respondents understood the questions in the same way. To ensure reliability, the instruments were piloted to the selected people so as to establish internal reliability of the instrument. And because items of the questionnaire were multiple responses that

Likert scale, the reliability of the instrument was established by calculating the Chronibach's alpha coefficient (Amin, 2005).

$$\text{Chronibach's alpha coefficient; } \alpha = \frac{k}{(k - 1)} \times \frac{[SD^2 - \sum SD_i^2]}{SD^2}$$

Where:

k = number of items in the instrument (24)

SD = standard deviation of scores in the whole instrument

SD_i = standard deviation of scores on individual items

Given that: k = 24, SD² = 0.9870, $\sum SD_i^2 = 0.3168$

$$\alpha = \frac{24}{(24-1)} \times 0.6703 = 0.6995$$

$$\alpha = 0.70$$

Since α was 0.70 then this implies that the instruments were 70% reliable. Therefore, the instrument was considered good for research purposes because the reliability was found more than 0.70 (Odiya, 2009).

Validity: Validity is the degree to which a study accurately reflects or assesses the specific concept that the researcher is attempting to measure (Polit and Hungler, 1999). Validity was achieved by specifying the units of analysis and developing the conceptual framework as shown in Figure 1.1.

The researcher with the help of supervisor used the Content Valid Index (CVI) which is a scale developed by composing or rating the relevant items in the instrument or questionnaire by checking their clarity.

CVI = Relevant items

Total number of items

CVI = Relevant Items = 17 = 0.7083

Total Number of Items 24

Since CVI was 0.68 then this implies that the instruments were 70.83% good for the research purpose (Amin, 2005; Odiya, 2009).

Measurement of Variables: Scales from previous studies was used to measure the study variables. In this study, scales were anchored on a five-point Likert Scale (Tull & Hawkins, 1993) with a five-point response scale. The structured questionnaire had responses designed with a five-point Likert scale, such as 1. Strongly disagree, 2. Disagree, 3. Not sure, 4. Agree and 5. Strongly agree. The numbers representing the responses were used for coding and entry in the Statistical Computer Package for Social Scientists (SPSS) so as to analyze the responses.

3.10 Ethical Considerations

Privacy and confidentiality are the major ethical considerations in any research study (Emory and Cooper, 1991). Caution was taken against source bias and errors in methodology, interpretation of results and their application to real world issues. The researcher got an introductory letter and a valid identification card from Faculty of Business Administration

Management, Uganda Martyrs University - Nkozi. This introduced the researcher to the respondents in the SMEs found in the area.

After permission was granted, the researchers proceeded to administer the questionnaires. The questionnaires were delivered by hand. To guarantee confidentiality of information provided, envelopes were attached to the questionnaires and participants were instructed to put completed questionnaires into envelopes and seal them. This precaution was to ensure that the responses were privy only to the researcher. All the necessary protocols were observed and all the respondents were thanked for their participation in the study.

3.11 Limitations of the study

The researcher was faced with time constraint to carry adequate research within required time. Since the research required a lot of collecting of data from the field, analyzing and processing of data was involved this was difficult to compile. But of the short time used by researcher was maximally used when the researcher employed both qualitative and quantitative techniques.

Human errors and biasness are other limiting factors of this study. Respondents may have exaggerated important information in order to give their organization a positive credit for fear of what seem invasions into the organization's privacy.

Language barrier was another limitation to this study. However, this was solved when the researcher and her assistant explained the respondents to answer the questionnaires.

The researcher faced lack of cooperation from some of the respondents, especially those who had considered the information un-confidential. The researcher assured the respondents of

confidentiality of their information and that it was used solely for academic purposes by presenting an introductory letter from Uganda Martyrs University.

3.12 Chapter summary

Chapter three explained the research methodology and research design used in the study. It has presented the survey population, area of the research where the study was conducted. Sampling design and procedures used in the study have also been covered. Variables and measurement procedures, methods of data collection for the study and the methods which were used to process and analyze the data collected have also been explained. The expected results of the study were also explained in this chapter.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the findings that the researcher obtained from the study conducted. The study examined the role of entrepreneurship skills on the performance of Small and Medium Enterprises (SMEs) in Uganda, a case study of Wakiso Town. It is comprised of three sections namely; the presents the background information, the presentation of the findings of the study objectives using item mean results and correlation results and the combined relationship between the independent variable and the dependent variable using correlation analysis.

Out of the 267 questionnaires sent out to the field, 228 usable questionnaires (including 200 households 24 Credit officers as well as 4 other leaders) and 39 were unrecoverable/invalid, this study totaling up to 228 respondents; whereby the returned giving a percentage response rate of 85.4%.

4.2 Background of respondents

This section shows the background of the respondents, according to gender, educational level, age, business ownership and loan accessibility as per section A of the questionnaire.

4.2.1 Respondents by gender

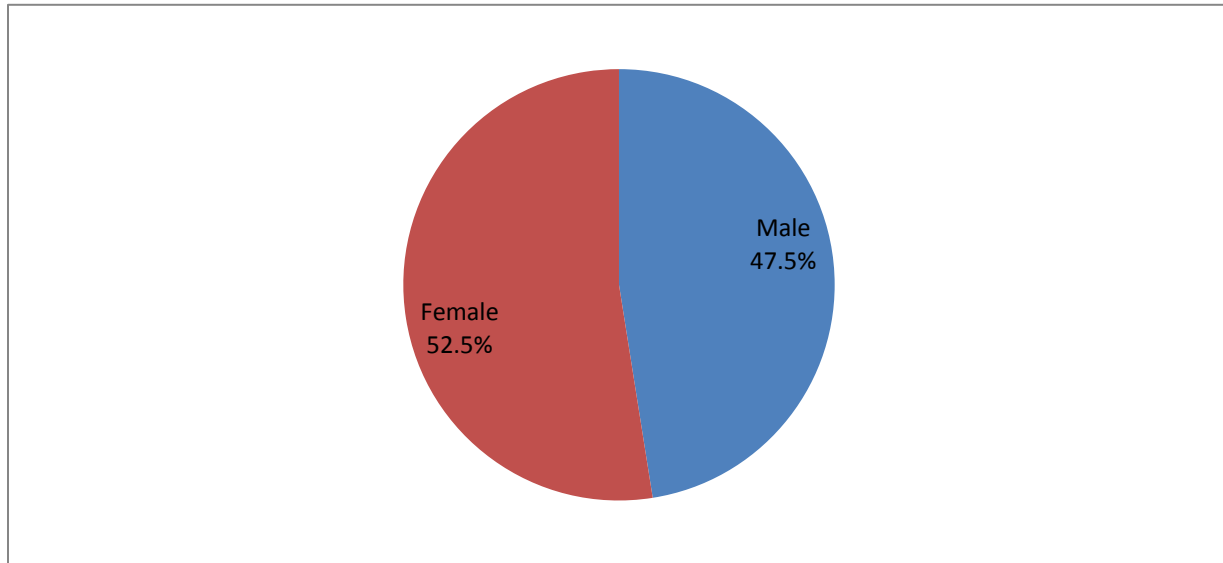


Figure 4.1: showing the distribution of respondents according to gender

Source: Primary data, 2016

Figure 4.1 illustrates that out of the total of 228 respondents, the female respondents had the highest representation of about 53% (119) and the male respondents had less than 48% (109), although the difference is not so big. This was because female were not only more cooperative but they were available at the time when study was carried out. In addition, most of the businesses were either owned or operated by women. Most of the male had gone to other duties and claimed to have limited time for the study.

4.2.2 Respondents by the level of education

Table 4.1: shows the distribution of respondents' level of education

Education level	Frequency	Percent
University	68	29.7
Tertiary	31	13.6
Secondary	30	13.2
Primary	92	40.4
Other	7	3.1
Total	228	100

Source: Primary data, 2016

Furthermore, information obtained from the above table 4.1 shows that most (92 of 228) of our respondents attained primary level certificate followed by university level (68 of 228), all constituting 70.1% of the respondents while those with secondary level, tertiary and others have a percentage of 29.9, yet 7 out of 228 attained other forms of qualifications. Therefore, the opinion expressed in the questionnaire could well reflect the attitudes and perception of middle-age and younger respondents. This again indicates that the sample somehow reflects the composition and engagement of both literate and illiterate groups in business operations; however, this helped the researcher to get clear information about the problem statement from competent people.

4.2.3 Age demographics of Wakiso town respondents

Table 4.2: shows the distribution of respondents according to age demographics

Age	Frequency	Percent
Less than 20 years	29	12.5
21 – 30 years	51	22.5
31 – 40 years	119	52.5
41 – 50 years	23	10
Above 50 years	6	2.5
Total	228	100

Source: Primary data, 2016

Table 4.2 illustrates that the highest percentage of respondents (almost 53%) were aged between 31 to 40 years, and the least number of respondents (less than five percent) were above 50 years of age. Over three quarters (87.5%) of the respondents were below 40 years, which is the right age bracket expected not only to operate small and medium business but also to live in town areas in Uganda. Less than twenty percent of the respondents were 41 and above years. Some of these respondents were entrepreneurs who owned among others saloons, retail shops, restaurants, barber shops, bodabodas and key informants. Key informants included credit officers, registrar of companies, town leaders such as a local council chairperson and an opinion leader among others.

4.2.4 Other background information about Wakiso town respondents.

Table 4.3 other background information about Wakiso town respondents

Marital status of Wakiso town respondents	Frequency	Percentage
Married	116	51.0
Single	73	32.0
Divorced	21	9.0
Separated	18	8.0
Total	228	100
Number of years the business enterprise spent		
Less than one year	10	4.4
1 – 3	120	52.6
3 – 5	58	25.4
More than 5 years	40	17.5
Total	228	100

Source: Primary data, 2016

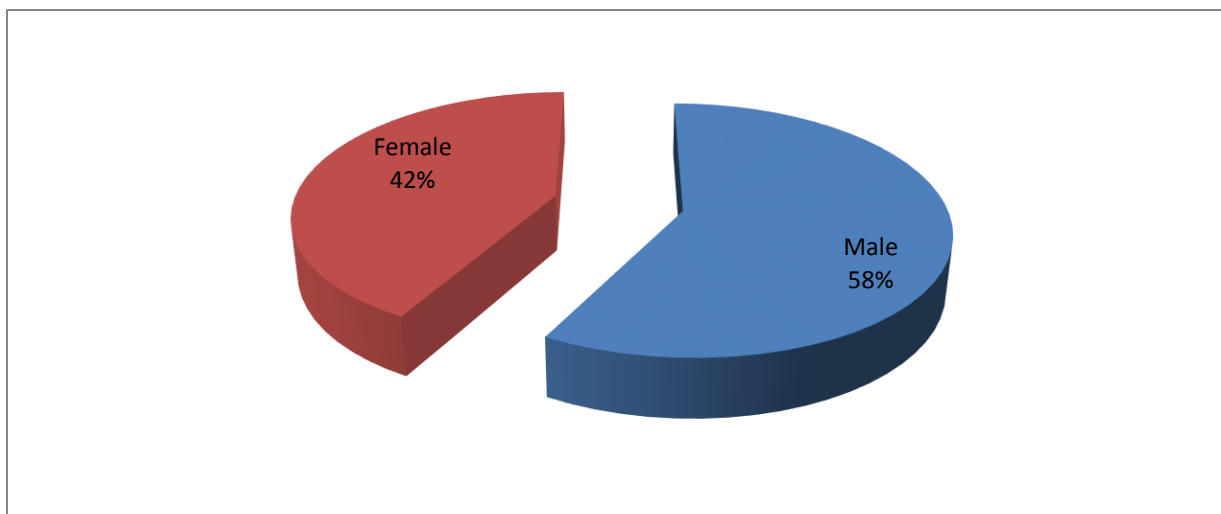
Concerning the marital status of respondents, table 4.3 above indicates that most respondents were married and could give mature information making it easy for the researcher to get reliable data and these were 116 in a percentage of 51, singles were 73 with 32 percent, and the ones who divorced their spouses were 21 together with a percentage of 9, then 18 of the respondents constituting a percentage of 8 were living in a separate life though engaged to someone.

As far as the duration of the business operation is concerned, it is very encouraging that a good number of respondents business met the requirement of this research. Table 4.3 indicates that

most (120 out of 228) of the respondents' business enterprises had existed between 1 and 3 years with a percentage of 52.6. 58 (25.4%) business enterprises had existed between 3 and 5 years, followed by those with more than 5 years (40 out of 228) and lastly, those with less than 1 year of existence (10 out of 228). This means that almost (218 out of 228) all business enterprise owners with a 95.6% met the researcher's selection criteria and this was one of the requirement for the respondent to be involved in this research. Thus, the most of the respondents had enough information that was required to solve the problem statement.

4.2.5 The type of your business enterprise owned by respondents in Wakiso town

Figure 4.2 showing gender of business ownership in Wakiso town

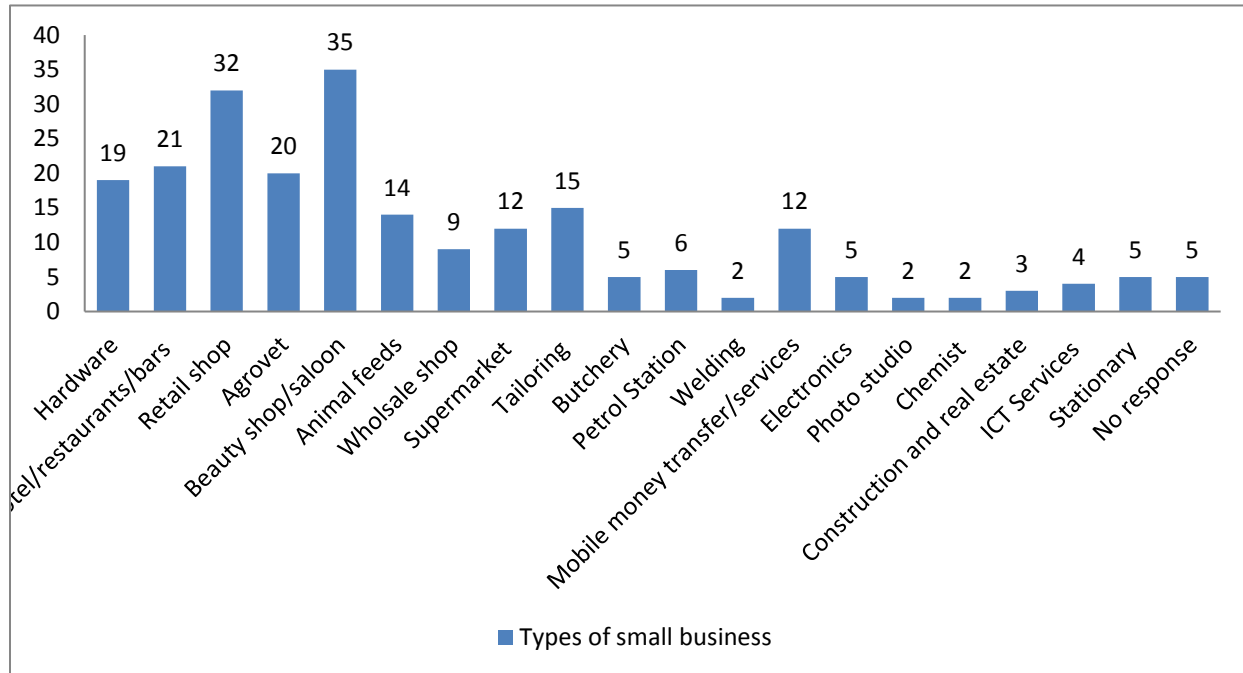


Source: Primary data, 2016

Figure 4.2 above indicates that the majority of business owners are male (58%) across business size and sector. Across sectors, ownership of businesses in the utilities sector was purely male (100%), however, in some sectors ownership was almost equally balanced – in the education & health (56% male, 44% female) and accommodation sectors (58% male, 42% female). This

means that most of the business enterprises are owned by male; however, more ladies are employed to operate these businesses.

Figure 4.3 the type of respondents' business enterprises in Wakiso town.



Source: Primary data, 2016

Figure 4.3 shows that beauty shops and saloons are the most operated small businesses with 35 (15.4%) enterprises followed closely by 32 retail shops (14%). It can be noted that welding, photo studios and chemists are the least operated small businesses in Wakiso town. This also indicates that the major challenges facing businesses in the present world is competition amongst businesses. The market for small scale enterprises is highly competitive and there is therefore need to formulate strategies that would give the enterprises competitive advantage. Figure 3 below presents the different types of businesses that were studied.

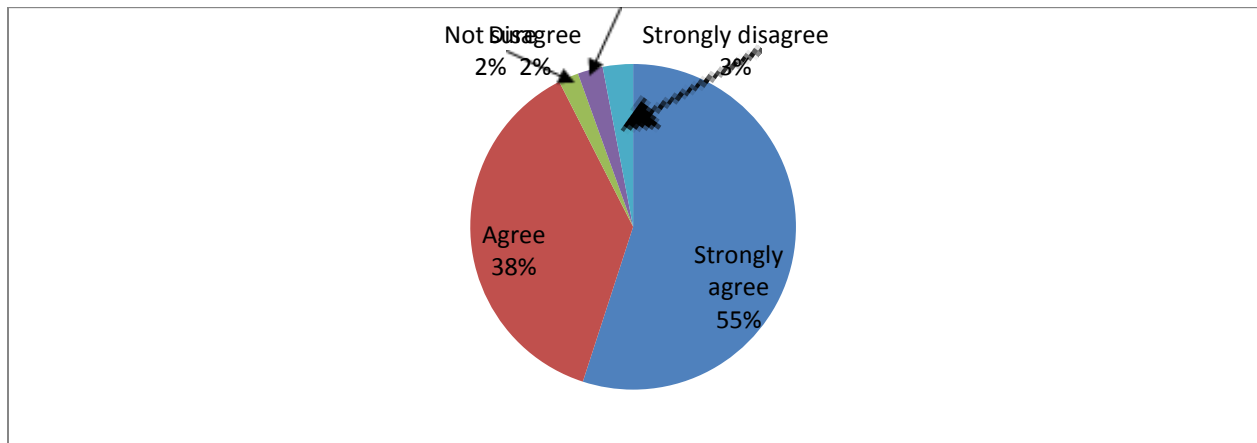
Due to competition in small businesses, entrepreneurs have adapted different ways of retaining their customers such as providing quality services to customers is the best way of retaining customers, ensuring a competitive price, providing quality products.

4.3 The role of entrepreneurial skills on the business growth of small and medium enterprises in Wakiso town

This section presents information about the role of entrepreneurial skills on the business growth of small and medium enterprises in Wakiso town.

4.3.1 Curiosity and creativity increases the business growth of Small and Medium Enterprises SMEs.

Figure 4.4; Curiosity and creativity increases the business growth of SMEs



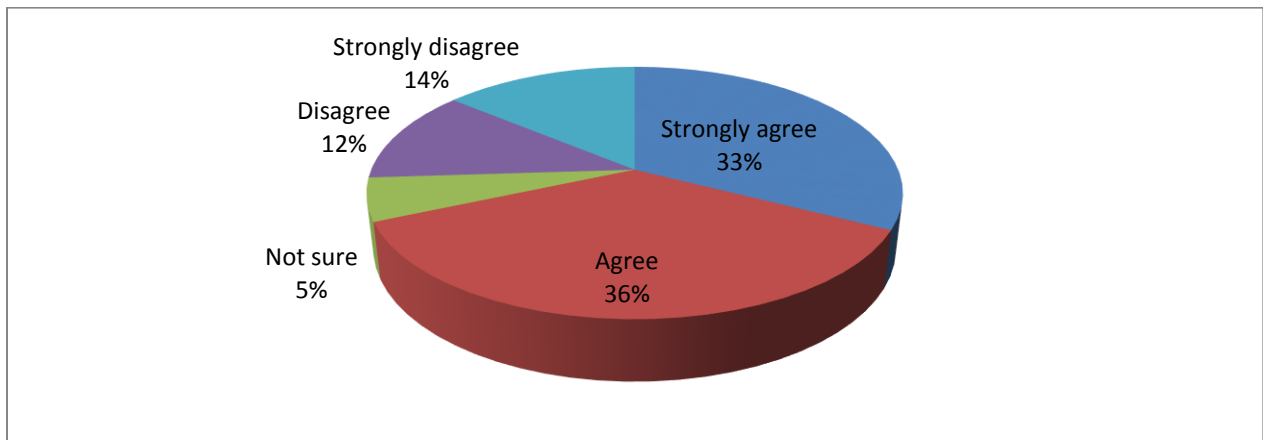
Source: Primary data, 2016

From the findings in figure 4.4 above, 55% (125 out of 228) of respondents strongly agreed that curiosity and creativity increases the business growth of SMEs, followed by 37% (84 respondents) who just agreed. However, 2% of respondents were not sure and the rest disagreed and strongly disagreed each constituting a percentage of 3. This means that curiosity and

creativity increases on the business growth by a percentage of 92. The results of this study have been supported by study conducted by Demers (2015) who asserted that the best business skill has always been a healthy curiosity. With curiosity, an entrepreneur can easily look into what the competitors are doing, and it also allows “*you to utilize new technologies to the best of your ability to streamline your business and even reach out to new customers*” says Nakayiza a Loan Officer at DFCU Bank. When the only limit you have is what you can imagine and apply, just about anything is possible.

4.3.2 Ability to recognize opportunities enhances business growth of SMEs

Figure 4.5; Showing whether ability to recognize opportunities enhances business growth of SMEs



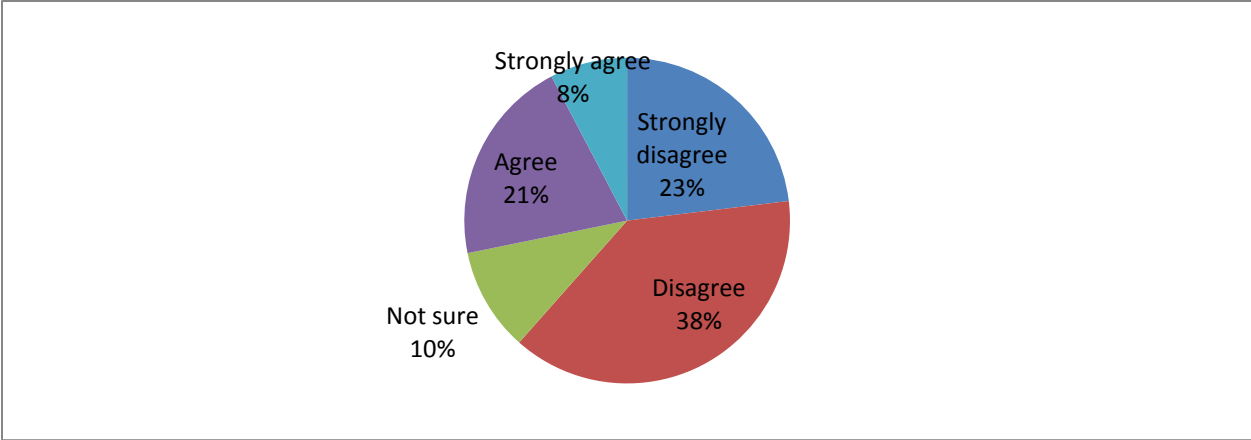
Source: Primary data, 2016

Figure 4.5 indicates that 32% (74 out of 228) strongly agreed and 36% (82) agreed that ability to recognize opportunities enhances business growth of SMEs, while 6% (13) were not sure, 12% (27) disagreed and 14% (32) strongly disagreed. This means that the biggest percentage of people who have the ability to recognize opportunities realized enhancement of the business

growth of their SMEs. However, some respondents disagreed by saying that, ability to recognize opportunities sometimes is hampered by lack of finances, and sometimes it involves a lot of costs to utilize such opportunities thus affecting the business growth of SMEs. Despite the variations in results, it remains true that entrepreneurs in Wakiso town recognize opportunities for the purpose of enhancing the business growth of their enterprises. Some big organizations like Vision Group and MTN Uganda take an initiative to train and implement sales/marketing skills to entrepreneurs through Pakasa.

4.3.3 Sales skills do not play a role on the business growth of SMEs

Figure 4.6; Showing whether sales skills do not play a role on the business growth of SMEs



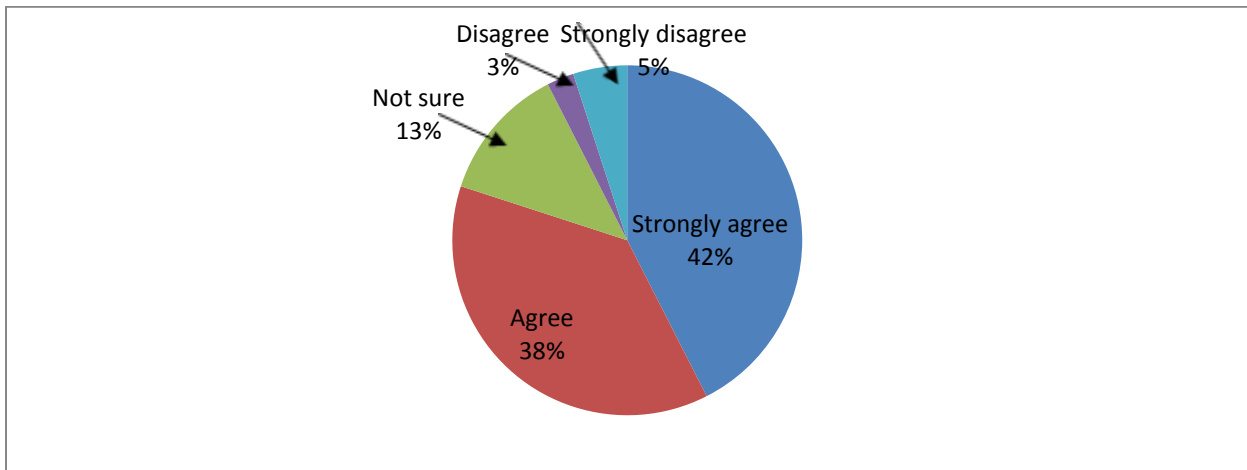
Source: Primary data, 2016

From figure 4.6 above, 23% (52 out of 228) of respondents strongly disagreed with 39% (89 out of 228) who disagreed with an argument that sales skills do not play a role on the business growth of SMEs in Wakiso town. Yet 10% (23) were not sure, 21% (47) agreed and 8% (17) strongly agreed. This means that relatively biggest (62%) percentage of respondents in Wakiso town disagreed with the argument that sales skills do not play a role on the business growth of SMEs. Respondents argued that sales skills play a significant role in enhancing boosting the

growth of business enterprise. Similar conclusion was made by Umaru and Obeleagu-Nzelibe (2014) who argued that Entrepreneurs who lack sales skills are most likely to fail their business enterprises. For instance, recently (2015)“*Gasam Shoppers and Maama Junior Restaurant as well as others ended up closing as a result of lack sales skills*” says Mr. Kaboggoza Mark Vice Chairman Wakiso Traders Association. Some business institutions of higher learning like Uganda Martyrs University take an initiative to train and implement sales/marketing skills to entrepreneurs as a way of always helping them to manage their business enterprises (Mbilinyi, 1999). However, some entrepreneurs always do not consider such training as serious that is why some people miss out on opportunities.

4.3.4 Communication skills play a significant role on the business growth of SMEs

Figure 4.7; Showing whether communication skills play a significant role on the business growth of SMEs



Source: Primary data, 2016

From figure 4.7, it was strongly agreed by 42% (96 out of 228) and simply agreed by 37% (84 out of 228) of respondents that communication skills play a significant role on the business

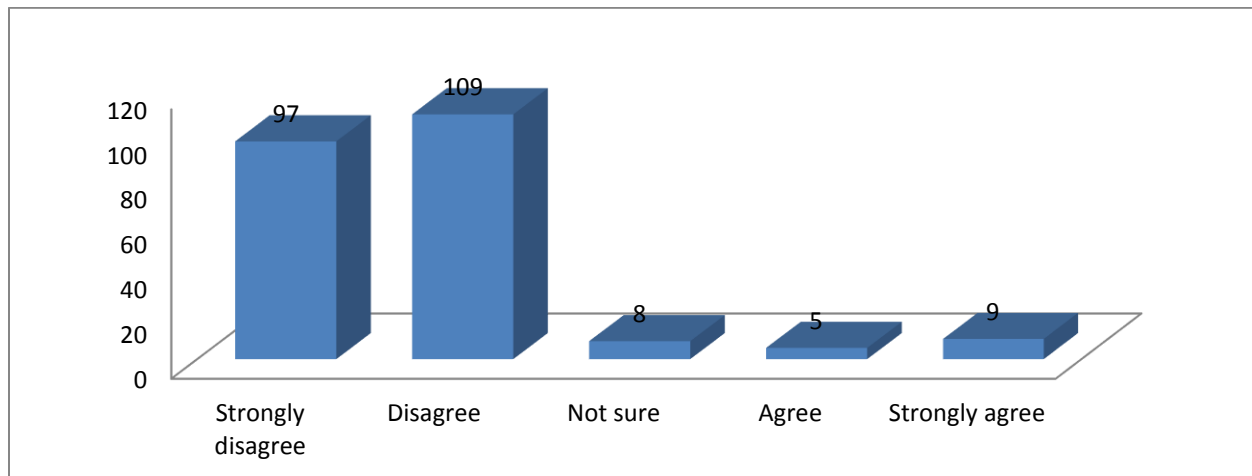
growth of SMEs. On the other hand, 13% (30) were not sure yet 3% (7) disagreed and 5% (11) strongly disagreed. According to the findings of this study, this means that communication skills play a significant role on the business growth of SMEs.

Despite the variations in the above results, it is clearly indicated in the findings that communication skills affect the trend of Small and Medium Enterprises (SMEs). It was agreed by respondents that communication skills especially of the entrepreneur and SME operator can be used to sensitise, attract and keep customers informed about the products/services of SMEs. “Excellent communication skills of shop attendants always attract customers to my shop” argued by Nakitende, a Whole/Retail shop owner. Despite the variations in results, it is clearly indicated in the findings that communications (verbal, oral and written) affect the growth of SMEs. Similar conclusions were made by Sebikari (2014) that communication is how you will be able to cultivate loyal employees, charm customers into coming back time and time again, and court investors and other sources for increasing revenue for your business.

Sebikari meant that communication skills can also come in handy when dealing with vendors or any other necessary business services that may apply to your venture—being friendly in business to business relationships is a sure-fire way to be treated a little bit better, therefore making at least one aspect of your job a little bit easier. However, Demers (2015) argues that when you are a solopreneur, you may think communication is less of an issue, since you do not have staff to interact with. But you have still got to maintain clear lines of communication with your customers via email and phone, as well as ensure that the message you send through your website and social-media profiles is the one you want. Therefore, with excellent communication skills, there are higher chances of business growth of an SME.

4.3.5 Customer care skills do not play a significant role on the business growth of SMEs

Figure 4.8; Customer care skills do not play a significant role on the business growth of SMEs



Source: Primary data, 2016

On the customer care skills do not play a significant role on the business growth of SMEs, the findings in figure 4.8 revealed that 33.6% (97 respondents) strongly disagreed and 47.8% (109 out of 228 respondents) disagreed that customer care skills do not play a significant role on the business growth of SMEs in that, customer care skills can highly attractive and retain costumers and finally become loyal to the business. This is in line with Kerosi and Kayisime (2013) who

asserted that entrepreneurs do not forget that everything that they do is for the customer, since the customer is the one that is allowing them to do anything in the first place. A good business owner will always have time for a customer, whether they have a complaint or praise. It was previously argued by Walter, Balunywa, Rosa, Sserwanga, Barabas, Namatovu (2004) that having good customer skills means that see every customer as an opportunity to do better and grow, versus an annoyance or a difficulty.

Therefore, with customer care skills, an entrepreneur can deliver information in anon-sensational and expedited way, which in the end creates customer loyalty for ensured business growth.

In addition, entrepreneur – customer coordination still takes place, but customer care skills allow even that process to be much faster. During the pursuit of the business growth, entrepreneurs can easily coordinate very quickly to update customers and make brand product/service awareness (Kuratko and Hodgetts, 2008; Timmons and Spinneli, 2007; Hisrich, 2005).

On contrary the findings also revealed that 6% (14) of the respondents agreed by saying that the customers will not patiently wait to judge the level of customer care skills expressed by entrepreneurs; that is, customer care skills may be okay but the quality and price of the product/service matters a lot. This was raised by a Mr. MichealSsebuliba, a Loan Officer Pride Microfinance, Wakiso branch. In spite of the fact that there are some disagreement about customer care skills and business growth, the majority of respondents agree that customer care skills can improve on the business growth of SMEs.

4.3.6 Entrepreneurial skills play a significant role on the business growth of SMES

Table 4.4 Entrepreneurial skills play a significant role on the business growth of SMES

Responses	Frequency	Percentage
Strongly agree	86	37.7
Agree	108	47.4
Not sure	11	4.8
Disagree	17	7.5
Strongly disagree	6	2.6
Total	228	100.0

Source: Primary data, 2016

On whether entrepreneurial skills play a significant role on the business growth of SMES, the findings in table 4.4 above reveal that 37.7% (86 out of 228) strongly agreed 47.4% (108 out of 228) agreed that entrepreneurial skills play a significant role on the business growth of SMES.

One a business owner of Spicy Restaurant in Wakiso town, whose name was not revealed, argued “*that behind a successful business there is a skilled entrepreneur.*” He meant that for any business to succeed, the owner must possess strong entrepreneurial skills. This may be supplemented by Kuratko and Hodgetts (2008) who argued that entrepreneurial skills complement the ability of the entrepreneur to analyze situations, opportunities and environments and assist the entrepreneur/manager to organize, manage and assume the risks and rewards of a

business or enterprise. That is, entrepreneurship skills are particularly important to performance in emerging market economies such as Uganda.

Similar arguments by scholars (Baum *et al.*, 2001; Westerberg *et al.*, 1997, Chandler and Jansen, 1992) supplement that entrepreneurs should be skilled enough to manage their relationships with their customers and suppliers to get competitive advantage. Only sustainable competitive advantage will ensure business survival and success (Tehseen and Ramayah, 2015). On the other, the entrepreneurial skills are associated with birth, survival and venture's growth (Tehseen and Ramayah, 2015; Colombo & Grilli, 2005; Baum, *et al.*, 2001; Bird, 1995). It is evident that an entrepreneurial skills result into venture performance, profitability and its growth (Lerner & Almor, 2002; Bird, 1995; Cooper, *et al.*, 1994; Chandler & Jansen, 1992).

However, 10.1% of respondents disagreed saying that entrepreneurial skills should not be used primarily as a tool for business growth but as part of the force to support SMEs.

All in all, higher skills and knowledge of entrepreneurs leads to greater likelihood to the success in entrepreneurship. A good number of studies (Yusof, 2012; McKelvie and Wiklund, 2004; Shane, 2000) have acknowledged the fact that prior knowledge of a market, industry, or customer needs are important entrepreneurship skills and can be a major advantage for entrepreneurs in terms of recognizing potentially profitable opportunities.

In order to establish the relationship between entrepreneurial skills and business growth of SMEs and the researcher used the Pearson correlation coefficient to determine the relationship as below

Table 4.5: Showing Pearson correlation between entrepreneurial skills and business growth of SMEs

		Entrepreneurial skills	Business growth of SMEs
Entrepreneurial skills	Pearson Correlation	1	.284*
	Sig. (2-tailed)		.671
	N	228	228
Business growth of SMEs	Pearson Correlation	.284*	1
	Sig. (2-tailed)	.671	
	N	228	228
*. Correlation is significant at the 0.05 level (2-tailed).			

Source: Primary data, 2016

From the results in table 4.5 above, the results revealed that there is a correlation between entrepreneurial skills and business growth of SMEs with a positive and significant relationship ($r = 0.284$, $p \leq 0.00$). This finding seems to be in agreement with the study by Gisemba (2010) who pointed out that there was a positive relationship between previous scholars (Tehseen&Ramayah, 2015; Mitchelmore& Rowley, 2010) who argued that Entrepreneur's skills keep on changing as the firm enters from one development stage to another. Thus, it is vital to understand the changes that result from venture's growth because entrepreneur's skills and capabilities for one stage will be not suitable for another Thus, the entrepreneurs should be skilled enough to manage their

relationships with their customers and suppliers to get competitive advantage. Only sustainable competitive advantage will ensure business survival and success.

4.4 The role of entrepreneurship skills on the profitability of small and medium enterprises

4.4.1 Curiosity and creativity increases the profitability of SMEs in Wakiso town

Table 4.6; Curiosity and creativity increases the profitability of SMEs

Responses	Frequency	Percentage
Strongly agree	76	33.3
Agree	98	43.0
Not sure	21	9.2
Disagree	17	7.5
Strongly disagree	16	7.0
Total	228	100.0

Source: Primary data, 2016

Table 4.6 above clearly illustrates that 76(33.3%) respondents strongly agreed that curiosity and creativity increase the profitability of SMEs, yet 98 (43%) respondents just agreed, 21 (9.2%) were not sure, 17(7.5%) disagreed and 16(7.0%) strongly disagreed. According to the results of the table, majority (174 out of 228) of the respondents in Wakiso town agreed that it is true that curiosity and creativity increase the profitability of SMEs. This implies that entrepreneur's curiosity and creativity increase the profitability of SMEs.

One of the Loan Officer in Centenary Bank in Wakiso town whose name was undisclosed, claims “*creativity is the ability to make or otherwise bring into existences something new, whether a new solution to a problem, a new method or device, or a new artistic object or form.*”

This may be further explained by Wyckoff (1991) who argued that creativity empowers an entrepreneurial to observe things or business opportunities that everyone around him or her sees while making connections that no one else has made.

No entrepreneur or enterprise, however successful and big, can continue to hold a place of leadership unless it recognizes that modern business operates in a world of galloping change which creates new problems, risk and opportunities and for which they have to mobilize the enterprise’s resources before changes make their impact felt (Okpara, 2007). To do successfully, the entrepreneur and enterprise should know where this firm is going and how the firm will get there. Okpara meant that knowing where his business is heading to in turn requires a clear definition of the company’s business which will enable it to continually adopt operations to the realities of the market place, ‘the very corner stone of survival and growth.

Lack of innovation among entrepreneurs: innovation plays a crucial role in now day’s business. It is regarded as a key characteristic of SMEs, mainly due to the attitude of the manager. Innovative enterprises are able to respond within the bounds of the knowledge about existing products or services to changes required by the customer within their niche market. (Levy and Powell 2005).The impacts of globalization have pressured SMEs to greater demands. Innovation relies on bringing together different types of research and utilizing this knowledge to design new products (Morrison, 2006).

4.4.2 Ability to recognize opportunities does not enhance the profitability of SMEs

Table 4.7; showing whether ability to recognize opportunities does not enhance the profitability of SMEs

Responses	Frequency	Percentage
Strongly disagree	90	39.5
Disagree	118	51.8
Not sure	11	4.8
Agree	7	3.1
Strongly agree	8	10.0
Total	228	100.0

Source: Primary data 2016

Table 4.7 above demonstrates that 90 out of 228 respondents with a percentage of 39.5 strongly disagreed and 118 respondents with a percentage of 51.8 just disagreed that ability to recognize

opportunities does not enhance the profitability of SMEs. Nevertheless, 2 (5.0%) were not sure, 3 (7.5%) agreed and 4(10.0%) strongly agreed with this notion. This means that most (208) of respondents disagreed with the view that ability to recognize opportunities does not enhance the profitability of SMEs.

Entrepreneurs recognize opportunities where they are and they utilize them by producing products or services that will fill the vacuum identified. Entrepreneurs often see things in a holistic sense; they can see the “big picture” when others see only the parts .One study found that successful owners of SMEs gathered more information about the business environment, and more often, than those who were less successful.

This process, known as scanning the environment, allows the entrepreneur to see the entire business environment and the industry and helps to formulate the larger picture of the business activity. Entrepreneurs try their hand on opportunities that are by-pass by others; these opportunities may include: meeting the demand that is not currently met, pushing up a product that is much better than what is currently in the market, solving a problem or annoyance that consumers have (Lambing &Kuehl, 2007). They further note that there is need for Innovative skills are practically the types of skills that allow individuals to become innovative in what they do. These are usually a combination of cognitive skills such as the ability to think creatively and critically; behavioral skills such as the ability to solve problems. One of the reasons entrepreneurs are successful is that they are imaginative, innovative and can environ alternative scenarios.

4.4.3 Sales skills do not play a role on the profitability of SMEs

Table 4.8; showing whether sales skills do not play a role on the profitability of SMEs

Responses	Frequency	Percentage
Strongly disagree	103	45.0
Disagree	91	40.0
Not sure	0	0
Agree	23	10.0
Strongly agree	11	5.0
Total	228	100.0

Source: Primary data 2016

It is clearly illustrated by table 4.8 that 103 (45%) respondents strongly disagreed and 91 (40%) respondents disagreed that sales skills do not play a role on the profitability of SMEs, 23 (10%) just agreed, and the rest (11) strongly agreed with this view. This means that more than three quarters of the respondents disagreed that sales skills do not play a role on the profitability of SMEs in Wakiso town. As an entrepreneur, you might also benefit from marketing and sales skills, which will help in improving the performance of the SMEs and hence have an upper edge against those without skills equivalent to them. Similar conclusion was made by Karanja, *et al.*, (2013).

4.4.4 Communication skills play a significant role on the profitability of SMEs

Despite the size of your enterprise – whether it is a large, medium, or a small company, or even a home-based business – they need good communicationskills since they interact with outsiders.

Below are the findings from the study together with the rankings importance.

Table 4.9; Showing communication skills play a significant role on the profitability of SMEs

Responses	Frequency	Percentage
Strongly agree	114	50.0
Agree	91	40.0
Not sure	12	5.3
Disagree	5	2.2
Strongly disagree	6	2.6
Total	228	100.0

Source: Primary data 2016

Table 4.9 illustrates that half of respondents constituting a percentage of 50 strongly agreed and 91 (40%) respondents that communication skills play a significant role on the profitability of SMEs, yet, 12 (5.3%) were not sure, while the rest (11) with a total percentage of 4.2 disagreed. The majority of the respondents 205 (90%) admitted that having communication skills was extremely important to effectively communicate with their clients and their business partners;

although few of them 23 (10%) could not see it as a contributing factor for running their business effectively. Although there are variations in the results, it means that communication skills play a significant role on the profitability of SMEs.

When respondents in Wakiso town were asked about the language they normally use when communicating with their clients, they mentioned Luganda, English among Swahili, among others. However, some respondents argued that language sometimes affects their businesses in the sense that they fail to communicate properly with clients who speak English but do not know Luganda. Besides, “*Good communication skills are indispensable to successful business*” says Julian a business owner in Wakiso town. This is in line with previous scholars (Kayisime&Bosire, 2013; Madata, 2011) findings that the entrepreneur requires this to communicate his ideas to clients. The entrepreneur must always give the people something to feel, something to remember and something to do.

According to Winch and McDonald (1999), the shorter internal lines of communication and the faster response times allow speedy problem solving and reorganization. Martinsuo and Karlberg, (1998) add that the SMEs’ decision-making process is effective, but disadvantages in SMEs are their limited capacity for marketing, strategy, acquisition of the new knowledge and technology and finally sensitivity to external pressures and risks.

From this it can be argued that the provision of a good transportation and communications network and availability of the necessary equipment at the firm level are key elements for widening the relevant market in which firms can grow. The market widening process will produce self-reinforcing effects for growth. If low transport and communication costs can be combined with scale economies in production and distribution, unit costs will decline and render

goods affordable for more customers. Similarly, if the firm can efficiently reach more customers, network effects in demand may likewise stimulate extra growth. Most SMEs die within their first five years of existence.

Lack of communication skills between the supplier and the customer: Lind (2005) highlights the importance of listening to the customer requirements in order to understand their expected and perceived benefit of the product.

4.4.5 Customer care skills do not play a significant role on the profitability of SMEs

Table 4.10; Showing respondents' views on Customer care skills do not play a significant role on the profitability of SMEs

Responses	Frequency	Percentage
Strongly disagree	91	40.0
Disagree	103	45.2
Not sure	11	4.8
Agree	17	7.5
Strongly agree	6	2.6
Total	228	100.0

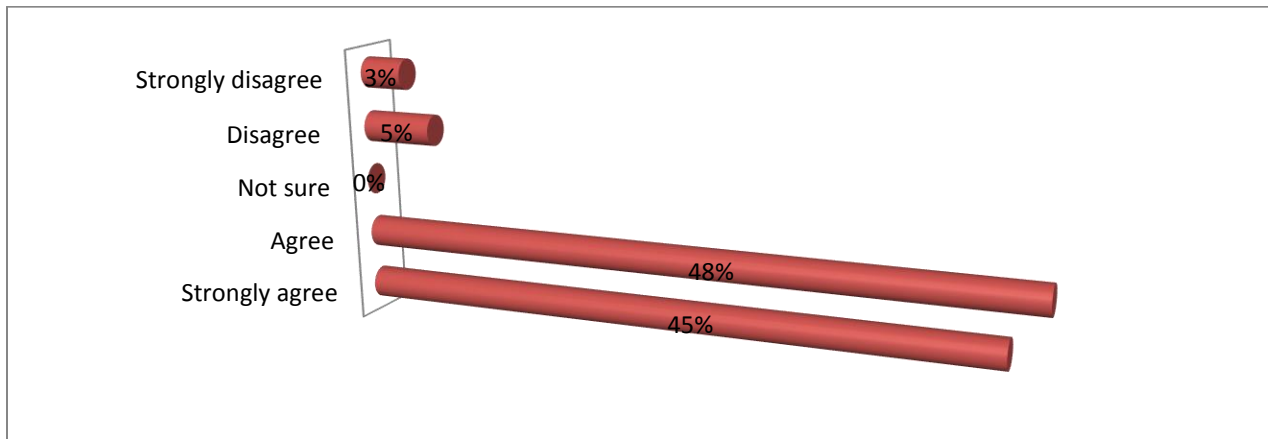
Source: Primary data 2016

The results in table 4.10 suggest that customer care skills do not play a significant role on the profitability of SMEs. This was strongly disagreed by 91(40%) respondents, disagreed by

103(45.2) respondents, while the minimal number (23 out of 228) of respondents percentage of 10.1 disagreed. This means that customer care skills play a significant role on the profitability of SMEs. Successful business must begin with a customer and ends with a customer. Basically, as advantages of the small scale, SMEs typically have a motivated, committed management and labour. They also have the capacity to customise their products and processes, being able to respond to varying customer requests (Martinsuo and Karlberg, 1998). SME's with their centralized decision-making, organic organization and relatively non-specialised production factors are able to change quickly (Julien, 1993). In general, business owners identify customer relations, maintaining personal relationships, and product or service quality as the most important success attributes.

4.4.6 Entrepreneurial skills play a significant role on the profitability of SMES

Figure 4.8; showing entrepreneurial skills play a significant role on the profitability of SMEs



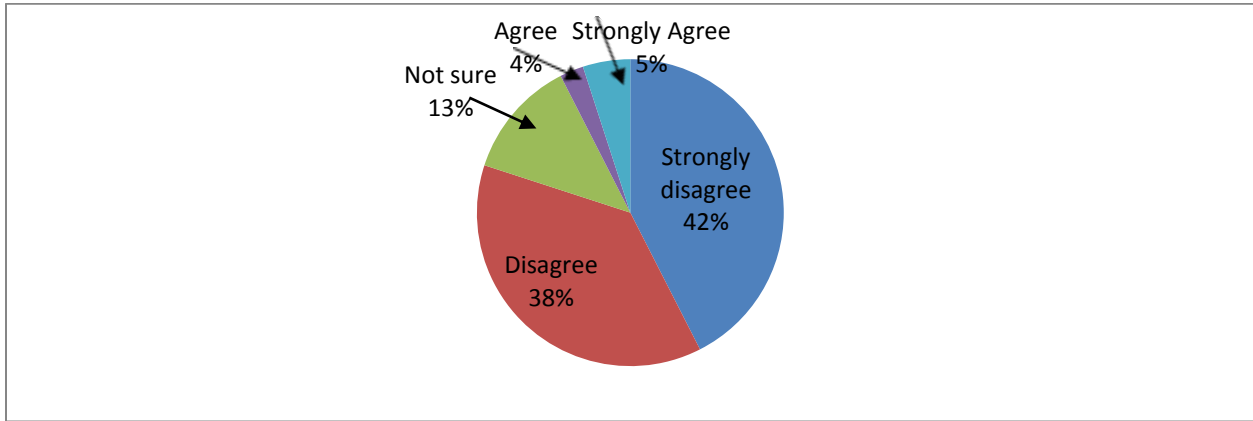
Source: Primary data 2016

Illustration from figure 4.8 indicates that 45% (103 of 228) respondents strongly agree and 48% (109 of 228) of respondents agreed that entrepreneurial skills play a significant role on the profitability of SMEs. On the other hand 5% (11 of 228) disagreed and 3% (7 of 228) strongly disagreed. This means almost three quarters agree that entrepreneurial skills play a significant role on the profitability of SMEs.

It was observed by previous scholars that entrepreneurial skills assist Small and Medium Enterprises (SMEs) generate growth and profitability of new ventures in developing economies like Uganda. Previously, Umaru and Obeleagu-Nzelibe (2014) had attempted to find out whether entrepreneurial skills and SMEs profitability are strategies for business success for SMEs and new ventures in Uganda and they found out that entrepreneurial skills have significant effect on the profitability and business success of SMEs. This implies that small-business 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.

4.4.7 Entrepreneurial skills do not play a role on the profitability of SMEs

Figure 4.9; showing whether entrepreneurial skills do not play a role on the profitability of SMEs in Wakiso town



Source: Primary data, 2016

Figure 4.9 shows that 98 out of 228 (43%) respondents in Wakiso town strongly disagree, 87 out of 228 (38%) respondents disagree that entrepreneurial skills do not play a role on the profitability of SMEs; 29 (13%) respondents, 7 (3%) respondents agreed and 11 (5%) respondents strongly disagreed. This means that most (81%) of respondents disagreed with the view that entrepreneurial skills do not play a role on the profitability of SMEs while the minimal number (18 out of 228) of respondents percentage of 8 disagreed. Therefore, basing on the results, entrepreneurial skills do not play a role on the profitability of SMEs.

Duncan statistics shows that SMEs that operated longer periods have been more successful and profitable with great management skills compared to those who have been in operation for shorter periods (Umaru and Obeleagu-Nzelibe, 2014).

Relationship between Entrepreneurial skills and the profitability of SMES

In order to establish the relationship between entrepreneurial skills and profitability of SMEs and the researcher used the Pearson correlation coefficient to determine the relationship as below;

Table 4.11: Showing Pearson correlation between entrepreneurial skills and profitability of SMEs in Wakiso town

		Entrepreneurial skills	Profitability of SMEs
Entrepreneurial skills	Pearson Correlation	1	.035
	Sig. (2-tailed)		.783
	N	228	228
Profitability of SMEs	Pearson Correlation	.035	1
	Sig. (2-tailed)	.783	
	N	228	228

Source:Primary data, 2016

From the results in table 4.11 above, the results revealed that there is a correlation between entrepreneurial skills and profitability of SMEs with a positive and significant relationship ($r=0.783$, $p \leq 0.01$). “SMEs owners can increase their sales revenues and improve their profitability by understanding the role and drivers of entrepreneurial skills” says one of the Loans Officer in Centenary Bank, Wakiso Branch. Also, as established by several researchers (Umaru and Obeleagu-Nzelibe, 2014; Kayisime&Bosire, 2013; Madata, 2011; Winch and McDonald, 1999) possession of excellent entrepreneurial skills is pivotal to the health and performance of small firms hence their view that firms should employ the use of efficient entrepreneurial skills as a

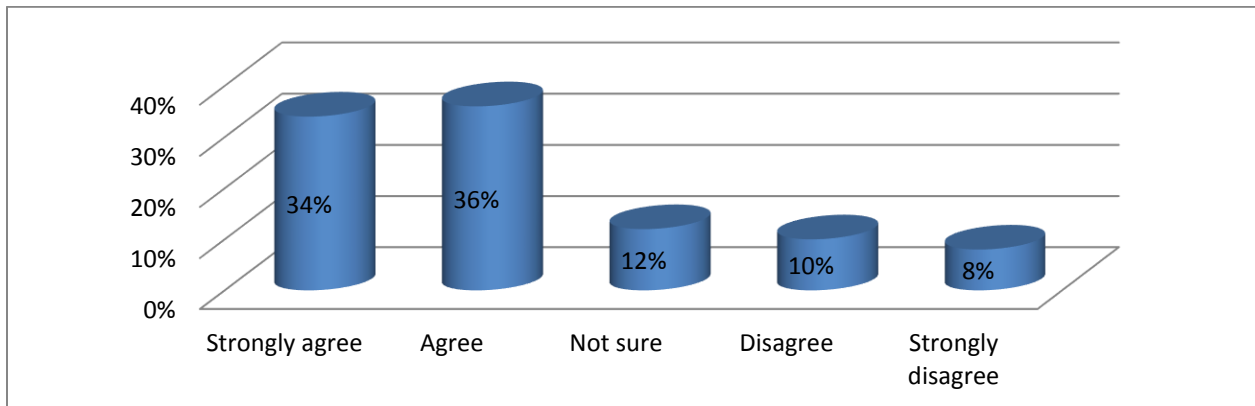
strategy of improving their value. This is in agreement with the findings of the respondents' views in the study.

4.5 The role of entrepreneurship skills on the return on investment of SMEs performance

This section presents respondents' views on the role of entrepreneurship skills on the return on investment of SMEs performance in Wakiso town.

4.5.1 Curiosity and creativity increases the Return on Investment of SMEs

Figure 4.10; Showing Curiosity and creativity increases the Return on Investment of SMEs



Source: Primary data 2016

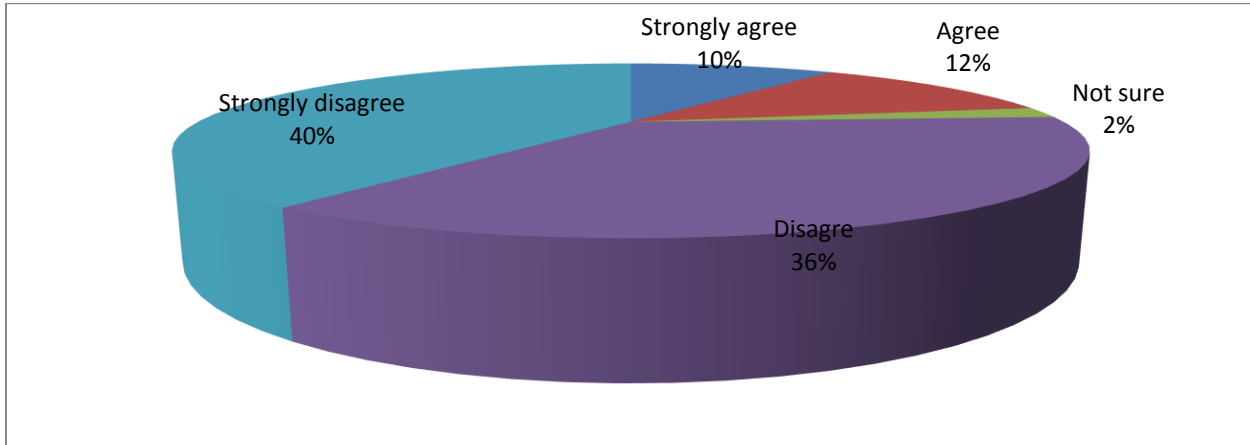
From the figure 4.10 above, 34% (76 of 228) and 36% (82 of 228) of the respondents strongly agree and agree respectively that curiosity and creativity increases the Return on Investment of SMEs in Wakiso town. However, 12% (27 of 228) were not sure, 10% (23 of 228) just disagreed yet 8% (18 out of 228) strongly disagreed. This means most (70%) of the respondents agreed that curiosity and creativity increases the Return on Investment of SMEs. Although some respondents had different reasons as to why they base on curiosity and creativity, the biggest percentage had

the view that they agree that an entrepreneurial curiosity and creativity increases the Return on Investment of the enterprises.

Curiosity and creativity seemed to be challenging to most of entrepreneurs in terms of explanation, because they were not so well prepared for the explanation. Maybe, one respondents was quoted saying that when an entrepreneur is creative, he or she most likely to record high sales. This in turn can increase the Return on the Investments. However, Demers (2015) may further explain this issue that the best business skill has always been a healthy curiosity. Demers meant that an entrepreneur’s curiosity and creativity, helps him to capture the competitors’ business trend. With curiosity and creativity, an entrepreneur can gain competitive advantage over others through providing what the competitors cannot provide, there by capturing customers, which results into higher sales.

4.5.2 Ability to recognize opportunities does not enhance the Return on Investment of SMEs in Wakiso town.

Figure 4.11: Showing ability to recognize opportunities does not enhance the Return on Investment of SMEs.



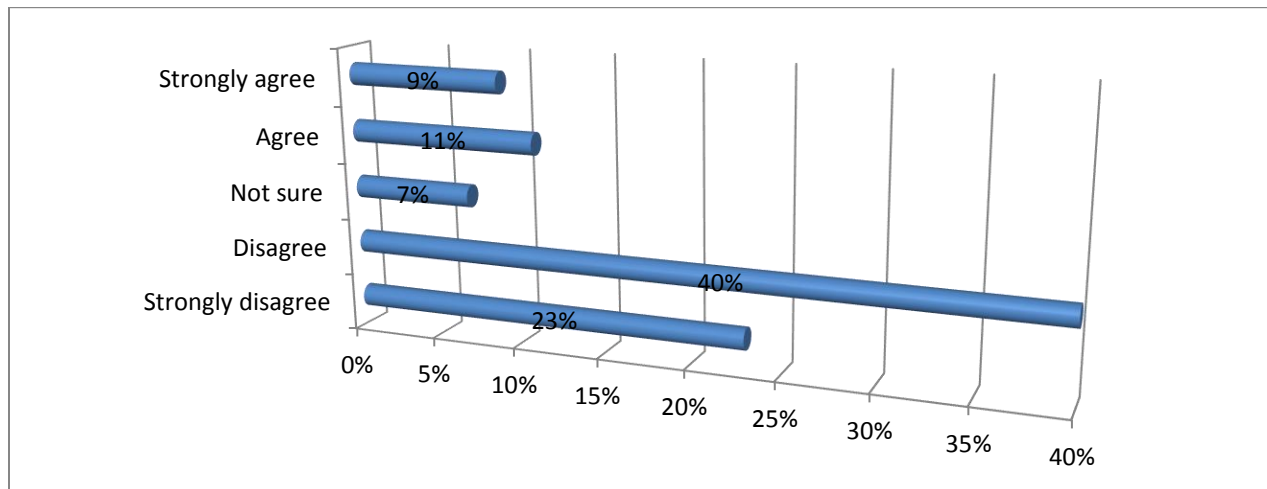
Source: Primary data, 2016

Respondents in Wakiso town who were interviewed on part of ability to recognize opportunities does not enhance the Return on Investment of SMEs, a sum of 40% (91 of 228) strongly disagreed, 36% (82 of 228) disagreed, this giving rise to a total of 76% (173 of 228), only 2% (4 of 228) were not sure, 12% (27 of 228) agreed while the rest constituting 10% (23 of 228) strongly agreed. Since the biggest percentage disagreed, it implies that ability to recognize opportunities does not enhance the Return on Investment of SMEs. Preceding researchers like Blouse and Conley (2008) had similar conclusions that, it implies that ability to recognize an opportunity does not enhance the Return on Investment of SMEs.

This is in line with Bosire and Kayisime (2013) who discovered that successful owners of SMEs gathered more information about the business environment, and more often, than those who were less successful. In this case Bosire and Kayisime found out that scanning the environment, allow the entrepreneur to see the entire business environment and the industry and help to formulate the larger picture of the business activity. Entrepreneurs try their hand on opportunities that are by-pass by others; these opportunities may include: meeting the demand that is not currently met, pushing up a product that is much better than what is currently in the market, solving a problem or annoyance that consumers have. With such ability, entrepreneurs can make more sales which help them have more returns on the investments.

4.5.3 Sales skills do not play a role on Return on Investment of SMEs

Figure 4.12: Showing Sales skills do not play a role on Return on Investment of SMEs



Source: Primary data, 2016

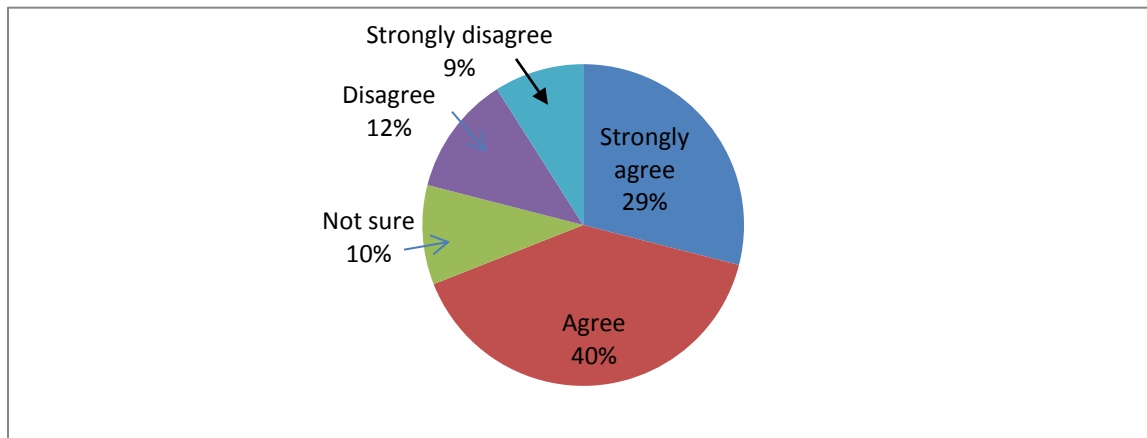
From the line figure 4.12 above, 40% (91 of 228) of the respondents disagreed that sales skills do not play a role on Return on Investment of SMEs, 23% (52 of 228) strongly disagreed, 7% (16 of 228) were not sure, 11% (25 of 228) disagreed and 9% (21 of 228) strongly disagreed. Basing on the above results, it means that sales skills play a role on Return on Investment of SMEs.

Sales skills as well as marketing skills, is the process used to determine what products or services may be of interest to customers, and the strategy to use in sales, communications and business most of the SME,s operate in stiff competitive situation. Findings from the study revealed that sales skills were important for the SME’s success. With sales skills, an entrepreneur can easily understand what price clients can afford, and thus enable him or her make more sales revenues. *“The more the sales revenues, the higher the return on investments and the better the performance of a given SME”* says Kabanda, owner of KAB General Hardware in Wakiso town.

Sales decisions have obvious potential connection to the numerator of ROI (profits), but these same decisions often influence assets usage and capital requirements (for example, receivables and inventories). Entrepreneurs should understand the position of their company and the returns expected. However, traditional accounting performance measures, such as Earnings per Share (EPS), Earnings on Invested Capital (EOIC), Return on Investment (ROI), Return on Assets (ROA) and Return on Equity (ROE) (Atieno, 2013). Since then, they have been used in various forms to measure the financial performance of corporations.

4.5.4 Communication skills play a significant role on Return on Investment of SMEs

Figure 4.13; whether the Communication skills play a significant role on Return on Investment of SMEs



Source: Primary data, 2016

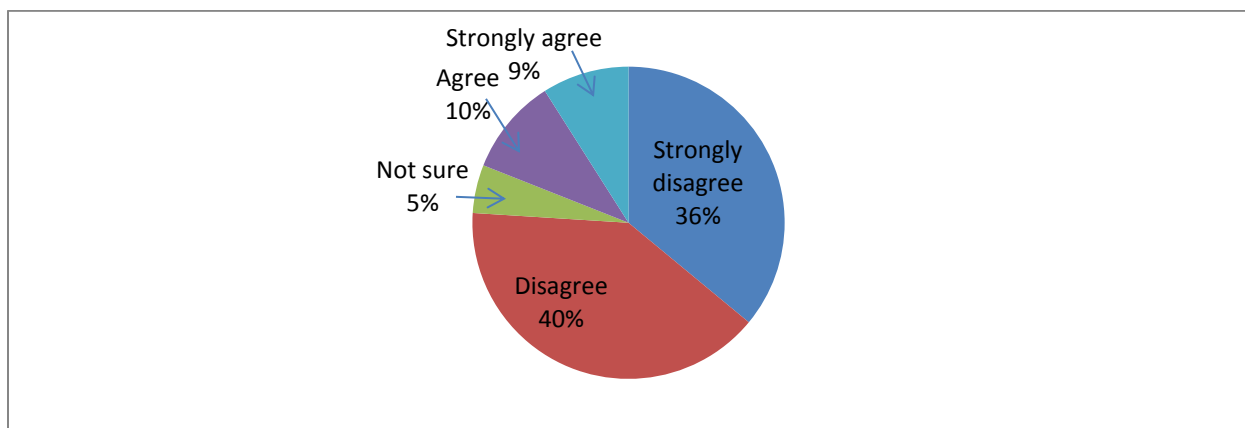
From the figure 4.13 above, findings show that most (69%) of respondents agreed with the point that communication skills play a significant role on Return on Investment of SMEs in Wakiso town with the sum of 157, 10% (23 of 228) were not sure, while 12% (27 of 228) disagreed and the rest represented by 9% (21) strongly disagreed. This means that communication skills play a significant role on Return on Investment of SMEs.

The present section aimed at investigating the role of communication skills on the return on investments of entrepreneur’s small and medium enterprises (SMEs). The results indicated that the information seeking facilities of most of the entrepreneurs were seen fair and acquiring information from other businesses and consulting contacts with the neighbors and relatives, product sellers and promoting factors were listed as the highest priorities of the respondents, respectively. Also, there was a meaningful relationship between rate of using information and communication resources with the variables namely age, duration of operation on the job, number of people operating the business and number using loans.

Similarly, good communication skills enable the entrepreneurs to communicate effectively about the availability of the product/services to other stakeholders. Similar conclusions were made by Kayisime&Bosire (2013), Madata (2011) the entrepreneur requires this to communicate his ideas to clients in a way that the shorter internal lines of communication and the faster response times allow speedy problem solving and reorganization (Winch and McDonald, 1999).

4.5.5 Customer care skills do not play a significant role on Return on Investment of SMEs

Figure 4.14: Showing that Customer care skills do not play a significant role on Return on Investment of SMEs

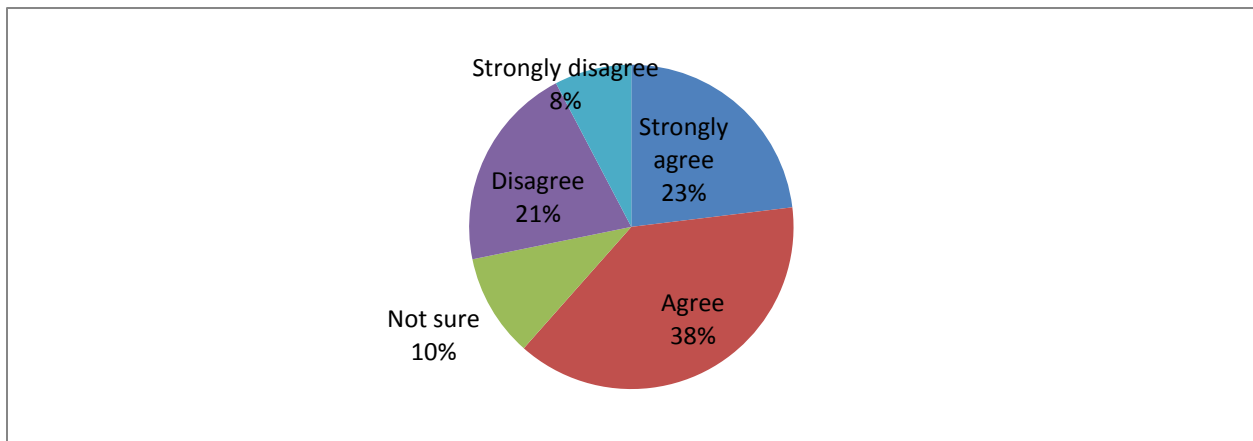


Source: Primary data, 2016

From the figure 4.14 above, findings show that most respondents disagreed with the point that customer care skills do not play a significant role on Return on Investment of SMEs; with 36% (82 of 228) strongly disagreed, 40% (91 of 228) disagreed, 5% (11) were not sure, while 10% (23 of 228) agreed and the rest represented by 9% (21 of 228) strongly agreed.

4.5.6 Entrepreneurial skills play a significant role on Return on Investment of SMES

Figure 4.15; whether entrepreneurial skills play a significant role on Return on Investment of SMES in Wakiso town

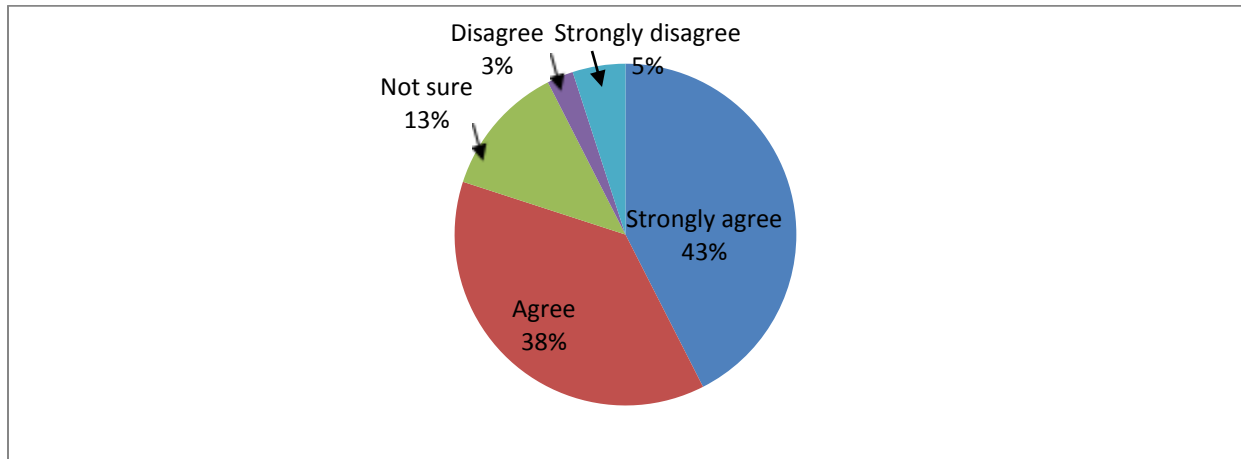


Source: Primary data 2016

From figure 4.15 above, 23% (52 out of 228) of respondents in Wakiso town strongly agreed with 39% (89 out of 228) who agreed that entrepreneurial skills play a significant role on Return on Investment of SMES in Wakiso town. Yet 10% (23 respondents) were not sure, 21% (48 respondents) disagreed and 8% (18 respondents) strongly disagreed. This means that relatively biggest (61%) percentage of respondents in Wakiso town agreed that entrepreneurial skills play a significant role on Return on Investment of SMES.

4.5.7 Entrepreneurial skills have an impact on the return on investment of SMEs

Figure 4.16; whether entrepreneurial skills have an impact on the return on investment of SMEs



Source: Primary data 2016

From figure 4.16, it was strongly agreed by 42% (96 respondents) and simply agreed by 37% (84 respondents) of respondents thatK,' entrepreneurial skills have an impact on the return on investment of SMEs. On the other hand, 13% were not sure yet 3% disagreed and 5% strongly disagreed. This means that skills have an impact on the return on investment of SMEs.

The relationship between entrepreneurial skills and performance of SMEs in Wakiso town.

Table 4.12, the relationship between entrepreneurial skills and performance of SMEs in Wakiso town.

Correlations

		Entrepreneurial skills	Performance of SMEs
Entrepreneurial skills	Pearson Correlation	1	.694**
	Sig. (2-tailed)	.	.000
	N	228	228
Performance of SMEs	Pearson Correlation	.694**	1
	Sig. (2-tailed)	.000	.
	N	228	228

** . Correlation is significant at the 0.01 level (2-tailed).

From the table 4.12 above, the two variables show that there is a strong positive correlation coefficient (r) of (r = 0.694) 69.4 % while 30.6% is by other factors. Therefore a change in entrepreneurial skills affects performance of SMES in Wakiso town at 69.4 %. This implies that performance of SMEs is affected by the entrepreneurial skills. However, the findings of the study show that on the whole, the respondents of Wakiso town have limited entrepreneurship skills, particularly, in terms of recognizing business opportunities, being innovative, sales skills and communicating effectively in business transactions. In particular, some admitted that they lack skills of identifying business opportunities, others lamented that their sales are decreasing because of failure to communicate with clients especially foreigners who are their potential customers, and whereas others revealed that they lack innovative skills. Lack of these skills greatly affects the growth of their businesses in terms return on investment, net profit and sales turnover.

4.6 Chapter Summary

In conclusion, the fact remains that most of the above reasons mentioned seem to hold true that entrepreneurial skills have play a significant role on the performance of SMEs in Wakiso town. The rest will be discussed, summarized and presented in chapter five that follows soon after this one.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The Small and Medium Enterprises (SMEs)'s of Wakiso town operate in different business environments settings of potential markets. The findings of this study indicate deviations concerning the role of entrepreneurial skills on the performance of SMES. Thus, this chapter presents the discussion, conclusions and recommendations arising out of the research findings in chapter four and suggestions for further research.

It is also vital to briefly reflect on the objectives of the study before proceeding with the summaries, conclusion and recommendations.

5.2 Summary of the findings

It was found out in this study the female respondents had the highest representation of about 53% (119) and the male respondents had less than 48% (109). This was because female were not only more cooperative but they were available at the time when study was carried out. In addition, most of the businesses were being operated by women yet most of the male had gone to other duties and claimed to have limited time for the study.

Regarding educational level, most of respondents had attained a certain level of education, thus, the opinion expressed in the questionnaire could well reflect the attitudes and perception of middle-age and younger respondents. This again indicates that the sample somehow reflects the composition and engagement of both literate and illiterate groups in business operations; however, this helped the researcher to get clear information about the problem statement from competent people.

As far as the duration of the business operation is concerned, it is very encouraging that a good number of respondents business met the requirement of this research. In this case almost (218 out of 228) all business enterprise owners with a 95.6% met the researcher's selection criteria and this was one of the requirements for the respondent to be involved in this research. Thus, the most of the respondents had enough information that was required to solve the problem statement. Across sectors, ownership of businesses in the utilities sector was purely male (100%), however, in some sectors ownership was almost equally balanced – in the education & health (56% male, 44% female) and accommodation sectors (58% male, 42% female). This means that most of the business enterprises are owned by male; however, more ladies are employed to operate these businesses.

The study also found out that beauty shops and saloons are the most operated small businesses with 35 (15.4%) enterprises followed closely by 32 retail shops (14%) whereas welding, photo studios and chemists are the least operated small businesses in Wakiso town.

The role of entrepreneurial skills on the growth in sales of Small and Medium Enterprises

The research carried out revealed that respondents in Wakiso town agreed with the view that entrepreneurial skills play a significant role on the growth in sales of Small and Medium Enterprises.

This study found that 92% of respondents agreed that curiosity and creativity increases the business growth of SMEs. This means that curiosity and creativity increases on the business growth by a percentage of 92. This conclusion was supported by study conducted by Demers (2015) who asserted that the best business skill has always been a healthy curiosity. Thus, with curiosity, an entrepreneur can easily look into what the competitors are doing, and it also allows

an entrepreneur to utilize new technologies to the best of his or her ability to streamline your business and even reach out to new customers.

Still, the biggest percentage (156) of people who have the ability to recognize opportunities realized enhancement of the business growth of their SMEs. However, some respondents disagreed by saying that, ability to recognize opportunities sometimes is hampered by lack of finances, and sometimes it involves a lot of costs to utilize such opportunities thus affecting the business growth of SMEs. Despite the variations in results, it remains true that entrepreneurs in Wakiso town recognize opportunities for the purpose of enhancing the business growth of their enterprises. Some big organizations like Vision Group and MTN Uganda take an initiative to train and implement sales/marketing skills to entrepreneurs through Pakasa.

The study also found out that relatively biggest (62%) percentage of respondents in Wakiso town disagreed with the argument that sales skills do not play a role on the business growth of SMEs. Respondents argued that sales skills play a significant role in enhancing boosting the growth of business enterprise (Umaru and Obeleagu-Nzelibe, 2014). For instance, lack of sales skills led to the closure of Gasam Shoppers and Maama Junior Restaurant. This study also found out that communication skills play a significant role on the business growth of SMEs in a way that entrepreneur and SME operator can be used to sensitize, attract and keep customers informed about the products/services of SMEs. Excellent communication skills of shop attendants always attract customers to my shop. Despite the variations in results, it is clearly indicated in the findings that communications (verbal, oral and written) affect the growth of SMEs. Similar conclusions were made by Sebikari (2014) that communication is how you will be able to cultivate loyal employees, charm customers into coming back time and time again, and court investors and other sources for increasing revenue for your business. An entrepreneur must still

got to maintain clear lines of communication with your customers via email and phone, as well as ensure that the message you send through your website and social-media profiles is the one you want. Thus, with excellent communication skills, there are higher chances of business growth of an SME.

On the customer care skills do not play a significant role on the business growth of SMEs, the findings in figure 4.8 revealed that 33.6% (97 respondents) strongly disagreed and 47.8% (109 out of 228 respondents) disagreed that customer care skills do not play a significant role on the business growth of SMEs in that, customer care skills can highly attractive and retain costumers and finally become loyal to the business. Despite the variations customer care skills, an entrepreneur can deliver information in anon-sensational and expedited way, which in the end creates customer loyalty for ensured business growth.

On whether entrepreneurial skills play a significant role on the business growth of SMES, the findings in table 4.5 above reveal that 37.7% (86 out of 228) strongly agreed 47.4% (108 out of 228) agreed that entrepreneurial skills play a significant role on the business growth of SMES.

The role of entrepreneurship skills on the profitability of small and Medium Enterprises

Majority (174 out of 228) of the respondents in Wakiso town agreed that it is true that curiosity and creativity increase the profitability of SMEs. This implies that entrepreneur's curiosity and creativity increase the profitability of SMEs. Creativity is the ability to make or otherwise bring into existences something new, whether a new solution to a problem, a new method or device, or a new artistic object or form. Creativity empowers an entrepreneurial to observe things or business opportunities that everyone around him or her sees while making connections that no one else has made (Wyckoff, 1991).

The study also discovered that most (208) of respondents disagreed with the view that ability to recognize opportunities does not enhance the profitability of SMEs. Entrepreneurs recognize opportunities where they are and they utilize them by producing products or services that will fill the vacuum identified. Entrepreneurs often see things in a holistic sense; they can see the “big picture” when others see only the parts. One study found that successful owners of SMEs gathered more information about the business environment, and more often, than those who were less successful. This process, known as scanning the environment, allows the entrepreneur to see the entire business environment and the industry and helps to formulate the larger picture of the business activity.

The study also found out that more than three quarters of the respondents disagreed that sales skills do not play a role on the profitability of SMEs in Wakiso town. As an entrepreneur, you might also benefit from marketing and sales skills, which will help in improving the performance of the SMEs and hence have an upper edge against those without skills equivalent to them (Karanja, *et al.*, 2013). Despite the size of your enterprise – whether it is a large, medium, or a small company, or even a home-based business – they need good communication skills since they interact with outsiders. Thus, communication skills play a significant role on the profitability of SMEs.

When respondents in Wakiso town were asked about the language they normally use when communicating with their clients, they mentioned Luganda, English among Swahili, among others. Lack of communication skills between the supplier and the customer: Lind (2005) highlights the importance of listening to the customer requirements in order to understand their expected and perceived benefit of the product. Customer care skills play a significant role on the profitability of SMEs. Successful business must begin with a customer and ends with a customer.

Basically, as advantages of the small scale, SMEs typically have a motivated, committed management and labour.

Finally, the study found out that there is a correlation between entrepreneurial skills and profitability of SMEs with a positive and significant relationship 78.1%.

The role of entrepreneurship skills on the Return on Investment of SMEs performance

Regarding the role of entrepreneurship skills on the Return on investment of SMEs, the study discovered that most (70%) of the respondents agreed that curiosity and creativity increases the Return on Investment of SMEs. On the other side the biggest percentage disagreed, it implies that ability to recognize opportunities does not enhance the Return on Investment of SMEs which it implies that ability to recognize an opportunity does not enhance the Return on Investment of SMEs (Blouse and Conley, 2008).

Similarly, Bosire and Kayisime (2013) had concluded that successful owners of SMEs gathered more information about the business environment, and more often, than those who were less successful.

The results of the study revealed that sales skills play a role on Return on Investment of SMEs. The more the sales revenues, the higher the return on investments and the better the performance of a given SME.

On whether communication skills play a significant role on Return on Investment of SMEs, the study found out that most (69%) of respondents agreed with the point that communication skills play a significant role on Return on Investment of SMEs in Wakiso town with the sum of 157. This means that communication skills play a significant role on Return on Investment of SMEs.

The present section aimed at investigating the role of communication skills on the return on investments of entrepreneur's small and medium enterprises (SMEs). The results indicated that the information seeking facilities of most of the entrepreneurs were seen fair and acquiring information from other businesses and consulting contacts with the neighbors and relatives, product sellers and promoting factors were listed as the highest priorities of the respondents, respectively. Also, there was a meaningful relationship between rate of using information and communication resources with the variables namely age, duration of operation on the job, number of people operating the business and number using loans.

Similarly, good communication skills enable the entrepreneurs to communicate effectively about the availability of the product/services to other stakeholders. Similar conclusions were made by Kayisime&Bosire (2013), Madata (2011) the entrepreneur requires this to communicate his ideas to clients in a way that the shorter internal lines of communication and the faster response times allow speedy problem solving and reorganization (Winch and McDonald, 1999).

Regarding the role of entrepreneurial skills on the performance of SMES, a bigger percentage 79% (180 respondents) agreed that entrepreneurial skills have an impact on the return on investment of SMEs. This means that skills have an impact on the return on investment of SMEs.

On the relationship between entrepreneurial skills and performance of SMEs in Wakiso town, the study found out that there is a strong positive correlation co-efficient (r) of (r = 0.694) 69.4 % while 30.6% is by other factors. Therefore a change in entrepreneurial skills affects performance of SMES in Wakiso town at 69.4 %. This implies that performance of SMEs is affected by the entrepreneurial skills. However, the findings of the study show that on the whole, the respondents of Wakiso town have limited entrepreneurship skills, particularly, in terms of

recognising business opportunities, being innovative, sales skills and communicating effectively in business transactions.

5.2 Conclusion of the study

The following conclusions drawn as a result of the research work carried out on the role of entrepreneurial skills on the performance of SMEs in Wakiso town; reflect both the theoretical and practical lessons, which can be drawn from the study.

The role of entrepreneurial skills on the growth in sales of Small and Medium Enterprises (SMEs)

On the role of entrepreneurial skills on the growth in sales of SMEs, the study found out that entrepreneurial skills affect growth in sales of Small and Medium Enterprises. Entrepreneurial skills like curiosity and creativity, ability to recognize opportunities, sales skills and customer care skills increases the business growth of SMEs. Therefore, entrepreneurial skills play a significant role on the business growth of SMES by 85.1 percent.

The role of entrepreneurship skills on the profitability of Small and Medium Enterprises (SMEs)

On the role of entrepreneurial skills on the profitability of SMEs, the study found out that entrepreneurial skills affect growth in sales of Small and Medium Enterprises. Entrepreneurial skills like curiosity and creativity, ability to recognize opportunities, sales skills and customer care skills increases the business growth of SMEs. Therefore, there is a correlation between entrepreneurial skills and profitability of SMEs with a positive and significant relationship 78.1 percent.

The role of entrepreneurship skills on the Return on Investment of Small and Medium Enterprises (SMEs)

On the role of entrepreneurial skills on the growth in sales of SMEs, the study found out that entrepreneurial skills affect growth in sales of Small and Medium Enterprises. Entrepreneurial skills like curiosity and creativity, ability to recognize opportunities, sales skills and customer care skills increases the Return on Investment (ROI) of SMEs. Regarding the role of entrepreneurial skills on the performance of SMES, a bigger percentage 79% (180 respondents) agreed that entrepreneurial skills have an impact on the return on investment of SMEs. This means that skills have an impact on the return on investment of SMEs.

On the relationship between entrepreneurial skills and performance of SMEs in Wakiso town, the study found out that there is a strong positive correlation co-efficient (r) of (r = 0.694) 69.4 % while 30.6% is by other factors. Therefore a change in entrepreneurial skills affects performance of SMES in Wakiso town at 69.4 %. However, the remaining 30.6% is by other factors. This implies that performance of SMEs is affected by the entrepreneurial skills.

5.3 Recommendations

Basing on the study findings and the conclusions, the researcher derived the following recommendations: Entrepreneurial skills play a significant role on the performance of SMEs. Lack of these skills greatly affects the growth of their businesses in terms return on investment, net profit and business growth. Therefore, it is recommended that the business cooperation for entrepreneurs 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.

The researcher recommends that the SMEs should develop and organize constant seminars and workshops to train and educate employees on mechanisms for mitigation of critical risks which have affect the companies to effectively because of un foreseeable circumstances.

The SMEs should learn how to develop budgets and incorporate them in their businesses to monitor and allocate resources used in different periods of time so as to effectively improve the performance of SMEs.

5.4 Areas suggested for further research

Due to the need of having a wider understanding in the subject, the researcher suggests that more research be carried out in the following areas.

In this study, the analysis and conclusion would serve as a departing point for further researchers. There is significant need to study on the role of entrepreneurial skills on the performance of SMEs in other parts of the country. Therefore, suggested areas for future research can include the following aspect:

The study covered Wakiso town. A similar study can be carried out in other parts of the country to verify whether what was observed in Wakiso town were futures of all SME's in Uganda in general.

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APPENDIX I:RESEARCH QUESTIONNAIRE

Questionnaire

Dear Respondent,

This questionnaire intends to collect information on the role of entrepreneurship skills on the performance of Small and Medium Enterprises (SMEs) in Uganda, a case study of Wakiso Town. All responses given shall be “Strictly confidential.” You have been randomly selected to participate in this study, so please, answer the questions to the best of your knowledge, accurately and without fear. The information you give is very important for both academic and policy making.

Thank you so much.

Yours faithfully,

Kobusinge Christine

Researcher

SECTION A: GENERAL INFORMATION

1) What is your gender?

a) Male

b) Female

2) What is your age group?

a) Below 20years

- b) 21-30
- c) 31-40
- d) 41-50
- e) 51 and above

3) What is your level of education?

- a) Degree
- b) Diploma
- c) Secondary
- d) Any other, Specify.....

4) What is your marital status?

- a) Single
- b) Married
- c) Divorced
- d) Separated

5) How many years has your business enterprise spent?

- a) Less than one year
- b) Between 1 and 3 years
- c) Between 3 and 5 years
- d) More than 5 years

6) What is the type of your business enterprise?

SECTION B: THE ROLE OF ENTREPRENEURIAL SKILLS ON THE BUSINESS GROWTH OF SMALL AND MEDIUM ENTERPRISES

(Please tick the answer that corresponds to your level of agreement or disagreement with each item: 1.Strongly disagree 2. Disagree 3. Not sure, 4. Agree and 5. Strongly Agree)

No		1	2	3	4	5
7	Curiosity and creativity increases the business growth of SMEs					
8	Ability to recognize opportunities enhances business growth of SMEs					
9	Sales skills do not play a role on the business growth of SMEs					
10	Communication skills play a significant role on the business growth of SMEs					
11	Customer care skills do not play a significant role on the business growth of SMEs					
12	Entrepreneurial skills play a significant role on the business growth of SMES					

SECTION C: THE ROLE OF ENTREPRENEURSHIP SKILLS ON THE PROFITABILITY OF SMALL AND MEDIUM ENTERPRISES

(Please tick the answer that corresponds to your level of agreement or disagreement with each item: 1.Strongly disagree 2. Disagree 3. Not sure, 4. Agree and 5. Strongly Agree)

No		1	2	3	4	5
13	Curiosity and creativity increases the profitability of SMEs					
14	Ability to recognize opportunities does not enhance the profitability of SMEs					
15	Sales skills do not play a role on the profitability of SMEs					
16	Communication skills play a significant role on the profitability of SMEs					
17	Customer care skills do not play a significant role on the profitability of SMEs					
18	Entrepreneurial skills play a significant role on the profitability of SMEs					
19	Entrepreneurial skills do not play a role on the profitability of SMEs					

SECTION D: THE ROLE OF ENTREPRENEURSHIP SKILLS ON THE RETURN ON INVESTMENT OF SMES PERFORMANCE

No		1	2	3	4	5
20	Curiosity and creativity increases the Return on Investment of SMEs					
21	Ability to recognize opportunities does not enhance the Return on Investment of SMEs					
22	Sales skills do not play a role on Return on Investment of SMEs					

23	Communication skills play a significant role on Return on Investment SMEs					
24	Customer care skills do not play a significant role on Return on Investment of SMEs					
25	Entrepreneurial skills play a significant role on Return on Investment SMES					
26	Entrepreneurial skills have an impact on the return on investment of SMEs					

APPENDIX II: INTERVIEW GUIDE

Dear Respondent,

This questionnaire intends to collect information on the role of entrepreneurship skills on the performance of Small and Medium Enterprises (SMEs) in Uganda, a case study of Wakiso Town. All responses given shall be “Strictly confidential.” You have been randomly selected to participate in this study, so please, answer the questions to the best of your knowledge, accurately and without fear. The information you give is very important for both academic and policy making.

Thank you so much.

Yours faithfully,

Kobusinge Christine

1. Do entrepreneurs in Wakiso town have entrepreneurial skills? Explain briefly.

2. Do you experience business failure in Wakiso town? Explain your answer.
3. In brief, what could be the cause of business success or failure in Wakiso town?
4. Briefly, comment about the performance of Small and Medium Enterprises in Wakiso town.
5. Is there any legal obligation or penalty on SMEs which does not perform well?
6. Briefly, explain the entrepreneurial skills you know.
7. In your own opinion, do you think entrepreneurial skills have a role they play on the performance of SMEs in Wakiso town?
8. In your own opinion, do entrepreneurial skills play a significant role on the growth in sales of Small and Medium Enterprises in Wakiso town?
9. In your own view, do entrepreneurship skills have a role they play on the profitability of small and Medium Enterprises in Wakiso town?
10. In your own view, do entrepreneurship skills have a role they play on the Return on Investment of SMEs performance in Wakiso town?
11. In your own opinion, do you think business performance of SMEs is affected by entrepreneurial skills?
12. In your own opinion, what is your recommendation as regards this topic?

APPENDIX III: MORGAN AND KREJCIE TABLE

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

“N” is population size

“S” is sample size

APPENDIX IV : RECOMMENDATION LETTERS

KISIMBIRI L.C.I CENTRAL ZONE 'B'
WAKISO TOWN COUNCIL



WAKISO DISTRICT

Date:

Our Ref:.....

Your Ref:.....

1st March, 2016

Dear Kobusinge Christine,

RE: ACCEPTANCE LETTER TO CARRY OUT ACADEMIC STUDY IN WAKISO TOWN

This is to inform you that as a third year student of Bachelor of Business Administration and Management under the agreement established by Uganda Martyrs University, you have been accepted to carry out an academic study on "The Role of Entrepreneurial Skills on the performance of Small and Medium Enterprises." in Wakiso Town.

While researching in this field, you will be under our supervision to ensure that you are safe from any inconvenience please contact us on 0753-145796.

Yours sincerely,

.....
Ssalongo Walakira Stephen
Chairman Kisimbiri L.C.I Central Zone 'B'
0753-145796

