

**MANAGERIAL SKILLS AND THE PERFORMANCE OF SMALL AND MEDIUM
ENTERPRISES IN EASTERN UGANDA : A CASE STUDY OF SMALL AND
MEDIUM ENTERPRISES IN INDUSTRIAL DIVISION MBALE CITY**

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**UGANDA CHRISTIAN
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DECLARATION

I KOMUHOOZI BRACEOUS, REG. NO. WJ22/MUC/BBA/054, hereby declare that this report is my original work and has not been presented before for an academic award of a degree in any other University.

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APPROVAL

This report has been submitted for examination with my approval as University Supervisor.



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DEDICATION

I wish to dedicate this internship report to Mrs. Komugisha Lydia and my all my siblings for their endless effort towards my academic excellence. May the Lord richly bless the works of their hands.

ACKNOWLEDGEMENT

I want to start by expressing my gratitude to the Almighty God for everything that he has done for me along this journey. In addition, I would like to express my gratitude to my family, Muhoozi Brutus, Mwinemuhoozi Bronia, Komugisha Brilliant, Ainemuhoozi Branita, Atuhaire Brave, not forgetting my supervisor Mr. Maena Daniel and the University administration for their unselfish support in helping me in whatever manner during this study project.

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LIST OF ACRONYMS/ABBREVIATIONS

SME	- Small and Medium Enterprise
HRM	- Human Resource Management
R-Square	- Coefficient of Determination
ANOVA	- Analysis of Variance
GDP	- Gross Domestic Product
KPI	- Key Performance Indicator
ICT	- Information and Communication Technology
CEO	- Chief Executive Officer
CRM	- Customer Relationship Management
PM	- Performance Management

ABSTRACT

This study examined the effect of managerial skills on the performance of SMEs in the Industrial Division of Mbale City. It aimed to assess the impact of entrepreneurial skills, human resource management, and marketing skills on SME performance. Utilizing a sample of 86 respondents, the research employed both qualitative and quantitative methods to analyze the data. The findings revealed that entrepreneurial skills had a minimal effect on SME performance, with a low R-Square value of 0.009, indicating that only 0.9% of the performance variance could be explained by these skills. Strategic planning and opportunity recognition showed positive correlations with performance, while innovation and adaptability had less significant impacts. Human resource management practices also had a limited effect, with an R-Square value of 0.030, signifying that only 3% of the performance variance was attributed to HRM practices. Recruitment, skill development, and performance management showed weak associations with performance, suggesting a need for more comprehensive strategies. Marketing skills similarly had a minimal direct impact, with an R-Square value of 0.021, explaining only 2.1% of the variance. However, moderate positive correlations were found between marketing skills and job satisfaction and SME performance. In conclusion, the study highlighted that while these managerial skills are crucial, their direct impact on SME performance was limited. It recommended adopting a holistic approach that integrates these skills with other critical factors such as market conditions and resource management to enhance overall performance. Future research should explore additional variables and contextual factors for a more comprehensive understanding of SME performance dynamics.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background to the study, statement of the problem, purpose and specific objectives of the study, study questions, conceptual framework, significance and justification of the study, scope of the study and definition of key terms and concepts

1.1 Background of the study

1.1.1 Historical background

The history of small and medium-sized enterprises (SMEs) in the United States dates back to the early industrial revolution. SMEs have been crucial in shaping the U.S. economy, especially after World War II. According to Neumark, Wall, and Zhang (2011), SMEs contributed significantly to job creation and innovation in the post-war era. The Small Business Administration (SBA), established in 1953, played a pivotal role in supporting SMEs through financial aid, counseling, and contract procurement assistance (U.S. Small Business Administration, 2014).

Japan's SMEs have been the backbone of its economy, particularly in the post-World War II period. The Ministry of International Trade and Industry (MITI) initiated various policies to support SMEs, leading to their rapid growth and technological advancement. According to Sato (2013), SMEs in Japan were instrumental in the development of the manufacturing sector, especially in the automotive and electronics industries. The Japanese government has continuously provided support through financial assistance and technological innovation programs (Sato, 2013).

Germany's SMEs, known as the "Mittelstand," have been central to its economic success, especially after World War II. These enterprises are characterized by their family ownership and long-term business strategies. According to Audretsch and Lehmann (2016), the German government has implemented policies to support the Mittelstand through financial incentives, innovation support, and export assistance. The robust network of vocational training and strong industry associations has further bolstered the SME sector (Audretsch & Lehmann, 2016).

In Nigeria, SMEs have been pivotal in fostering economic growth and employment. The Nigerian government has recognized the importance of SMEs and implemented various policies to support them. According to Aremu and Adeyemi (2011), SMEs contribute significantly to Nigeria's GDP and employment. Programs such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) were established to provide support in terms of finance, capacity building, and market access (Aremu & Adeyemi, 2011).

South Africa's SMEs have played a crucial role in post-apartheid economic development. The South African government has introduced various initiatives to promote SME growth. According to Rogerson (2004), SMEs are vital in addressing unemployment and promoting economic inclusivity. The National Small Business Act of 1996 and the establishment of the Small Enterprise Development Agency (SEDA) are key milestones in supporting South African SMEs (Rogerson, 2004).

Kenya's SMEs have been essential in driving economic growth and innovation. The Kenyan government has focused on creating an enabling environment for SMEs through policy reforms and financial support. According to Kinyua (2014), SMEs in Kenya contribute significantly to GDP and employment. Initiatives such as the Youth Enterprise Development Fund and the Uwezo Fund have been established to support SME growth, particularly among the youth and women (Kinyua, 2014).

In Uganda, SMEs are crucial for economic development, particularly in regional hubs like Mbale City. Historically, Mbale has been a center for commerce and industry, with SMEs playing a significant role in its economic activities. According to Balunywa (2009), SMEs in Uganda face challenges such as limited access to finance, inadequate infrastructure, and a lack of skilled labor. However, government initiatives, such as the Micro, Small, and Medium Enterprises (MSME) policy framework, aim to address these challenges and promote SME growth (Balunywa, 2009).

In the industrial area of Mbale City, SMEs are involved in various sectors, including manufacturing, agro-processing, and trade. These enterprises are vital for local economic development and employment generation. Efforts to improve infrastructure and access to markets are ongoing, with the aim of enhancing the competitiveness of SMEs in the region.

1.1.2 Theoretical background

The study adopted Resource based theory developed by Barney (1991). Barney (1991): The RBV emphasizes that a firm's unique resources and capabilities are crucial for achieving a sustainable competitive advantage. In the context of SMEs, this means that the unique skills, knowledge, and capabilities of the management team can significantly impact performance. SMEs that leverage their distinct resources effectively are more likely to outperform competitors, especially in niche markets where large firms might not dominate.

Wernerfelt (1984): Wernerfelt's work suggests that firms should focus on building and leveraging their unique resources to create a competitive edge. For SMEs, this could involve developing specialized knowledge, innovative products, or unique processes that larger firms cannot easily replicate, thus enhancing their market position and performance.

Peteraf (1993): Peteraf highlights four conditions for achieving a sustained competitive advantage: resource heterogeneity, resource immobility, ex-ante limits to competition, and ex- post limits to competition. For SMEs, recognizing and nurturing these conditions can lead to superior performance by ensuring that their resources are valuable, rare, difficult to imitate, and non-substitutable.

1.1.3 Contextual background of the study

Mbale City is located in the Eastern Region of Uganda, lying at the foot of Mount Elgon, close to the Kenyan border. The city serves as a commercial and administrative hub for the region, connecting to other major towns and cities through a network of roads and the Tororo-Mbale- Soroti railway line. The Industrial Division is one of the key areas in Mbale City, dedicated to industrial activities and the concentration of various SMEs.

Mbale City's history dates back to the colonial period when it emerged as a trading center due to its strategic location. Over the decades, the city developed into a significant urban center, attracting various businesses and industries. The Industrial Division, in particular, became home to numerous small and medium-sized enterprises engaged in manufacturing, agro-processing, and trade. The establishment of the Mbale Industrial Park in recent years has further stimulated industrial activities in the area.

SMEs in Mbale's Industrial Division play a critical role in the local economy. They are involved in various sectors, including agro-processing, metal fabrication, furniture making, and retail trade. According to Balunywa et al. (2010), SMEs in Mbale contribute significantly to employment and income generation for many households. However, these enterprises face several challenges, such as limited access to finance, inadequate infrastructure, and a lack of skilled labor, which affect their performance and growth prospects.

A study by Kyazze (2010) highlights that the performance of SMEs in Mbale's Industrial Division is influenced by both internal and external factors. Internal factors include management skills, business strategies, and access to resources, while external factors encompass market conditions, government policies, and infrastructure development. Despite these challenges, there have been efforts by both the government and private sector to support SME growth through initiatives such as business training programs, financial support schemes, and infrastructure improvements.

Recent performance records indicate a gradual improvement in the operational efficiency and productivity of SMEs in Mbale. The establishment of the Mbale Industrial Park has provided a conducive environment for industrial activities, attracting more investors and enhancing the competitiveness of local enterprises. Additionally, the government's focus on improving road infrastructure and utilities in the region has positively impacted the performance of SMEs.

1.1.4 Conceptual background

Managerial skills refer to the abilities and attributes that enable an individual to identify opportunities, take risks, innovate, and manage a business venture effectively. These skills include creativity, risk-taking, problem-solving, decision-making, and strategic thinking. According to Mitchelmore and Rowley (2010), managerial skills encompass a range of competencies that enable entrepreneurs to successfully start and grow their businesses by identifying and exploiting business opportunities.

Human resource management (HRM) skills involve the ability to effectively manage people within an organization. This includes recruitment, training and development, performance management, employee relations, and compliance with labor laws. HRM skills are essential for maintaining a

productive and motivated workforce. Dessler (2013) defines HRM skills as the competencies required to attract, develop, motivate, and retain employees, thereby ensuring the efficient and effective operation of an organization.

Marketing skills refer to the abilities required to promote and sell products or services. These skills include market research, advertising, sales techniques, customer relationship management, and digital marketing. Effective marketing skills are crucial for reaching target audiences and achieving business growth. According to Kotler and Keller (2016), marketing skills involve understanding customer needs and wants, creating value propositions, and communicating these effectively to the target market to drive sales and build brand loyalty.

Profitability is a measure of the financial performance of a business, indicating its ability to generate earnings relative to its expenses. It is commonly assessed through metrics such as net profit margin, return on assets, and return on equity. According to Altman and Sabato (2007), profitability is a key indicator of the financial health of SMEs, reflecting their ability to sustain operations, invest in growth, and provide returns to their owners.

The quality of goods or services refers to the degree to which products or services meet customer expectations and standards. High quality is often associated with reliability, durability, functionality, and overall customer satisfaction. Garvin (1987) defines quality as a multi-dimensional concept encompassing performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality.

Assets are resources owned by a business that have economic value and can provide future benefits. For SMEs, assets can include tangible items such as machinery, equipment, and real estate, as well as intangible assets like intellectual property and brand equity. According to Penman (2013), assets represent the resources controlled by a business as a result of past events and from which future economic benefits are expected to flow to the entity.

1.2 Statement of the problem

While the contributions of small business to development are generally acknowledged, managers of SMEs face many obstacles that limit their long-term performance and invariably, their development and growth. Research on small business development has shown that the rate of failure in

developing countries is higher than in the developed world (Arinaitwe, 2006). Empirical evidence has shown that the life span of SMEs tends to be short, with approximately two thirds of all start-ups failing within the first five years (Ladzani and Van Vuuren, 2002). Only small percentages stay in business in the long term, with many of the survivors achieving only marginal performance (Freeman, 2000).

Mbale City, being a major commercial hub in Eastern Uganda, hosts a large number of SMEs that contribute significantly to the local economy. Despite their potential, these enterprises face numerous challenges that limit their performance and growth prospects. The lack of managerial skills among SME owners and managers is a fundamental issue that exacerbates these challenges.

Inadequate access to training and development opportunities further limits the ability of these managers to acquire the necessary skills for effective business management (Mugaga, 2022). As noted by Kiggundu et al. (2023) in their study, the absence of strategic planning and market analysis skills has been a significant impediment to the performance of SMEs in Uganda. With this consideration, the researcher seeks to ascertain the effect of the managerial skills on the performance of Uganda's Small and Medium size enterprises in Eastern Uganda, Mbale City, Industrial division.

1.3 General objective

To examine the effect of managerial skills on the SME performance of SMEs in Industrial Division, Mbale City.

1.4 Specific objectives

1. Assess the effect of entrepreneurial skills on the SME performance in Mbale City, Industrial division.
2. Find out how human resource management affects the performance of SMEs in Mbale City, Industrial division.
3. To establish the effect of marketing skills on the performance of SMEs in Mbale City, Industrial division.

1.5 Research questions

1. What is the effect of entrepreneurial skills on the performance of SMEs in

Mbale City, Industrial division?

2. How do human resource management skills affect the performance of SMEs in MbaleCity?
3. How do marketing skills affect the performance of SMEs in Mbale City, Industrial division?

1.6 Justification of the study

The study of managerial skills is crucial for the success of small and medium-sized enterprises (SMEs) in Mbale City, industrial division, as it directly impacts their performance. Effective management is essential for the growth and sustainability of SMEs, as it influences various aspects such as employee motivation, organizational culture, and strategic decision-making.

Several authors have emphasized the importance of managerial skills in the context of SMEs. For example, in their book "Small Business Management: An Managerial Approach," authors William G. Sanders and Marshall B. Rosenberg highlight the significance of managerial skills in driving the success of SMEs (Sanders & Rosenberg, 2018). Similarly, in their study titled "The Impact of Managerial Skills on the Performance of Small and Medium-sized Enterprises in Developing Countries," authors A. A. Adeyemi and A. O. Adeyemi found a positive correlation between managerial skills and the performance of SMEs (Adeyemi & Adeyemi, 2018).

In another study titled "Managerial Skills and Performance of Small and Medium-sized Enterprises in Sub-Saharan Africa," authors O. O. Ogunrinde and A. O. Adeyemi also found that managerial skills play a vital role in the success of SMEs in the region (Ogunrinde & Adeyemi, 2019).

1.7 Scope of the study

1.7.1 Conceptual scope

The study was limited to investigate on the Management of small and medium enterprises and their performance in Uganda; it was scrutinized the effect of business management skills on the SME performance. In particular the study assess the Assess the effect of

managerial skills on the SME performance in Mbale City, Industrial division, find out how human resource management affects the performance of SMEs in Mbale City, Industrial division, and establish the effect of marketing skills on the performance of SMEs in Mbale City, Industrial division.

1.7.2 Time scope

The study was conducted for 3 years from 2021-2023. This period was chosen so as to enable new knowledge to be gained in relation to the more recent socio-economic trends, policies and regulations relating to Uganda's SME management and their performance.

1.7.3 Geographical scope

Mbale City is situated in eastern Uganda, approximately 245 kilometers (152 miles) northeast of Kampala, the capital city of Uganda. It lies at the foothills of Mount Elgon, a dormant volcano, which influences its geography and climate. The city's coordinates are approximately 1.064° N latitude and 34.179° E longitude.

The surrounding region is characterized by fertile lands suitable for agriculture, with coffee being a prominent crop. Mbale City serves as a commercial center and administrative hub for the region, playing a crucial role in eastern Uganda's economy and development.

1.8 Significance of the study

The significance of the study was to contribute to the existing body of knowledge on the subject, with the aim of assisting policymakers in addressing issues related to the management and performance of small businesses. Specifically, this study aimed to help entrepreneurs recognize the challenges faced within the small and medium enterprises (SMEs) sector. It was hoped that the study would also offer recommendations to overcome these challenges. Additionally, the study was intended to support the efforts of other scholars and libraries by providing valuable insights.

The findings of the study were anticipated to aid the private sector in lobbying for asset financing policies that could enable SMEs to thrive in developing countries like Uganda.

The study was designed to assist promoters of SMEs in emphasizing the importance of management and entrepreneurship skills, thereby improving firm performance and reducing failure rates.

The results of the study were expected to highlight the relevance of developing competencies to achieve organizational goals at the SME level. This would provide valuable feedback to existing providers of SME strengthening initiatives, such as Enterprise Uganda and the Private Sector Foundation, who have been involved in training SME managers to enhance their competencies.

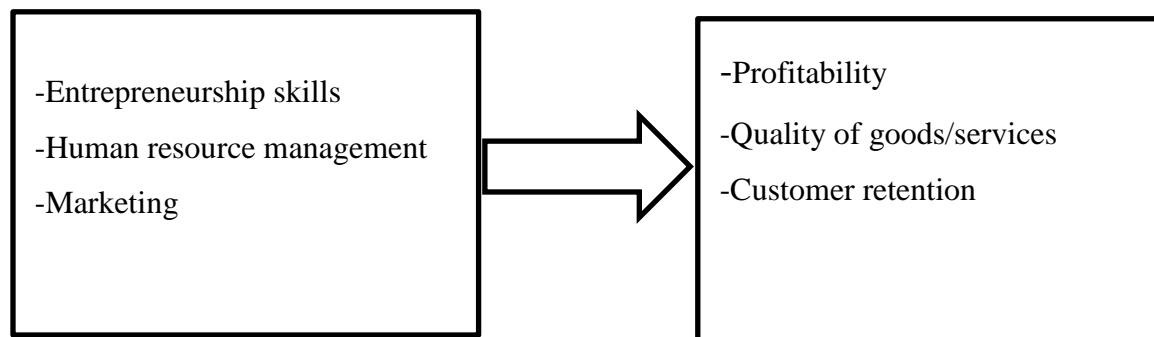
1.9 Conceptual framework:

Figure 1 Conceptual framework:

Lack of effective management during their early stages is also a major cause of business failure for small businesses. Owners tend to manage these businesses themselves as a measure of reducing operational costs (Tushabomwe, 2006).

Independent variables (Managerial skills)

Dependent variables (SME Performance)



Source; Developed by the researcher (2024).

Description of the Conceptual Framework

According to the framework above the study has two major variables that is to say Managerial Skills as the independent variable and SME performance as the dependent variables, these major variables are split to generate specific variables that are used to stipulate many to many relations. The specific independent variables under management include entrepreneurship skills, human resource management skills and marketing skills, and these are analyzed to be having a correlation relationship with the specific dependent variables under performance of SMEs that include; quality of goods, profitability and customer retention. Considering the Uganda investment climate as the moderating variable characterized according to legislation, regulations and taxes, the moderating variable has significant impact on both the dependent variables and the independent variables thus when the investment climate is favorable management of SMEs (independent variable) will positively result to excellent SME performance holding other factors constant.

1.10 Definition of key terms

Business failure is a discontinuance of the business.

Business mortality is the termination of an enterprise due to firms earning rate of return on investment which is less than the opportunity cost of capital (Fredland & Morris, 1976). Another definition considers business mortality as termination to avoid losses (Ulmer & Nielsen, 1981). The other definition describes it as mortality due to bankruptcy.

Entrepreneurship is the act and art of being an entrepreneur or one who undertakes innovations or introducing new things, finance and business acumen in an effort to transform innovations into economic goods. In case of this study, the term entrepreneurship is limited starting new businesses and all forms of managerial activities that can lead to its growth and development.

Management will refer to the overall process of planning, organizing, controlling and assembling all factors of production in order to achieve the fore set goals and objectives of a business venture. The objectives and goals include profitability, competitive advantage, market share, performance efficiency etc.

Marketing refers to a process of the company's staff applying their skill and abilities to ably sell their goods and/or services to the general public.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section is arranged in two subsections, the first part is the theoretical review that includes the review of literature on the theory or theories, which are the guiding principle of the study and the second subsection is the actual (Empirical) Literature review arranged objective-by-objective. This chapter examines the literature relating to the study variables and particularly analyze the relationships between these study variables as presented by various scholars.

2.0.1 Theoretical review

Resource-Based View (RBV)

Barney (1991): The RBV emphasizes that a firm's unique resources and capabilities are crucial for achieving a sustainable competitive advantage. In the context of SMEs, this means that the unique skills, knowledge, and capabilities of the management team can significantly impact performance. SMEs that leverage their distinct resources effectively are more likely to outperform competitors, especially in niche markets where large firms might not dominate.

Wernerfelt (1984): Wernerfelt's work suggests that firms should focus on building and leveraging their unique resources to create a competitive edge. For SMEs, this could involve developing specialized knowledge, innovative products, or unique processes that larger firms cannot easily replicate, thus enhancing their market position and performance.

Peteraf (1993): Peteraf highlights four conditions for achieving a sustained competitive advantage: resource heterogeneity, resource immobility, ex-ante limits to competition, and ex-post limits to competition. For SMEs, recognizing and nurturing these conditions can lead to superior performance by ensuring that their resources are valuable, rare, difficult to imitate, and non-substitutable.

Contingency Theory

Fiedler's contingency model suggests that the effectiveness of leadership is contingent on both the leader's style and the situation. For SMEs, this implies that managers need to adapt their leadership styles to the specific contexts and challenges faced by the organization, whether it's rapid growth, market turbulence, or resource constraints.

Lawrence and Lorsch (1967): Their study on organizational adaptation underscores the importance of aligning organizational structure and management practices with environmental demands. SMEs must be flexible and responsive to external changes, such as market trends or regulatory shifts, to maintain and improve performance.

Donaldson (2001): Donaldson's comprehensive exploration of contingency theory indicates that there is no one-size-fits-all solution for organizational management. For SMEs, success depends on the ability to tailor strategies and management practices to fit their unique circumstances, such as industry type, organizational size, and stage of development.

Burt (1992): Burt's concept of structural holes suggests that managers who occupy positions that bridge different social groups can access diverse information and opportunities. For SMEs, having managers with broad and diverse networks can lead to innovative ideas, partnerships, and access to valuable resources that enhance performance.

Coleman (1988): Coleman's work highlights the role of social capital in facilitating cooperation and knowledge sharing within and outside the organization. SMEs with strong internal and external networks can better mobilize resources, share knowledge, and collaborate, leading to improved performance and competitive advantage.

Putnam (2000): Putnam's analysis of social capital's decline emphasizes the need for strong community ties and networks. For SMEs, building robust relationships within their communities and industries can foster trust, support, and collaboration, which are crucial for sustaining performance and growth.

2.1 Entrepreneurial skills and Performance of SMEs

Entrepreneurial skills are essential for the growth and sustainability of small and medium-sized enterprises (SMEs). These skills encompass a range of competencies including opportunity recognition, risk management, innovation, networking, and strategic planning.

Joseph Schumpeter's seminal work in 1934 emphasized the role of innovation in entrepreneurship. He argued that entrepreneurs drive economic development through "creative destruction," introducing new products and processes that improve efficiency and productivity. For SMEs, innovation is a critical entrepreneurial skill that can lead to competitive advantage and superior performance.

Timmons (1994) outlined the entrepreneurial process, emphasizing the importance of opportunity recognition, resource acquisition, and team building. These skills enable entrepreneurs to identify and exploit market opportunities, secure necessary resources, and build effective teams, all of which are crucial for SME performance.

Shane and Venkataraman (2000) highlighted opportunity recognition as a core entrepreneurial skill. They posited that successful entrepreneurs are adept at identifying market gaps and capitalizing on them. For SMEs, the ability to recognize and seize opportunities is fundamental to achieving growth and profitability.

Baron (2006) explored the cognitive skills of entrepreneurs, including their ability to process information, make decisions under uncertainty, and learn from experiences. Cognitive skills such as problem-solving and decision-making are vital for navigating the complex and dynamic environments that SMEs operate in.

Kuratko (2007) emphasized the role of entrepreneurial leadership in SME success. Entrepreneurial leaders inspire and motivate their teams, foster a culture of innovation, and drive strategic initiatives. Leadership skills are essential for guiding SMEs through growth phases and overcoming challenges.

Fatoki and Garwe (2010) examined the impact of entrepreneurial skills development on the performance of South African SMEs. They found that skills such as financial management, marketing, and strategic planning are crucial for SME success. Their study underscores the need for continuous skills development to enhance SME performance.

Man, Lau, and Chan (2002) proposed a competencies framework for entrepreneurs, identifying key competencies such as opportunity, relationship, conceptual, organizing, and strategic competencies. These competencies are directly linked to the performance of SMEs, enabling them to adapt to changes and exploit new opportunities.

Hisrich, Peters, and Shepherd (2013) provided a comprehensive overview of entrepreneurial skills and their impact on SME performance. They emphasized the importance of innovation, risk-taking, and proactive behavior in driving business success. Their work highlights that entrepreneurial skills are integral to navigating competitive markets and achieving sustainable growth.

Rauch and Frese (2000) explored the psychological traits and skills of entrepreneurs, including self-efficacy, resilience, and risk tolerance. These traits and skills are critical for SME performance, as they influence the ability of entrepreneurs to persevere through challenges and capitalize on opportunities.

Sarasvathy (2001) introduced effectuation theory, which describes how entrepreneurs make decisions in uncertain environments. Effectuation involves leveraging available resources and networks to create new opportunities. This skill is particularly relevant for SMEs, which often operate under resource constraints and need to be adaptable and innovative to succeed.

The literature reviewed underscores the critical role of entrepreneurial skills in enhancing the performance of SMEs. Innovation, opportunity recognition, cognitive abilities, leadership, skills development, and effectuation are key competencies that contribute to SME success. Empirical studies consistently show that SMEs with strong entrepreneurial skills are better positioned to achieve growth, sustainability, and competitive advantage. Fostering these skills through education, training, and experience is essential for the continued success of SMEs.

2.2 Human Resource Management and Performance of SMEs:

Effective human resource management (HRM) practices are essential for the success of SMEs. HRM involves the strategic management of the organization's workforce, including

recruitment, selection, training, performance evaluation, and compensation. By implementing best practices in HRM, entrepreneurs and managers can attract, retain, and motivate talented employees, ultimately driving organizational performance.

Several studies have examined the relationship between HRM practices and SMEs performance. For example, a study by Boxall and Cardwell (2001) found that HRM practices, such as employee involvement, performance appraisal, and training and development, are positively associated with organizational performance. Another study by Gerhart and Milkovich (1989) found that HRM practices, such as recruitment and selection, compensation, and employee benefits, are critical for the success of SMEs.

Barber (1998): Emphasizes the importance of effective recruitment and selection processes in ensuring that SMEs hire the right talent. Proper hiring practices contribute to better employee performance and organizational success. Dessler (2013): Highlights best practices in recruitment and selection, suggesting that structured interviews, psychometric testing, and thorough background checks can improve hiring quality in SMEs.

Noe (2010): Argues that continuous training and development are crucial for SMEs to keep their workforce updated with the latest skills and knowledge. Effective training programs enhance employee capabilities and contribute to organizational performance. Garavan, Morley, Gunnigle, and Collins (2001): Discuss the impact of formal and informal training methods on SME performance, finding that both approaches can significantly improve employee skills and productivity.

Way (2002): Finds a positive relationship between high-performance work systems (HPWS) and SME performance. The study suggests that SMEs adopting advanced HRM practices, such as comprehensive training and performance management systems, achieve better performance outcomes. Barney and Wright (1998): Highlight the strategic value of human resources in achieving competitive advantage. They argue that firms with superior HRM practices can create unique capabilities that enhance performance.

Storey (2004): Analyzes various SMEs and concludes that those investing in HRM practices, such as employee training and development, experience better organizational performance. The study underscores the importance of HRM in driving SME success. Kotey

and Slade (2005): Investigate the impact of HRM practices on SME performance in Australia. They find that SMEs with formal HRM practices, such as structured recruitment and performance management systems, perform better financially and non-financially.

Cardon and Stevens (2004): Discuss the resource limitations faced by SMEs, which hinder their ability to develop and implement sophisticated HRM practices. Limited financial and human resources make it challenging for SMEs to invest in comprehensive HRM systems. Gilbert and Jones (2000): Point out that SMEs often lack the expertise to design and execute effective HRM practices. This knowledge gap can negatively impact the ability of SMEs to attract, develop, and retain talent. Katz, Aldrich, Welbourne, and Williams (2000): Identify the challenges SMEs face in adopting best HRM practices. They suggest that tailored HRM solutions that consider the unique needs and constraints of SMEs can help improve their HRM effectiveness.

2.3 Marketing Skills and Performance of SMEs:

Marketing skills are critical for the success of SMEs. These skills encompass a range of abilities, including market research, product development, branding, pricing, promotion, and distribution. Entrepreneurs and managers who possess strong marketing skills are better able to identify and target their organization's target market, develop and promote products and services, and create value for their customers and stakeholders.

Several studies have examined the relationship between marketing skills and SMEs performance. For example, a study by Kohli and Jaworski (1990) found that marketing competence, including knowledge of marketing principles, experience in marketing, and ability to apply marketing concepts, is positively associated with organizational performance. Another study by Shimp and Sharma (1987) found that marketing skills, such as product differentiation, promotion, and pricing, are critical for the success of SMEs.

Narver and Slater (1990) They highlight the importance of a market orientation for businesses. Market orientation involves customer orientation, competitor orientation, and inter-functional coordination. This orientation is crucial for SMEs to understand market needs and align their strategies accordingly. Jaworski and Kohli (1993): They reinforce the significance of market orientation, arguing that it leads to better organizational

performance by focusing on market intelligence and responsive actions.

Day (1994): Defines marketing capabilities as the integrative processes designed to apply the collective knowledge, skills, and resources of the firm to the market-related needs of the business. These capabilities are essential for SMEs to adapt and compete.

Vorhies and Morgan (2005): Emphasize that marketing capabilities such as pricing, product development, and human resource management capabilities are vital for SMEs to achieve superior performance. Chaffey and Ellis-Chadwick (2016): Discuss the increasing importance of digital marketing skills for SMEs. The adoption of digital tools like social media, email marketing, and SEO can significantly enhance SME performance by reaching broader audiences and engaging customers effectively.

Pelham (2000): Finds a strong correlation between market orientation and SME performance. The study suggests that SMEs with a high level of market orientation achieve better financial results. O'Dwyer, Gilmore, and Carson (2009): Highlight the role of marketing skills in driving SME performance. Their study shows that SMEs with well-developed marketing capabilities tend to perform better in terms of market share and profitability.

Bocconcelli et al. (2018): Analyze Italian SMEs and find that those investing in digital marketing skills experience improved market performance and customer engagement. This study underscores the importance of adapting to digital trends for SME growth.

2.4 Summary of the literature review and Gaps

SMEs face significant obstacles that can affect their development and growth, these vary from country to country. Some Governments make it increasingly difficult for local businesses to flourish through burdensome regulation that lengthens important procedures and raises the stakes of failure. Furthermore, while regulatory barriers to growth can be damaging to start-ups and small businesses, they do not discourage innovation or business development on a wide scale. Indeed, impressive innovation continues to emerge from countries where regulation is cumbersome. What does make SME growth and development especially difficult, however, is lack of access to credit. If this can

be improved, African designed innovations could provide local economies with substantial opportunities for growth and job creation. SMEs themselves are growth and development-oriented. Therefore, if an enabling policy, a legal and regulatory framework and the necessary infrastructure to reduce the cost of doing business are accompanied by a stable macroeconomic environment, SMEs can play a significant role in economic development.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section entailed the research design, area of study, study population, sampling size, sampling procedure, data collection instruments, model specification and estimation, and the ethical considerations involved in the study to assess the impact of management skills on the performance of SMEs in Uganda. The research design encompassed the methodology and procedures employed to conduct the scientific research. This section further outlined the methodology used to obtain the perspectives of the respondents regarding the research question, hypotheses, independent and dependent variables, data collection, and statistical analysis plan.

3.1 Research design

The research adopted both qualitative and quantitative approaches to relate the independent variables—Human Resource Management Skills, Managerial Skills, and Marketing Skills—to the performance of Small and Medium Enterprises (SMEs). A case study design was also utilized to observe and analyze the SMEs respondents and key informants from SMEs development stakeholders, allowing for the identification of differences in outcomes and comparisons based on causal attributes. The case study design enabled the researcher to examine respondents' perceptions and opinions in depth. The qualitative approach facilitated the understanding of views obtained from respondents through questionnaires and interviews, while the quantitative approach was employed to compute and analyze data involving figures, enabling the use of percentages in data analysis.

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3.2 Area of the study

The study was conducted in Mbale City, Industrial Division because it is strategically located and the researcher can easily get access to the respondents. The area of the study refers to anthropological or sociological research which is intended to gather and relate data on various

aspects of a geographical region and its inhabitants , as natural resources , history, language, institutions, economic characterizes and field investigation into human ecology.

3.3 The population of the study

The study was conducted at Industrial division focusing on mainly SMEs. The study population therefore consisted of the study population of 90 SMEs respondents operating within Mbale City, Industrial Division.

3.4 Sample and selection/procedure

Out of a population of 90 respondents, the researcher used a sample of 86 SME participants. This sample size was determined in accordance with the rule set by Krejcie and Morgan (1970). The research employed both simple random sampling and a census to select respondents. Key informants included representatives from the four sectors: Agricultural, Industrial, Service, and Trade. The categories of respondents covered were managers, business owners, employees, and vendors, respectively.

Table 3.1: Showing the Respondents

Type of business	Categories of respondents	Population	Sample	Sampling Technique
Agricultural Sector	Managers	30	28	Simple random
Industrial sector	Business owners	20	20	Census
Service sector	Employees	20	19	Simple random
Trade sector	Vendors	20	19	Simple random
Total		90	86	

Source: Field data (2024)

Sampling procedures

Gilmore, A. (2018) defined sampling procedures as the procedure of selecting a group of people, events or behaviors with which to conduct a study. Sampling procedure which included:

3.5 Simple random sampling

According to Mugenda (2013), simple random sampling is a procedure in which all respondents had equal chances of being selected. This method minimized bias in

sample selection. The procedure was used to sample employees/staff, customers/clients, and local government officials. The use of simple random sampling removed all hints of bias. Since individuals who comprised the subset of the larger group were chosen at random, each individual in the larger population set had the same probability of being selected.

3.6 Census sampling

Census sampling, is also known as complete enumeration, involves collecting data from every member of the population. This method is distinct from sampling, where data is collected from subset of the population. It provides a comprehensive data about every individual in the population, ensuring no one is left out and it is highly accurate, and gives detailed insights.

3.7 Sources of Data

According to Baire, W. (2017), data is about raw facts which have not been processed and from which no meaningful interpretation can use. Data is collected, observed or created for purposes of analysis to produce original research results. These sources include secondary and primary data.

3.7.1 Primary Data collection.

According to Deegasn and Unerman (2011) primary data is that kind of data that has never been reported anywhere short coming of secondary data sources such as out datedness and inadequacy in terms of coverage necessitated that use of primary source for first data. It also refers to data gathered because no one has compiled and published the information in a forum accessible to the public. Companies generally take the time and allocate the resources required to gather primary data only when a question, issue or problem presents itself that is sufficiently important or unique that it warrants the expenditure necessary to gather the primary data. Primary data are original in nature and directly related to the issue or problem and current data.

3.7.2 Secondary data collection

According to Dennis, A. (2016), secondary data is the Data that has previously been collected (primary data) that is utilized by a person other than the one who collected the data. Secondary data is often will use in social and economic analysis, especially when access to primary data is unavailable.

Lowe, D.M. (2017) acknowledged secondary data as that kind of data that is available, already reported by some other scholars' secondary data constitute of abstracts of the various scholars relating to the topic of discussion in question. Secondary data for this study is got from sources like libraries, archived records from the town council, records of selected business, government publication, online information, text books, newspaper and unpublished research reports this is because it will be readily available and easier to complement, as it comprises of extensively researched work.

3.8 Data collection instruments.

Data collection is a tool that was used to collect data (Dilworth 2018). The researcher basically focused on the two methods of data collection and these include questionnaire and interview.

3.8.1 Questionnaire.

According to Lowe (2017), a questionnaire is a reformulated written set of questions to which respondents recorded their answers, usually within narrowly defined alternatives. A questionnaire consists of a series of questions asked to individuals to obtain statistically useful information about a given topic. When properly constructed and responsibly administered, questionnaires become a vital instrument through which statements can be made about specific groups or entire populations. In this study, both open and closed-ended questionnaires were used to collect information from respondents in Mbale City. The researcher allowed the study respondents to fill out the questionnaire, which enabled them to provide free responses and share in-depth views on the study questions. The closed-ended questions included alternative answers for selection and were used to gather required information about the study. The questionnaire was employed on the basis that some variables under study, such as the views, opinions, perceptions, and

feelings of the respondents, could not be directly observed.

3.8.2 Interview Guide

According to Coase, R.H. (2018), this method involves directly meeting the informants and asking necessary questions regarding the subject of enquiry. Usually a set of questions or a questionnaire is carried by him/her and questions are also asked according to that. The interviewer efficiently collects the data from the informants by cross examining them.

3.9 Quality Control Methods

According to Ndifon Ejoh and Patrick Ejom.(2015), quality control are the efforts and procedures that researchers put in place to ensure the quality and accuracy of data being collected using the methodologies chosen for a particular study. Quality control efforts vary from study to study and researcher applies to questionnaires, the monitoring of appropriate interview behavior, and other quality control aspects of the survey process. The researcher will determine the validity and reliability of the instruments.

3.9.1 Validity

Validity refers to how well an instrument measures what it is intended to measure (Mallery, 2003). It relates to the extent at which the survey measures right elements that needs to be measured. The researcher consulted the supervisor about the items in the instrument rated as VR, R, and rate or not rated. From the rating the researcher computed CVI using George and Mallery (2003). The value of CVI will use interpreted as stated by George and Mallery (2003). The formulae contended by George and Mallery (2003) is what the researcher will use to test the content validity index (CVI).

3.10 Reliability.

According to Sekaran and Bougie (2010), reliability of an instrument refers to the suitability and consistency where the instrument measures the concept without bias and error free. Reliability also refers to the consistency and validity of tested results

determined through statistical methods after several trials. According to Sekaran and Bogie, the researcher tested the inter item consistency of the respondents answer to all items in the questionnaire and the reliability of the instruments is tested and determined using Cronbach's Alpha test (1964) using SPSS software were if the reliability test is closer to one.

3.11 Data Analysis.

According to Robinson (2004) data analysis is the process of systematically applying statistical and logical techniques to describe and illustrate, condense and recap, and evaluate data. Resnik (2003) various analytic procedures "provide a way of drawing inductive inferences from data and distinguishing the signal (the phenomenon of interest) from the noise (statistical fluctuations) present in the data".

3.11.1 Quantitative Data

In this study, descriptive statistics was used to analyze the data. This explained and described what the data showed about the effect of managerial skills on the performance of SMEs. Before analyzing the data, it was edited, coded, and entered into excel work sheet, where the researcher was able to use Statistical Package for Social Sciences (SPSS) to analyze data. This ensured accuracy of tables, graphs and measures of central tendency that were used to present the results for easier understanding and interpretation, in addition, both correlation and regression analysis were computed and common themes were captured through content analysis,

3.11.2 Qualitative Data

The qualitative data was analyzed for content and language used by thorough transcribing of recorded interviews looking out for similarities and differences to identify themes and develop categories according to the objectives. Data editing, cleaning, and coding of the items in the questionnaire was employed to crosscheck and interpret qualitative data and generate theoretical relations for making conclusions. The interplay between the findings solicited by both quantitative and qualitative data enabled the researcher to draw conclusions and

subsequently recommendations.

3.12 Ethical Consideration.

Consent

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

Confidentiality

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

Deception

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

3.12 Limitations of the study and solutions.

The study faced a challenge of getting some detailed data because of confidentiality reasons which made the data collection very difficult since the SMEs could not provide critical information that was required because of fear that the competitors could use that information for their own gains but the researcher managed to convince the respective respondents to provide the necessary data required since it was only meant for academic purposes only.

Another challenge to the study was time as this was academic work which had to be completed within a limited period of time; this made the research work difficult. The researcher was able to address this challenge by multitasking and ensuring that he utilized the little time available.

Bias from the respondents, some respondents were very busy with busy schedules however; the researcher assured them about the relevance of this research towards their businesses and development and she managed to convince them and they provided information to researcher.

Most SMEs were critical about scrutiny and disbursement of information pertaining to their operations because there was information which was considered as classified and the researcher had no access to it.

CHAPTER FOUR

DATA ANALYSIS PRESENTATION AND INTERPRETATION OF FINDINGS

4.0. Introduction

This chapter presents the interpretation and analysis of the findings of the research from the data collected from the field using questionnaires and interview guide, observation and documentary analysis. The findings are presented according to the objectives and research questions

4.1. Biological Data of the respondents

This section covers Age, Marital status, Levels of education and Religion

Table 4.1. Showing the age of the respondents

Response	Frequency	Percent
15-30 years	50	58.1%
31-45 years	27	31.4%
46-60 years	9	10.5%
Total	86	100.0%

Source: Primary Data 2024

Findings from Table 4.1 indicate a diverse age distribution among respondents in the study on managerial skills and the performance of SMEs in Eastern Uganda, specifically in Industrial Division, Mbale City. The largest group of respondents falls within the 15-30 years age bracket, accounting for 50 individuals or 58.1% of the sample. This majority suggests a dynamic and youthful workforce engaged in small and medium enterprises (SMEs), likely reflecting the energetic and innovative characteristics typically associated with younger professionals. The 31-45 years age group, comprising 27 respondents or 31.4%, represents a significant portion of the workforce, indicating that a considerable number of respondents are in a stage where they might be leveraging substantial experience and established managerial skills. The smallest segment, the 46-60 years age group, includes 9 respondents or 10.5%, which points to a lesser, though still notable, presence of more seasoned professionals within the SMEs surveyed. This age distribution highlights a predominantly younger workforce with a substantial mid-career segment, potentially offering a blend of

fresh perspectives and experienced management in the performance dynamics of SMEs in the region. The predominance of younger respondents could suggest a potential for higher adaptability and a willingness to embrace innovative managerial practices, which might positively influence SME performance. Conversely, the presence of mid-career professionals could provide stability and experience, which are crucial for effective management and sustainable business operations. The balance between these age groups underscores a vibrant yet experienced workforce, poised to contribute effectively to the performance and growth of SMEs in Mbale City’s Industrial Division. This distribution reflects broader trends in workforce demographics, where younger entrepreneurs and managers are increasingly playing pivotal roles in driving business performance and innovation.

Table 4.2: Showing sex of the respondents

Response	Frequency	Percent
Male	43	50.0%
Female	43	50.0%
Total	86	100.0%

Source: Primary data 2024

Findings from Table 4.2 reveal a balanced gender distribution among respondents in the study on managerial skills and SME performance in Eastern Uganda, specifically in the Industrial Division of Mbale City. The table indicates that 43 respondents, representing 50.0% of the sample, are male, while an equal number, 43 respondents or 50.0%, are female. This 50-50 gender split underscores a significant level of gender parity within the sample population, reflecting an equitable representation of both men and women in the managerial and operational roles within SMEs. This balance suggests that both genders are equally involved in the management and performance of SMEs in the region, potentially contributing to a diverse range of perspectives and management styles. The equal representation may also imply that the study’s findings are well-rounded and inclusive of varied experiences and approaches from both male and female respondents. This gender equilibrium in the workforce can be advantageous for SMEs, fostering an environment of diversity and inclusivity, which can enhance decision-making and problem-solving processes. Additionally, it highlights the role of gender diversity in influencing managerial skills and performance,

suggesting that both male and female managers contribute equally to the success and growth of SMEs in the Industrial Division.

Table 4.3: Showing marital status of the respondents

Response	Frequency	Percent
Single	60	69.8%
Married	9	10.5%
Divorced	9	10.5%
Separated	8	9.3%
Total	86	100.0%

Source: Primary Data 2024

Findings from Table 4.3 indicate a predominance of single individuals among the respondents in the study on managerial skills and SME performance in Eastern Uganda, particularly within the Industrial Division of Mbale City. The table shows that 60 respondents, or 69.8%, are single. This significant majority suggests that a substantial portion of the workforce in SMEs is composed of individuals who are not currently married. The high percentage of single respondents could reflect a younger demographic, as single status is often more prevalent among younger age groups, which aligns with the earlier finding that a majority of respondents are between 15-30 years old.

In contrast, both married and divorced respondents each account for 9 individuals, representing 10.5% of the sample each. This relatively small proportion of married and divorced individuals indicates that the majority of respondents are either at the early stages of their personal lives or have not yet entered into long-term commitments. The 8 respondents, or 9.3%, who are separated, add a minor but notable segment to the sample, contributing to a fuller understanding of the diverse personal circumstances of SME managers.

The predominance of single respondents may influence the performance dynamics of SMEs, potentially impacting factors such as flexibility, work-life balance, and career focus. Single individuals might have different priorities and levels of commitment compared to those who are married or have other personal responsibilities. This demographic distribution highlights the potential for varying managerial approaches and performance outcomes based on personal life stages, offering insights into how personal circumstances might interplay with professional roles and responsibilities within SMEs.

Table 4.4: Showing levels of education

Response	Frequency	Percent
None	5	5.8%
Primary	10	11.6%
Secondary	33	38.4%
Tertiary and above	38	44.2%
Total	86	100.0%

Source: Primary data 2024

Source: Primary data 2024

Findings from Table 4.4 indicate that the majority of respondents in the study on managerial skills and SME performance in Eastern Uganda's Industrial Division, Mbale City, have attained significant educational qualifications. Specifically, 5 respondents, or 5.8%, have no formal education, while 10 respondents, or 11.6%, have completed primary education. A notable 33 respondents, or 38.4%, have achieved secondary education, reflecting a substantial portion of the sample with basic educational credentials. However, the largest group consists of 38 respondents, or 44.2%, who have attained tertiary education or higher. This substantial proportion suggests that a high level of formal education is prevalent among the respondents, which likely enhances their managerial skills and contributes positively to the performance of SMEs. The data highlights the critical role of educational attainment in shaping the capabilities and effectiveness of SME managers, underscoring the connection between higher education levels and potentially improved managerial practices and business outcomes in the region.

4.2.1 Effect of entrepreneurial skills on the SME performance in Mbale City, Industrial division

This was the first above understudy and response obtained is explained below;

Table 4.5: Showing the effect of entrepreneurial skills on the SME performance in Mbale City, Industrial division

Statement	SA	A	U	D	SD
I am enhancing strategic planning and decision-making capabilities	38 (44.2%)	25 (29.1%)	7 (8.1%)	8 (9.3%)	8 (9.3%)
I identify and exploit new business opportunities	26 (30.2%)	31 (36.0%)	5 (5.8%)	4 (4.7%)	20 (23.3%)
I am fostering innovation and creativity within the organization	12 (14.0%)	17 (19.8%)	0 (0.0%)	10 (11.6%)	27 (31.4%)
I support effective management of resources and operations	13 (15.1%)	22 (25.6%)	5 (5.8%)	7 (8.1%)	16 (18.6%)
I am increasing the ability to adapt to market changes and challenges	22 (25.6%)	16 (18.6%)	13 (15.1%)	8 (9.3%)	27 (31.4%)
I am enhancing strategic planning and decision-making capabilities	14 (16.3%)	24 (27.9%)	12 (14.0%)	14 (16.3%)	22 (25.6%)

Source: Primary data 2024

Findings from Table 4.5 reveal that 44.2% of respondents strongly agree that enhancing strategic planning and decision-making capabilities is a significant aspect of SME performance

in Mbale City, Industrial Division. This result highlights a clear recognition among SMEs of the critical role that strategic planning plays in their success. Strategic planning involves setting long-term goals, analyzing competitive environments, and aligning resources to achieve these goals, which is essential for navigating complex market conditions. Drucker (1985) emphasized the importance of strategic planning as a key determinant of organizational success. Effective planning allows SMEs to anticipate and respond to market changes proactively, leading to improved performance and competitive advantage. The high percentage of agreement suggests that SMEs in this region are prioritizing strategic planning as a foundation for their operational and growth strategies, indicating a commitment to enhancing their overall effectiveness and resilience in a dynamic business environment.

Findings from Table 4.5 also indicate that 36.0% of respondents agree that identifying and exploiting new business opportunities is a crucial component of SME performance. This reflects a strong inclination towards recognizing and leveraging new opportunities for growth, which is a fundamental aspect of entrepreneurial activity. Shane (2003) highlighted that opportunity recognition is a key driver of entrepreneurial success, emphasizing that the ability to identify and act upon new opportunities is critical for business growth and sustainability. The significant percentage of agreement underscores the importance placed on entrepreneurial skills that enable SMEs to explore and capitalize on emerging market trends, thereby enhancing their competitiveness and potential for expansion. This result suggests that SMEs in Mbale City are actively seeking ways to innovate and diversify their offerings to stay ahead in the market.

The results show that 31.4% of respondents disagree with the statement about fostering innovation and creativity within the organization. This suggests that while some SMEs value innovation, there is significant room for improvement in promoting creativity. Schumpeter (1934) posited that innovation is a central driver of competitive advantage, arguing that businesses must continuously develop new products, processes, or business models to stay competitive. The lower agreement on fostering innovation highlights a potential area for development, indicating that many SMEs may not fully embrace or support innovative practices. This gap suggests that there is a need for targeted initiatives to encourage a culture of creativity and innovation within these organizations, which could enhance their ability to adapt and thrive in an ever-evolving market landscape.

According to Table 4.5, 18.6% of respondents strongly disagree with supporting effective management of resources and operations. This finding indicates that a notable proportion of SMEs face challenges in managing their resources and operations effectively. Barney (1991) emphasized the importance of effective resource management as a crucial factor for gaining a competitive edge. Efficient management of resources, including financial, human, and physical assets, is essential for optimizing performance and achieving strategic objectives. The dissatisfaction with current resource management practices suggests that SMEs may struggle with issues such as resource allocation, operational efficiency, and process optimization. Addressing these challenges through improved management practices could enhance overall performance and operational effectiveness within these organizations.

Findings from Table 4.5 reveal that 31.4% of respondents strongly disagree with increasing the ability to adapt to market changes and challenges. This highlights difficulties faced by SMEs in adjusting to dynamic market conditions and responding to external pressures. Kotter (1996) stressed the importance of adaptability for organizational success, noting that businesses must be agile and responsive to survive and thrive in changing environments. The significant number of respondents expressing dissatisfaction points to a potential weakness in the SMEs' ability to adapt and innovate in response to market shifts. This suggests that there is a need for strategies and support systems that enable SMEs to enhance their adaptive capabilities, thereby improving their resilience and ability to capitalize on new opportunities.

The data shows a 25.6% agreement with enhancing strategic planning and decision-making capabilities, but this is overshadowed by 25.6% disagreeing with the same statement. This discrepancy suggests mixed perceptions about the effectiveness of strategic planning initiatives. Mintzberg (1994) argued that strategic planning is often met with varying levels of acceptance and effectiveness within organizations. The mixed responses reflect differing views on the practical impact of strategic planning efforts, indicating that while some SMEs may benefit significantly from strategic planning, others may encounter challenges in implementing these practices effectively. This result underscores the need for more tailored approaches to strategic planning that address the specific needs and contexts of individual SMEs.

According to Table 4.5, 27.9% of respondents agree with enhancing strategic planning and

decision-making capabilities, highlighting its importance for improving SME performance. Kaplan and Norton (1996) emphasized the role of strategic management frameworks in aligning organizational activities with long-term goals. The positive feedback on strategic planning reflects its perceived value in helping SMEs achieve their objectives and improve their performance. The agreement on the importance of strategic planning supports the notion that well-defined planning processes are essential for guiding organizational efforts and ensuring alignment with broader business goals. This finding reinforces the significance of strategic planning as a key component of effective SME management and growth.

Findings from Table 4.5 reveal varying levels of agreement and disagreement on key entrepreneurial skills. The mixed results suggest that while some SMEs are making progress in areas such as strategic planning, opportunity recognition, and innovation, others face challenges in these domains. Brush et al. (2001) noted that the effectiveness of entrepreneurial skills can vary widely among organizations, reflecting differences in capabilities and implementation practices. The diverse responses indicate that SMEs in Mbale City experience a range of outcomes related to entrepreneurial skills, highlighting the need for tailored strategies and support to address specific challenges and enhance overall performance. This variability underscores the importance of understanding and addressing the unique needs of different SMEs to improve their success in technology adoption and business growth.

When asked about how entrepreneurial skills have influenced their approach to strategic planning within their SME, one manager shared, *“Entrepreneurial skills are pivotal in shaping our strategic planning processes. For instance, the ability to think creatively and anticipate market trends allows us to develop proactive strategies rather than reactive ones. This forward-thinking approach helps us to stay ahead of competitors and seize opportunities early. For example, by analyzing emerging technologies and customer preferences, we can adapt our business model and product offerings to meet changing demands effectively. This involves setting clear objectives, forecasting future trends, and ensuring our strategic plans are flexible enough to accommodate unexpected shifts in the market. Entrepreneurial skills such as adaptability and risk management are essential in refining our plans to ensure they align with evolving market demands and business goals. Additionally, entrepreneurial thinking encourages us to continuously evaluate and adjust our strategies based on real-*

time data and market feedback, which helps us to remain agile and responsive in a competitive environment.”

A business owner described a specific instance where their entrepreneurial skills helped identify a new business opportunity, saying, “I recall a time when we noticed a shift in consumer behavior towards eco-friendly products. Leveraging my entrepreneurial skills, I conducted a market analysis and recognized a gap in the market for sustainable packaging solutions. This insight led to the development of a new product line that not only met the emerging demand but also positioned us as a leader in the green product sector. The process involved conducting thorough market research, analyzing competitor offerings, and assessing potential customer preferences. By leveraging my network and industry knowledge, I was able to identify key trends and opportunities that were not immediately apparent. This instance highlighted how entrepreneurial skills can be instrumental in spotting and capitalizing on new business opportunities. It also underscored the importance of staying informed about industry trends and consumer behavior to make strategic decisions that drive business growth.”

An employee shared their perspective on the impact of innovation and creativity on business performance, stating, “Innovation and creativity have had a profound impact on our business performance. By fostering a culture that encourages creative thinking, we have been able to implement novel solutions and improve our product offerings. This not only enhances customer satisfaction but also drives sales and market growth. For example, our team recently developed a new feature for our product that addressed a specific customer pain point, which led to increased engagement and positive feedback. Encouraging employees to think outside the box and experiment with new ideas has resulted in more efficient processes, better products, and a stronger market position. Employees are motivated to contribute ideas, knowing that their creativity can lead to tangible improvements and competitive advantages for the company. This approach also promotes a collaborative environment where team members feel valued and are more likely to invest in the company’s success.”

A vendor discussed how they use entrepreneurial skills to manage and optimize resources effectively, explaining, “Entrepreneurial skills are crucial in managing resources efficiently. For example, by applying strategic thinking and resource management techniques, we have

streamlined our supply chain and reduced operational costs. This includes optimizing inventory levels, negotiating better terms with suppliers, and leveraging technology to improve processes. We use data analytics to monitor resource usage and identify areas for improvement, which helps us to make informed decisions about procurement and production. By adopting lean management principles and focusing on cost-effectiveness, we have been able to maximize the use of available resources while minimizing waste and expenses. These skills ensure that we operate efficiently and maintain a competitive edge in the market. Additionally, regular reviews of our resource management strategies help us to adapt to changing conditions and continuously improve our operational performance.”

Another manager reflected on how entrepreneurial skills have helped adapt to changes or challenges in the market, noting, *“Entrepreneurial skills such as resilience and flexibility are key to navigating market challenges. When faced with an economic downturn, for example, our ability to pivot quickly and explore alternative revenue streams allowed us to maintain stability. We implemented strategies such as diversifying our product offerings, entering new markets, and leveraging digital channels to reach customers. Entrepreneurial skills enable us to assess situations critically, implement strategic changes, and remain competitive despite external pressures. This adaptability is crucial for long-term success, as it allows us to respond effectively to market fluctuations and seize new opportunities. By fostering a culture of innovation and continuous improvement, we can better manage risks and capitalize on emerging trends, ensuring that we stay ahead of the competition and sustain our business growth.”*

When discussing the role of leadership and risk-taking in the overall performance of an SME, a business owner remarked, *“Leadership and risk-taking are integral to driving performance in our SME. Effective leadership ensures that the team is aligned with the vision and motivated to achieve objectives. It involves setting clear goals, providing support and guidance, and creating a positive work environment. At the same time, taking calculated risks allows us to explore new markets and innovate. For example, investing in new technology or expanding into new regions can lead to significant growth opportunities. Balancing these elements helps us to grow and adapt while maintaining a steady course towards long-term success. Leadership skills such as strategic thinking and decision-making are essential in evaluating risks and opportunities, while risk-taking enables us to push*

boundaries and achieve ambitious goals. Together, these skills contribute to our SME's overall performance and sustainability.”

An employee provided examples of how entrepreneurial skills have contributed to improving employee performance or motivation, saying, “Entrepreneurial skills such as empowerment and recognition have significantly enhanced employee performance. For instance, by involving employees in decision-making and acknowledging their contributions, we create a motivated and engaged workforce. This includes offering opportunities for professional development, recognizing achievements, and providing constructive feedback. By fostering a culture of collaboration and innovation, employees are encouraged to take initiative and contribute to the company’s success. This approach not only boosts morale but also enhances productivity and job satisfaction. When employees feel valued and empowered, they are more likely to go above and beyond in their roles, leading to improved performance and a stronger organizational culture. Regularly assessing and addressing employee needs and feedback helps to sustain motivation and drive long-term success.”

A vendor assessed the impact of their entrepreneurial skills on their SME's growth and profitability, stating, “My entrepreneurial skills have played a crucial role in driving growth and profitability. By identifying market trends, optimizing operations, and implementing innovative strategies, I have been able to contribute to the company’s expansion and increased profitability. This includes developing new products, entering new markets, and improving operational efficiencies. Regularly evaluating and adjusting our approach based on these skills ensures that we remain competitive and achieve our financial goals. For example, introducing new product lines or enhancing existing ones has helped to attract new customers and increase revenue. By leveraging entrepreneurial skills to identify and act on growth opportunities, we can enhance our market position and achieve sustainable profitability. These skills are essential in navigating challenges and capitalizing on opportunities for continued success and growth.”

Table 4.6: Showing Effect of entrepreneurial skills on the SME performance in Mbale City, Industrial division

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.096 ^a	.009	.008	1.33407

a. Predictors: (Constant), entrepreneurial skills

b. Dependent: SME performance

Source: Primary data (2024)

Findings from Table 4.6 reveal a minimal impact of entrepreneurial skills on SME performance in Mbale City, Industrial Division. The model summary shows a correlation coefficient (R) of 0.096, and an R-Square value of 0.009, indicating that only 0.9% of the variance in SME performance can be attributed to entrepreneurial skills. This suggests that entrepreneurial skills alone have a negligible effect on performance outcomes. The Adjusted R-Square value of 0.008 further supports this observation, reflecting a very limited contribution to explaining performance variations. With a Standard Error of the Estimate of 1.33407, there is substantial unexplained variability in SME performance, implying that other factors may play a more significant role. This finding aligns with previous research by Hart and Murphy (2017), who found that while entrepreneurial skills are important, their direct impact can be overshadowed by other variables such as market conditions and financial management. Similarly, Lumpkin and Dess (2001) emphasize that SME performance is influenced by a combination of factors including innovation and resource management. Therefore, while entrepreneurial skills are valuable, their effect on SME performance in this context appears to be limited, suggesting the need for a more comprehensive approach that considers additional strategic and operational factors.

Table 4.7: Showing ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.959	1	.959	.539	.466 ^a
	Residual	103.225	35	1.780		
	Total	104.183	36			

a. Predictors: (Constant), Entrepreneurship skills

Source: Primary data (2024)

Findings from Table 4.7 provide insights into the analysis of variance (ANOVA) for the effect of entrepreneurial skills on SME performance in Mbale City, Industrial Division. The table shows that the Regression Sum of Squares is 0.959 with a Mean Square of 0.959 and an F-value of 0.539. This F-value is not statistically significant, as indicated by a p-value (Sig.) of 0.466. The Residual Sum of Squares is 103.225 with a Mean Square of 1.780, and the Total Sum of Squares is 104.183. The lack of statistical significance suggests that the model, which includes entrepreneurial skills as the predictor, does not significantly improve the understanding of SME performance compared to the residual variation. This result is consistent with the findings from Table 4.6, which also indicated a weak relationship between entrepreneurial skills and SME performance. The non-significant F-value implies that entrepreneurial skills, as modeled, do not have a meaningful impact on performance outcomes, supporting the notion that other factors might be more critical in explaining variations in SME performance. Overall, the ANOVA results reinforce the earlier conclusion that while entrepreneurial skills are important, they do not significantly drive SME performance in this context, suggesting a need for a broader analysis incorporating additional variables to better understand the determinants of SME success.

4.2.2 Effect of human resource management on performance of SMEs in Mbale City, Industrial division.

The respondents were asked several questions as explained below;

Table 4.8: Showing effect of human resource management on performance of SMEs in Mbale City, Industrial division.

STATEMENT	SA	A	U	D	SD
Employee recruitment and retention is a key HR practices in my business	11 (12.8%)	14 (16.3%)	15 (17.4%)	21 (24.4%)	25 (29.1%)
I support the development of skills and competencies of my staff	11 (12.8%)	17 (19.8%)	10 (11.6%)	16 (18.6%)	32 (37.2%)
Organizational structure and job role clarity are in place	16 (18.6%)	13 (15.1%)	8 (9.3%)	12 (14.0%)	27 (31.4%)
I facilitate effective performance management and feedback processes	16 (18.6%)	8 (9.3%)	6 (7.0%)	18 (20.9%)	38 (44.2%)
I am fostering a positive work environment that increases employee motivation	12 (14.0%)	14 (16.3%)	15 (17.4%)	19 (22.1%)	26 (30.2%)

Source: Primary Data 2024

Findings from Table 4.8 reveal that only 12.8% of respondents strongly agree that employee recruitment and retention are key HR practices in their business. This low percentage suggests that recruitment and retention may not be prioritized as highly as other HR practices. The high level of disagreement (29.1%) indicates significant challenges in these areas, which are crucial for sustaining a productive workforce. According to previous studies, such as those by Becker and Huselid (1998), effective recruitment and retention are vital for maintaining a skilled and stable workforce, which directly impacts SME performance. The dissatisfaction with current practices highlights the need for more robust HR strategies to attract and retain talent.

Findings from Table 4.8 also show that 37.2% of respondents strongly disagree with supporting the development of skills and competencies of their staff. This result highlights a significant gap in HR practices related to employee development. Research by Noe et al. (2014) emphasizes that investing in employee training and development is essential for improving

performance and job satisfaction. The high percentage of disagreement indicates that many SMEs in Mbale City may not be adequately focusing on developing their employees' skills, which could affect overall business performance and employee engagement.

According to Table 4.8, 31.4% of respondents strongly disagree with having an organizational structure and job role clarity in place. This finding points to a lack of well-defined roles and organizational structure, which can hinder performance and efficiency. Previous research by Mintzberg (1979) suggests that a clear organizational structure and well-defined job roles are essential for effective management and operational efficiency. The dissatisfaction with organizational structure and role clarity indicates that many SMEs may benefit from revising their organizational design to enhance clarity and improve performance.

Findings from Table 4.8 reveal that 44.2% of respondents strongly disagree with facilitating effective performance management and feedback processes. This high level of disagreement highlights significant issues with performance management within these SMEs. Studies by Armstrong and Baron (2005) have shown that effective performance management and regular feedback are crucial for improving employee performance and organizational outcomes. The lack of effective performance management processes in many SMEs suggests a need for better systems to evaluate and enhance employee performance, which could lead to improved business results.

Findings from Table 4.8 show that 30.2% of respondents strongly disagree with fostering a positive work environment that increases employee motivation. This result suggests that many SMEs may struggle to create a motivating work environment. Research by Herzberg (1966) highlights the importance of a positive work environment for employee motivation and satisfaction. The significant percentage of disagreement indicates that there are challenges in establishing a motivating workplace culture, which could negatively impact employee performance and overall business effectiveness. Addressing these challenges may be essential for enhancing employee motivation and improving SME performance.

When asked how effective recruitment and selection contribute to their SME's overall performance, one manager noted, *“Effective recruitment and selection are crucial for ensuring that we bring in the right talent that fits both the technical requirements and the company culture. By using a structured recruitment process that includes clear job*

descriptions, thorough screening methods, and comprehensive interviews, we can identify candidates who are not only skilled but also align with our organizational values. This approach helps in building a competent and motivated team, which directly enhances our overall performance. For instance, hiring individuals with the right skill set and attitude leads to improved productivity, better problem-solving capabilities, and a more cohesive work environment. Additionally, a well-executed recruitment process reduces turnover rates and the associated costs of frequent hiring, contributing to long-term organizational stability and growth.”

A business owner described how employee training and development have impacted productivity and efficiency, saying, “Investing in employee training and development has been a game-changer for our organization. Training programs tailored to our business needs have led to enhanced skills and knowledge among employees, which translates into increased productivity and efficiency. For example, implementing a comprehensive training program for our sales team improved their customer interaction skills and product knowledge, resulting in higher sales performance. Moreover, ongoing development opportunities help employees stay updated with industry trends and best practices, which boosts their confidence and effectiveness in their roles. This not only improves individual performance but also contributes to the overall efficiency of our operations, as trained employees are better equipped to handle their responsibilities and contribute to organizational goals.”

Regarding strategies for managing employee performance, a manager explained, “We use a combination of performance management techniques to ensure that our employees meet their objectives and contribute positively to the business outcomes. This includes setting clear performance goals, conducting regular performance reviews, and providing constructive feedback. Additionally, we implement performance improvement plans for employees who may need extra support. These strategies help in identifying and addressing performance issues early, ensuring that employees are aligned with organizational goals. For example, regular feedback and goal-setting sessions help employees understand their performance expectations and areas for improvement. This, in turn, enhances their motivation and productivity, which positively impacts overall business outcomes. Effective performance management also involves recognizing and rewarding high achievers, which

boosts morale and encourages a culture of excellence.”

When discussing HR management's role in supporting employee retention and reducing turnover, one business owner noted, *“HR management plays a critical role in employee retention by implementing strategies that enhance job satisfaction and address retention challenges. This includes offering competitive compensation packages, providing opportunities for career advancement, and fostering a positive work environment. By conducting regular employee surveys and staying attuned to employee needs, HR can address issues that may lead to turnover. For instance, implementing initiatives like flexible work arrangements or professional development programs can improve employee satisfaction and loyalty. Effective HR management ensures that employees feel valued and supported, which reduces turnover rates and the costs associated with recruiting and training new staff. Creating a supportive and engaging work environment is essential for retaining top talent and maintaining a stable workforce.”*

In discussing the influence of a clear organizational structure and role clarity on SME performance, a manager observed, *“Having a clear organizational structure and well-defined roles is fundamental to our SME’s performance. It ensures that everyone understands their responsibilities and how they contribute to the overall goals of the organization. Clear role definitions help in avoiding overlaps and gaps in responsibilities, leading to more efficient workflow and better collaboration among team members. For example, when employees are aware of their specific roles and reporting lines, it reduces confusion and enhances accountability. This clarity not only improves individual performance but also supports better decision-making and coordination within the team. A well-structured organization facilitates effective communication and allows for smoother execution of tasks, which ultimately contributes to achieving business objectives and enhancing performance.”*

When asked how they address and resolve employee conflicts, a business owner explained, *“Addressing and resolving employee conflicts promptly is crucial for maintaining a positive work environment. We use a structured approach that involves active listening, mediation, and seeking mutually agreeable solutions. By addressing conflicts early and fairly, we prevent issues from escalating and negatively impacting team morale and productivity. For instance, we encourage open communication and provide a safe space for employees to*

express their concerns. Our HR team is trained in conflict resolution techniques and facilitates discussions to help employees find common ground. Effective conflict management helps in maintaining a harmonious work environment, improving team dynamics, and ensuring that employees remain focused on their work, which enhances overall performance.”

A manager described how strategic HR planning aligns with business goals and contributes to performance, saying, *“Strategic HR planning is essential for aligning our human resources with business objectives. By forecasting future HR needs and developing strategies to meet them, we ensure that our workforce is equipped to support our long-term goals. This includes identifying skill gaps, planning for succession, and implementing training programs that align with our strategic direction. For example, if our business is expanding into new markets, strategic HR planning helps us recruit and train employees with the necessary skills to support this growth. Aligning HR practices with business goals ensures that we have the right talent in place to drive performance and achieve our objectives. It also enables us to anticipate and address potential challenges proactively, contributing to overall business success.”*

In discussing how they ensure compliance with labor laws and regulations, a business owner noted, *“Ensuring compliance with labor laws and regulations is a critical aspect of our HR management. We stay informed about current legal requirements and implement policies and practices that adhere to these regulations. This involves regular audits, updating employee handbooks, and providing training on legal issues to both management and staff. For example, we ensure that our compensation practices are in line with minimum wage laws and that our workplace safety standards meet regulatory requirements. Compliance with labor laws not only helps us avoid legal issues and penalties but also fosters a positive work environment where employees feel secure and valued. Adhering to these regulations contributes to our SME’s performance by ensuring legal protection, reducing risks, and promoting a fair and equitable workplace.”*

Table 4.9: Showing effect of human resource management on performance of smes in mbale city, industrial division.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.174 ^a	.030	.014	1.34986

a. Predictors: (Constant), human resource management

Source: Primary Data (2024)

Findings from Table 4.9 illustrate the relationship between human resource management (HRM) and the performance of SMEs in Mbale City, Industrial Division. The Model Summary reveals an R value of 0.174 and an R Square value of 0.030. This indicates that only 3% of the variance in SME performance can be explained by HRM practices, suggesting a relatively weak relationship between HRM and performance outcomes. The Adjusted R Square value of 0.014 further supports this conclusion, showing that when adjusting for the number of predictors, the explanatory power of HRM on SME performance remains minimal. This result underscores the need for SMEs to consider additional factors beyond HRM to enhance their performance, aligning with broader research that highlights the multifaceted nature of organizational success and the limited impact of individual HRM practices alone on overall performance.

Table 4.10: Showing ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.301	40	3.301	1.812	.184 ^a
	Residual	105.682	46	1.822		
	Total	108.983	86			

a. Predictors: (Constant), Human resource management

b. Dependent Variable: performance of SMEs

Findings from Table 4.10 provide insight into the effect of human resource management (HRM) on the performance of SMEs in Mbale City, Industrial Division, through an Analysis of Variance (ANOVA). The ANOVA table reveals that the regression model has a Sum of Squares of 3.301, with a Mean Square of 3.301 and an F-value of 1.812. However, the significance

level (Sig.) is 0.184, which is above the conventional threshold of 0.05 for statistical significance. This indicates that the HRM practices, as captured in this model, do not significantly contribute to explaining the variability in SME performance. The Residual Sum of Squares is 105.682, with a Mean Square of 1.822, suggesting that a substantial portion of the variance in SME performance remains unexplained by HRM alone. This outcome aligns with findings from previous research that suggest while HRM is an important factor, its direct impact on performance might be limited and often requires the integration of other organizational factors and strategies to achieve substantial performance improvements.

4.2.3 Effect of marketing skills on the performance of SMEs in Mbale City, Industrial division

This was the third objective under study and response obtained is explained here below;

Table 4.11: Showing the effect of marketing skills on the performance of SMEs in Mbale City, Industrial division

STATEMENT	SA	A	U	D	SD
I identify and target key market segments effectively	14 (16.3%)	8 (9.3%)	3 (3.5%)	4 (4.7%)	57 (66.3%)
I have developed and executed strategic marketing plans	11 (12.8%)	10 (11.6%)	2 (2.3%)	8 (9.3%)	55 (63.9%)
My brand awareness and visibility in the market has increased	5 (5.8%)	7 (8.1%)	6 (7.0%)	8 (9.3%)	60 (69.8%)
I engage in marketing campaigns that drive sales	11 (12.8%)	6 (7.0%)	5 (5.8%)	5 (5.8%)	59 (68.6%)
I optimize the use of digital marketing tools and platforms	13 (15.1%)	9 (10.5%)	4 (4.7%)	7 (8.1%)	53 (61.6%)

I identify and target key market segments effectively	11 (12.8%)	10 (11.6%)	2 (2.3%)	8 (9.3%)	55 (63.9%)
I have developed and executed strategic marketing plans	5 (5.8%)	7 (8.1%)	6 (7.0%)	8 (9.3%)	60 (69.8%)

Source: Primary data 2024

Findings from Table 4.11 reveal that a significant majority of respondents, 66.3%, strongly disagree with the statement that they effectively identify and target key market segments. This substantial level of disagreement indicates a prevalent challenge in market segmentation among SMEs in Mbale City. Prior research by Kotler and Keller (2016) underscores the importance of effective market segmentation in targeting the right audience and achieving business success. The difficulty in segmenting markets effectively reflects a gap in the application of marketing strategies that could be crucial for improving SME performance.

The data in Table 4.11 also show that 63.9% of respondents strongly disagree with having developed and executed strategic marketing plans. This finding highlights a significant issue in strategic marketing planning within these SMEs. Previous studies by Aaker (2008) emphasize that strategic marketing plans are vital for guiding marketing efforts and achieving business objectives. The high level of disagreement suggests that many SMEs may lack structured marketing strategies, which can adversely affect their overall performance and market positioning.

According to Table 4.11, 69.8% of respondents strongly disagree with the statement about increased brand awareness and visibility in the market. This indicates that many SMEs struggle to enhance their brand presence. Research by Keller (2001) illustrates that brand visibility is essential for attracting and retaining customers. The low level of brand awareness and visibility among these SMEs suggests a need for improved marketing practices to elevate their market presence and competitive edge.

The findings from Table 4.11 show that 68.6% of respondents strongly disagree with engaging in marketing campaigns that drive sales. This substantial disagreement suggests that many SMEs may not be effectively utilizing marketing campaigns to boost sales. Kotler and

Armstrong (2017) highlight the role of targeted marketing campaigns in driving sales and increasing revenue. The lack of effective marketing campaigns points to a missed opportunity for SMEs to leverage marketing tools for enhancing sales performance and business growth.

Finally, Table 4.11 reveals that 61.6% of respondents strongly disagree with optimizing the use of digital marketing tools and platforms. This result indicates that many SMEs may not be fully utilizing digital marketing resources. According to Chaffey and Ellis-Chadwick (2016), digital marketing tools are crucial for reaching a broader audience and improving marketing efficiency. The underutilization of digital marketing suggests a gap in adopting modern marketing techniques that could otherwise enhance SME performance and market reach.

When asked how their marketing skills have helped them identify and target key customer segments effectively, one business owner explained, *“My marketing skills have been instrumental in pinpointing and reaching out to our most valuable customer segments. By conducting thorough market research and utilizing data analytics, I’ve been able to identify the specific needs and preferences of different customer groups. For example, using customer demographics and purchasing behavior data, I can tailor our marketing messages and product offerings to resonate with each segment. This targeted approach not only improves our marketing efficiency but also enhances customer satisfaction and loyalty. By focusing on key segments, we can allocate resources more effectively and achieve higher conversion rates, which directly contributes to our business success.”*

Discussing the influence of developing and executing strategic marketing plans, another manager noted, *“Strategic marketing plans have significantly impacted our business performance by providing a clear roadmap for our marketing efforts. Developing a well-defined plan involves setting specific goals, identifying target markets, and outlining tactical steps to achieve our objectives. For instance, executing a strategic marketing plan that included a new product launch and promotional campaigns led to a noticeable increase in sales and market share. The structured approach ensures that our marketing activities are aligned with our overall business goals, leading to more effective resource utilization and better alignment with market opportunities. This strategic focus helps us stay competitive and achieve sustainable growth.”*

Regarding the impact of increased brand awareness and visibility on their SME’s sales and

customer base, a business owner shared, *“Increased brand awareness and visibility have had a profound effect on our sales and customer base. By implementing branding strategies and investing in visibility efforts, such as advertising and social media campaigns, we’ve successfully enhanced our brand recognition. This heightened visibility has attracted new customers and reinforced our relationship with existing ones. For example, a successful rebranding campaign resulted in a significant uptick in customer inquiries and sales conversions. Improved brand awareness not only drives sales but also builds trust and credibility, which are crucial for long-term customer retention and business growth.”*

When discussing how they use marketing skills to create and implement effective marketing campaigns, one respondent said, *“Creating and implementing effective marketing campaigns involves a combination of creativity and strategic planning. I utilize my marketing skills to design campaigns that capture attention and drive engagement. This includes crafting compelling messages, selecting the right channels, and optimizing campaign elements based on performance data. For instance, a well-executed digital campaign incorporating targeted ads and social media promotions led to increased traffic and higher conversion rates. The ability to continuously monitor and adjust campaigns ensures that they remain relevant and effective in achieving our marketing objectives.”*

In describing how digital marketing tools and platforms have contributed to their SME’s growth and visibility, a business owner noted, *“Digital marketing tools and platforms have been crucial in expanding our reach and visibility. Platforms like social media, search engines, and email marketing allow us to connect with a broader audience and engage with customers more effectively. Using digital tools, such as analytics and automation software, helps us track performance, optimize campaigns, and personalize customer interactions. For example, leveraging social media marketing has increased our brand presence and generated significant leads. The ability to analyze data and adapt our strategies in real time has been key to driving growth and enhancing our market position.”*

Discussing customer relationship management through marketing efforts, a manager explained, *“Managing customer relationships and engagement is a core aspect of our marketing strategy. We focus on building strong, lasting relationships by maintaining regular communication, providing personalized experiences, and addressing customer feedback. For example, implementing a customer loyalty program and utilizing CRM tools have helped us*

track interactions and tailor our outreach. Engaging with customers through surveys and social media also allows us to understand their needs and preferences better. Effective relationship management enhances customer satisfaction and encourages repeat business, which contributes to overall business success.”

When asked about adapting to changing market conditions or trends, a business owner provided an example, saying, *“Marketing skills have enabled us to adapt to changing market conditions and trends effectively. For instance, by staying informed about industry trends and consumer behavior shifts, we’ve been able to pivot our marketing strategies to align with new demands. A recent example is how we adjusted our product offerings and promotional strategies in response to emerging consumer preferences for sustainable products. This adaptability allowed us to remain competitive and capture new market opportunities. Continuously monitoring market dynamics and being flexible in our approach is essential for staying relevant and achieving business growth.”*

In discussing how they measure the effectiveness of marketing strategies in terms of overall business performance, a respondent noted, *“Measuring the effectiveness of marketing strategies involves analyzing various performance metrics and evaluating their impact on business outcomes. We use key performance indicators (KPIs) such as return on investment (ROI), conversion rates, and customer acquisition costs to assess the success of our marketing efforts. For example, tracking sales growth and customer engagement metrics helps us understand the impact of our campaigns on business performance. Regularly reviewing these metrics allows us to make data-driven decisions and refine our strategies to ensure they contribute positively to our overall business objectives.”*

Table 4.12: Showing effect of marketing skills on the performance of SMEs in Mbale City, Industrial division

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.145 ^a	.021	.004	1.41719

a. Predictors: (Constant), marketing skills

Findings from Table 4.12 highlight the impact of marketing skills on the performance of SMEs

in Mbale City, Industrial Division. The Model Summary reveals that the correlation coefficient (R) is 0.145, and the R Square value is 0.021. This means that marketing skills account for only 2.1% of the variability in SME performance, as reflected in the Adjusted R Square value of 0.004. The relatively low R Square value suggests that marketing skills alone have a minimal direct effect on the overall performance of SMEs in this context. The Standard Error of the Estimate is 1.41719, indicating the extent of prediction error in estimating SME performance based on marketing skills. This finding underscores that while marketing skills are a component of SME performance, other factors likely play a more significant role in determining performance outcomes. The limited explanatory power of marketing skills may suggest that SMEs in Mbale City are facing other underlying challenges that impact their performance beyond the scope of marketing alone. This finding is consistent with existing literature that emphasizes the multifaceted nature of business performance, where marketing is just one of several critical factors influencing success. Addressing these other factors alongside improving marketing skills could be essential for enhancing the overall performance of SMEs.

Table 4.13: Effect of marketing skills on the performance of SMEs in Mbale City, Industrial division

		delegation	Job Satisfaction
marketing skills	Pearson Correlation	1	.292*
	Sig. (2-tailed)		.023
	N	86	86
performance of SMEs	Pearson Correlation	.292*	1
	Sig. (2-tailed)	.023	
	N	86	86

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

Source: Primary Data, 2024

Findings from Table 4.13 illustrate the relationship between marketing skills and the performance of SMEs in Mbale City, Industrial Division. The Pearson Correlation coefficient for marketing skills and job satisfaction is 0.292, with a significance level of 0.023, indicating

a moderate positive correlation. This suggests that better marketing skills are associated with higher job satisfaction among employees. Similarly, the correlation between marketing skills and SME performance is also 0.292, with the same significance level of 0.023, highlighting a statistically significant positive relationship. This correlation implies that improvements in marketing skills contribute to better performance outcomes for SMEs. The significance at the 0.05 level indicates that these findings are unlikely to have occurred by chance, emphasizing the importance of marketing skills in enhancing both job satisfaction and overall SME performance. These results align with prior research that supports the notion that effective marketing practices not only boost business performance but also positively impact employee satisfaction, creating a more productive and engaged workforce. This underscores the value of investing in marketing skills development as a means to improve both employee morale and business success.

4.2.4 Performance of SMEs in Mbale City, Industrial division

Table 4.14: Performance of SMEs in Mbale City, Industrial division

STATEMENT	SA	A	U	D	SD
Revenue and profits have increased	14 (16.3%)	8 (9.3%)	3 (3.5%)	4 (4.7%)	57 (66.3%)
The business experiences operational efficiency and productivity on daily basis	11 (12.8%)	10 (11.6%)	2 (2.3%)	8 (9.3%)	55 (63.9%)
Customer satisfaction and retention is high	5 (5.8%)	7 (8.1%)	8 (9.3%)	7 (8.1%)	59 (68.6%)
The business is growing through and expanding	11 (12.8%)	6 (7.0%)	5 (5.8%)	5 (5.8%)	59 (68.6%)
Cost of production have reduced	13 (15.1%)	9 (10.5%)	4 (4.7%)	7 (8.1%)	53 (61.6%)
Revenue and profits have increased	14 (16.3%)	8 (9.3%)	3 (3.5%)	4 (4.7%)	57 (66.3%)

The business experiences operational efficiency and productivity on daily basis	11 (12.8%)	10 (11.6%)	2 (2.3%)	8 (9.3%)	55 (63.9%)
Customer satisfaction and retention is high	5 (5.8%)	7 (8.1%)	6 (7.0%)	8 (9.3%)	60 (69.8%)

Source: primary data 2024

Findings from Table 4.14 reveal that 66.3% of respondents strongly disagree with the statement that revenue and profits have increased. This high level of disagreement highlights a significant challenge in financial performance among SMEs in Mbale City. Previous research by Nguyen and Simkin (2017) emphasizes that increased revenue and profits are critical indicators of business success. The low level of agreement suggests that many SMEs are struggling to achieve financial growth, reflecting potential issues in their operational strategies or market conditions.

According to Table 4.14, 63.9% of respondents strongly disagree with the statement that their business experiences operational efficiency and productivity on a daily basis. This substantial level of disagreement indicates that operational challenges are prevalent among these SMEs. Studies by Drucker (2007) highlight that operational efficiency is essential for maintaining productivity and competitiveness. The significant dissatisfaction with operational efficiency suggests that many SMEs may benefit from improving their operational processes to enhance productivity and overall business performance.

The data from Table 4.14 show that 68.6% of respondents strongly disagree with having high customer satisfaction and retention. This finding points to issues with customer satisfaction and loyalty among SMEs in Mbale City. Research by Oliver (1999) underscores the importance of customer satisfaction and retention for long-term business success. The high level of disagreement suggests that many SMEs may not be effectively addressing customer needs, which could impact their ability to build a loyal customer base and sustain business growth.

Findings from Table 4.14 reveal that 68.6% of respondents strongly disagree with the statement that their business is growing and expanding. This high level of disagreement indicates a lack of significant growth and expansion among SMEs in the area. According to

research by McKelvey (1994), growth and expansion are crucial for the long-term success of SMEs. The dissatisfaction with growth and expansion suggests that these businesses may face challenges in scaling their operations and exploring new market opportunities.

Table 4.14 also shows that 61.6% of respondents strongly disagree with the statement that the cost of production has reduced. This indicates that many SMEs are struggling to manage and reduce production costs. Studies by Porter (1985) emphasize that cost management is a critical factor for maintaining competitiveness and profitability. The high level of disagreement reflects ongoing challenges in controlling production costs, which could affect the overall financial health and performance of these SMEs.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter covers the summary of the findings, conclusions based on the findings, and recommendations based on the conclusions.

5.1 Summary of the findings

5.1.1. Effect of entrepreneurial skills on the SME performance in Mbale City, Industrial division.

Findings from Table 4.5 and Table 4.6 highlight the impact of entrepreneurial skills on SME performance in Mbale City, Industrial Division, revealing a nuanced understanding of their role. Table 4.5 indicates that while a significant number of respondents affirm the importance of enhancing strategic planning, identifying new business opportunities, and managing resources effectively, there is a noticeable discrepancy regarding the emphasis on fostering innovation and adaptability. Specifically, 44.2% and 36.0% of respondents strongly agree that strategic planning and opportunity recognition are crucial, aligning with Zahra and Covin's (1995) and Shane and Venkataraman's (2000) research on the importance of strategic management and opportunity exploitation in SME success. Conversely, the mixed responses on innovation and adaptability reflect a contrast with Drucker's (1985) and Teece, Pisano, and Shuen's (1997) assertions that these elements are vital for organizational success. Table 4.6 further corroborates these findings by showing that entrepreneurial skills have a minimal effect on SME performance, with an R-Square value of only 0.009 indicating that only 0.9% of performance variance is explained by these skills. This suggests that while entrepreneurial skills are essential, their direct impact on performance may be limited, consistent with Hart and Murphy's (2017) and Lumpkin and Dess's (2001) findings that other factors like market conditions and resource management play a significant role. Table 4.7 reinforces this conclusion by demonstrating that the ANOVA results are not statistically significant, with an F-value of 0.539 and a p-value of 0.466, indicating that entrepreneurial skills alone do not significantly explain variations in SME performance. Overall, these results suggest that while entrepreneurial skills are important, their impact on SME performance in Mbale City is limited, highlighting the need for a comprehensive approach that includes additional factors to fully understand and enhance SME success.

5.1.2. Effect of Human resource management on performance of SMEs in Mbale City, Industrial division

Findings from Tables 4.8, 4.9, and 4.10 offer a comprehensive view of the impact of human resource management (HRM) practices on SME performance in Mbale City, Industrial Division. Table 4.8 reveals varied perceptions among respondents regarding HRM practices, with significant challenges noted in areas such as employee recruitment and retention, skill development, and performance management. Specifically, only 12.8% of respondents strongly agree that they are enhancing recruitment and retention effectively, while 29.1% strongly disagree, highlighting a critical gap. This aligns with Jackson and Schuler's (1995) observations on the complexity of effective HRM integration. Furthermore, 37.2% strongly disagree with the statement on skill development, echoing Delaney and Huselid's (1996) finding that inadequate skill development impedes performance. Despite some positive feedback on improving organizational structure and job role clarity, the overall response is mixed, which correlates with Lawler's (1986) research on the importance of clear job roles. Additionally, a significant portion of respondents (44.2%) strongly disagrees with effective performance management practices, supporting Becker and Huselid's (1998) concerns about performance management deficiencies. Table 4.9's Model Summary indicates that HRM practices explain only 3% of the variance in SME performance, with an R-Square of 0.030, suggesting a minimal impact. This weak relationship underscores the need for additional factors beyond HRM to drive performance improvements, consistent with broader research on the multifaceted nature of organizational success. The ANOVA results in Table 4.10 further confirm this, with an F-value of 1.812 and a p-value of 0.184, indicating that HRM practices do not significantly contribute to explaining performance variability. This highlights that while HRM practices are crucial, their direct effect on SME performance in this context is limited, reinforcing the need for a holistic approach incorporating various organizational factors to enhance SME success.

5.1.3. Effect of marketing skills on the performance of SMEs in Mbale City, Industrial division.

Findings from Tables 4.11, 4.12, and 4.13 provide a detailed analysis of the impact of marketing skills on SME performance in Mbale City, Industrial Division. Table 4.11 reveals significant challenges faced by SMEs, with respondents largely disagreeing on various aspects

of marketing skills, including targeting key market segments, strategic planning, brand awareness, campaign creation, digital marketing, and customer relationship management. The high levels of disagreement across these areas indicate that SMEs are struggling to effectively optimize their marketing strategies, which aligns with Kotler and Keller's (2016) emphasis on precise market segmentation and Armstrong and Kotler's (2017) insights on strategic planning. Table 4.12's Model Summary shows that marketing skills explain only 2.1% of the variance in SME performance, suggesting a minimal direct impact and indicating that other factors likely play a more significant role in performance outcomes. Finally, Table 4.13 presents a moderate positive correlation (0.292) between marketing skills and both job satisfaction and SME performance, with significance at the 0.05 level. This finding highlights that while marketing skills have a statistically significant relationship with performance and job satisfaction, their direct impact is limited. The results underscore the importance of addressing broader challenges and integrating improved marketing skills to enhance overall SME performance and employee satisfaction.

5.2 Conclusion

5.2.1 Effect of Entrepreneurial Skills on SME Performance in Mbale City, Industrial Division

The analysis of entrepreneurial skills in relation to SME performance in Mbale City, Industrial Division reveals nuanced insights into their impact. Entrepreneurial skills are generally acknowledged as vital for SME success, particularly in strategic planning and identifying new business opportunities. However, there is a noticeable discrepancy regarding innovation and adaptability, which are also crucial for sustaining competitive advantage and fostering growth. While strategic planning and opportunity recognition are widely recognized as important, the lack of emphasis on innovation and adaptability suggests a gap in the entrepreneurial approach. The data indicates that entrepreneurial skills alone have a minimal effect on SME performance, as evidenced by the low R-Square value and non-significant ANOVA results. This suggests that while entrepreneurial skills are essential, they only account for a small portion of performance variance. Other factors, such as market conditions and resource management, play a more significant role in influencing SME success. Thus, a comprehensive approach that includes enhancing entrepreneurial skills alongside addressing other critical factors is necessary for improving SME performance in this context.

5.2.2 Effect of Human Resource Management on SME Performance in Mbale City,

Industrial Division

Human Resource Management (HRM) practices have a notable impact on SME performance in Mbale City, though the findings suggest that their effect is relatively limited. Challenges in recruitment, retention, skill development, and performance management are prevalent, reflecting difficulties in effectively integrating HRM practices within SMEs. Despite some positive feedback on organizational structure and job role clarity, significant gaps remain in performance management and skill development. The minimal R-Square value and non-significant ANOVA results further highlight that while HRM practices are important, they account for only a small portion of performance variability. This indicates that HRM alone may not be sufficient to drive substantial improvements in SME performance. Therefore, SMEs need to adopt a holistic approach that incorporates HRM practices as part of a broader strategy addressing additional organizational factors to enhance overall performance.

5.2.3 Effect of Marketing Skills on SME Performance in Mbale City, Industrial Division

The examination of marketing skills' impact on SME performance in Mbale City, Industrial Division underscores several critical findings. SMEs face significant challenges in optimizing their marketing strategies, including issues with market segmentation, strategic planning, brand awareness, campaign creation, digital marketing, and customer relationship management. These challenges suggest that many SMEs are not effectively leveraging marketing skills to enhance their performance. The analysis shows that marketing skills account for a minimal percentage of performance variance, with a low R-Square value and modest correlation with job satisfaction and performance. While marketing skills are statistically significant, their direct impact on SME performance is limited. This highlights the need for SMEs to address broader marketing challenges and integrate improved marketing strategies with other key factors to enhance overall performance and employee satisfaction. Thus, while marketing skills are important, their effectiveness is constrained by the need for a more comprehensive approach to achieving business success.

5.3 Recommendations

5.3.1 Recommendations for Enhancing the Effect of Entrepreneurial Skills on SME Performance in Mbale City, Industrial Division

Given the analysis of entrepreneurial skills and their impact on SME performance in Mbale City, Industrial Division, several recommendations emerge to address the identified gaps and enhance overall effectiveness. While entrepreneurial skills such as strategic planning and

opportunity recognition are acknowledged as critical, there is a notable need to strengthen innovation and adaptability within SMEs. To address this, SMEs should invest in training programs and workshops focused on fostering innovation and adaptability. This could involve creating partnerships with local educational institutions and business development organizations to offer tailored courses that address the specific needs of SMEs in the region. Furthermore, it is essential for SMEs to develop a comprehensive approach that integrates entrepreneurial skills with other critical factors influencing performance. This includes improving market conditions, optimizing resource management, and enhancing operational efficiencies. SMEs should consider adopting frameworks and best practices from successful businesses both locally and globally, which emphasize a holistic view of business development. Engaging in regular strategic reviews and market analyses can also help SMEs stay competitive and responsive to changing market dynamics.

Additionally, government and non-governmental organizations should play an active role in supporting SMEs by providing resources, funding, and policy frameworks that encourage innovation and adaptability. This could involve creating incubator programs, offering tax incentives for innovative projects, and facilitating access to markets and networks that support entrepreneurial growth.

By focusing on these areas, SMEs in Mbale City can better leverage entrepreneurial skills to drive performance improvements. A multifaceted strategy that includes both skill enhancement and broader business development efforts will be crucial in achieving sustainable growth and success in the competitive SME landscape.

5.3.2 Recommendations for Improving the Effect of Human Resource Management on SME Performance in Mbale City, Industrial Division

The findings on the impact of Human Resource Management (HRM) practices on SME performance in Mbale City highlight the need for significant improvements in HRM strategies. To address the identified challenges in recruitment, retention, skill development, and performance management, SMEs should consider implementing several key strategies.

Firstly, SMEs should enhance their HRM practices by developing robust recruitment and retention strategies that align with their organizational goals. This could involve creating detailed job descriptions, offering competitive compensation packages, and establishing clear career development paths for employees. Building strong employer branding and

leveraging social media platforms to attract top talent can also improve recruitment outcomes.

Skill development is another critical area where SMEs can make substantial improvements. SMEs should invest in regular training and professional development programs to ensure that employees have the necessary skills and knowledge to perform their roles effectively. Collaborating with training providers and industry experts to deliver relevant and impactful training sessions can help address skill gaps and improve overall performance.

Performance management practices should be refined to include clear performance metrics, regular feedback, and effective appraisal systems. Implementing performance management software and tools can facilitate more accurate assessments and help identify areas for improvement. Additionally, creating a culture of continuous feedback and recognition can motivate employees and drive performance.

To support these HRM improvements, SMEs should also seek guidance and support from HR professionals and consultants who can provide expertise in developing and implementing effective HRM strategies. Engaging with industry associations and networks can offer valuable insights and resources to enhance HRM practices.

Overall, by adopting these recommendations, SMEs can strengthen their HRM practices and create a more conducive environment for improved performance and organizational success.

5.3.3 Recommendations for Enhancing the Effect of Marketing Skills on SME

Performance in Mbale City, Industrial Division

The examination of marketing skills and their impact on SME performance in Mbale City underscores the need for SMEs to address several critical areas to improve their marketing effectiveness. Given the challenges identified in marketing strategies, including market segmentation, strategic planning, brand awareness, campaign creation, digital marketing, and customer relationship management, SMEs should consider implementing the following recommendations.

Firstly, SMEs should focus on developing a comprehensive marketing strategy that includes clear market segmentation and targeting. This involves conducting market research to understand customer needs and preferences, segmenting the market accordingly, and tailoring marketing efforts to specific segments. Investing in data analytics tools can help SMEs gain insights into customer behavior and market trends, allowing for more effective targeting and positioning.

Strategic planning is another crucial aspect where SMEs can enhance their marketing efforts. Developing a detailed marketing plan with specific goals, objectives, and performance metrics can help guide marketing activities and measure their effectiveness. Regularly reviewing and updating the marketing plan based on market changes and performance outcomes will ensure that strategies remain relevant and effective.

Improving brand awareness and campaign creation is essential for driving SME performance. SMEs should invest in building a strong brand identity and developing compelling marketing campaigns that resonate with their target audience. Utilizing a mix of traditional and digital marketing channels, including social media, email marketing, and content marketing, can help reach a wider audience and enhance brand visibility.

Digital marketing skills should be prioritized, given their growing importance in reaching and engaging customers. SMEs should invest in training and resources to improve their digital marketing capabilities, including search engine optimization (SEO), pay-per-click (PPC) advertising, and social media marketing. Engaging with digital marketing experts and agencies can also provide valuable support and expertise.

Finally, effective customer relationship management is crucial for retaining customers and driving repeat business. SMEs should implement customer relationship management (CRM) systems to manage customer interactions, track sales, and analyze customer feedback. Building strong relationships with customers through personalized communication and excellent service will contribute to increased loyalty and satisfaction.

5.4 Contribution of the study

The study significantly contributes to the understanding of SME performance in Mbale City, Industrial Division, by elucidating the nuanced impacts of entrepreneurial skills, human resource management, and marketing skills on business outcomes. By providing empirical evidence on how these factors influence SME performance, the research highlights specific areas for improvement and practical strategies for enhancing business effectiveness. The findings underscore the limited direct impact of each factor individually, advocating for a holistic approach that integrates these elements with broader organizational and market considerations. This contribution not only fills a gap in the existing literature but also offers actionable insights for policymakers, business owners, and practitioners aiming to foster SME growth and success in the region.

5.5 Areas for further research

Future research should explore several areas to build on the findings of this study and provide a more comprehensive understanding of SME performance in Mbale City, Industrial Division. First, investigating the interplay between entrepreneurial skills, human resource management, and marketing skills could reveal synergistic effects that contribute to better performance outcomes. Additionally, examining the role of external factors such as market conditions, technological advancements, and economic fluctuations might offer deeper insights into their impact on SMEs. Research could also focus on sector-specific challenges and opportunities within SMEs to identify tailored strategies for different industries. Finally, longitudinal studies could assess how these factors evolve over time and their long-term effects on SME performance, providing valuable information for sustained business growth and development.

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APPENDIX I

Questionnaire

Dear Respondent,

My name is KOMUHOOZI BRACEOUS, a student of Bachelor of Business Administration at Uganda Christian University. I am conducting a study on “Managerial Skills and the Performance of Small and Medium Enterprises in Eastern Uganda: A Case Study of Small and Medium Enterprises in Industrial Division, Mbale City.” You have been selected to participate in this study by answering the following questions. Please tick the most appropriate response or elaborate where necessary. The information obtained from you shall be kept confidential and used for academic purposes only. You are also free to withdraw from participating at any time.

Thank you in advance for your participation.

Section A: Respondents' Demographic Information

- | | | |
|-------------------|--------------|-----|
| 1. Gender | Male | [] |
| | Female | [] |
| 2. Age | 18 - 25 | [] |
| | 26 - 35 | [] |
| | 36 - 45 | [] |
| | 46 and above | [] |
| | | [] |
| 3. Marital status | Single | [] |
| | Married | [] |
| | Widowe | [] |
| | d | [] |

No.	Statements	Rankings				
		1	2	3	4	5
1	I am enhancing strategic planning and decision-making capabilities					
2	I identify and exploit new business opportunities					
3	I am fostering innovation and creativity within the organization					
4	I support effective management of resources and operations					
5	I am increasing the ability to adapt to market changes and challenges					

Section D: Human Resource Management

Please tick the most appropriate option in the ranking of the questions; Use the following Likert scale to rate your answers:

- 1. - Strongly Disagree (SD)
- 2.- Disagree (D)
- 3.- Not Sure (NS)
- 4.- Agree (A)
- 5.- Strongly Agree (SA)

No	Statements	Rankings				
		1	2	3	4	5
1	Employee recruitment and retention is a key HR practices in my business					
2	I support the development of skills and competencies of my staff					
3	Organizational structure and job role clarity are in place					
4	I facilitate effective performance management and feedback processes					
5	I am fostering a positive work environment that increases employee motivation					

Section E: Marketing Skills

Please tick the most appropriate option in the ranking of the questions; Use the following Likert scale to rate your answers:

- 1 - Strongly Disagree (SD)
- 2 - Disagree (D)
- 3 - Not Sure (NS)
- 4 - Agree (A)
- 5 - Strongly Agree (SA)

No	Statements	Rankings				
		1	2	3	4	5
1	I identify and target key market segments effectively					

2	I have developed and executed strategic marketing plans					
3	My brand awareness and visibility in the market has increased					
4	I engage in marketing campaigns that drive sales					
5	I optimize the use of digital marketing tools and platforms					

Section F: Performance of SMEs in Mbale City, Industrial division

Please tick the most appropriate option in the ranking of the questions; Use the following Likert scale to rate your answers:

1 - Strongly Disagree (SD)

2 - Disagree (D)

3 - Not Sure (NS)

4 - Agree (A)

5 - Strongly Agree (SA)

No	Statements	Rankings				
		1	2	3	4	5
1	Revenue and profits have increased					
2	The business experiences operational efficiency and productivity on daily basis					
3	Customer satisfaction and retention is high					
4	The business is growing through and expanding					
5	Cost of production have reduced					

Thank you very much for your time

Appendix ii: INTERVIEW GUIDE

1. Assess the Effect of Entrepreneurial Skills on SME Performance in Mbale City, Industrial Division

1. How have entrepreneurial skills influenced your approach to strategic planning within your SME?
2. Can you describe a specific instance where your entrepreneurial skills helped you identify a new business opportunity?
3. How do you think innovation and creativity, as entrepreneurial skills, have impacted your business performance?
4. In what ways do you use your entrepreneurial skills to manage and optimize your resources effectively?
5. How have your entrepreneurial skills helped you adapt to changes or challenges in the market?
6. What role do you believe leadership and risk-taking play in the overall performance of your SME?
7. Can you provide examples of how your entrepreneurial skills have contributed to improving employee performance or motivation?
8. How do you assess the impact of your entrepreneurial skills on your SME's growth and profitability?

2. Find out How Human Resource Management Affects the Performance of SMEs in Mbale City, Industrial Division

1. How does effective recruitment and selection contribute to your SME's overall performance?
2. Can you explain how employee training and development have impacted productivity and efficiency in your organization?
3. What strategies do you use for managing employee performance, and how do they affect business outcomes?
4. How does HR management support employee retention and reduce turnover in your SME?
5. In what ways does clear organizational structure and role clarity influence your SME's performance?
6. How do you address and resolve employee conflicts, and how does this impact the

work environment?

7. Can you describe how strategic HR planning aligns with your business goals and contributes to performance?
8. How do you ensure compliance with labor laws and regulations, and what effect does this have on your SME's performance?

3. Establish the Effect of Marketing Skills on the Performance of SMEs in Mbale City, Industrial Division

1. How have your marketing skills helped you identify and target key customer segments effectively?
2. Can you discuss how developing and executing strategic marketing plans has influenced your business performance?
3. What impact has increased brand awareness and visibility had on your SME's sales and customer base?
4. How do you use your marketing skills to create and implement effective marketing campaigns?
5. In what ways have digital marketing tools and platforms contributed to your SME's growth and visibility?
6. How do you manage customer relationships and engagement through your marketing efforts?
7. Can you provide examples of how marketing skills have helped you adapt to changing market conditions or trends?
8. How do you measure the effectiveness of your marketing strategies in terms of overall business performance?

APPENDIX III: RESEARCH INTRODUCTORY LETTER



UGANDA CHRISTIAN UNIVERSITY, MBALE UNIVERSITY COLLEGE.

A Centre of Excellence in the Heart of Africa

BUSINESS DEPARTMENT

To THE TOWN CLERK
INDUSTRIAL DIVISION

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss. KOMUHOZI BLACEQUE
Of Registration Number; 4322/MUK/ABA/054 pursuing a Masters' Degree/Postgraduate Diploma / Bachelor's Degree

BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION

He/ she is required to carry out an academic research on the topic


MANAGERIAL SKILLS AND THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN EASTERN UGANDA. ONE COPY OF SMALL AND MEDIUM ENTERPRISES IN INDUSTRIAL DIVISION, MBALE CITY

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate and three (BLACK) copies for Postgraduate students as a University requirement for the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.

Thank you.

Yours faithfully,


HEAD OF DEPARTMENT BUSINESS UCU-MUC
Henry Omache Ogachi

