EFFECT OF ENTREPRENEURIAL SKILLS ON THE PERFORMANCE OF SMALL AND MEDIUM SIZED ENTERPRISES IN EASTERN UGANDA. A CASE STUDY OF KAMULI MUNICIPAL COUNCIL

BY

MUWANGUZI JOSHUA

REG NO: 1163-05014-06211

A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION (ACCOUNTING AND FINANCE) OF KAMPALA INTERNATIONAL UNIVERSITY

SEPTEMBER, 2019

DECLARATION

I, **Muwanguzi Joshua**, hereby declare that this report is as a result of my own efforts and has never been submitted before to any other university or institution of higher learning for award of a Degree.

Signature: .....

Date: 16th/09/2019

APPROVAL

This is to certify that this report of Muwanguzi Joshua titled *"effect of entrepreneurial skills on performance of SMEs"* has been carried out under my supervision and it is ready for submission to the College of Economics and Management at Kampala International University

Signed: .....

Date: .....16th/09/2019.....

SUPERVISOR: MRS. FLORENCE IRAU

DEDICATION

I dedicate this report to my beloved parents, brothers and sisters who have been so loving and helpful financially during my course of study and also their tireless support in my whole life in school for providing for me up to this success.

ACKNOWLEDGEMENT

I acknowledge the Almighty God who has helped me succeed in my studies up to this level and not fail me whatsoever.

I also acknowledge my lovely parents, brothers and sisters who have been so loving and helpful during my course of study and also their tireless support in my whole life in school for providing for me up to this level.

I extend my special thanks to my academic supervisor Mrs. Florence Irau who has rendered me her help willingly and for providing me with advice and encouragement that led to the accomplishment of this research report work.

My appreciation also goes to the Management of Kampala International University especially College of Economics and Management (Accounting and Finance) for the skills and knowledge given to me.

May the good Lord bless you all!!!!!

LIST OF TABLES

Table 1: Showing the Selected Departments & Sample Size Structures 15
Table 2: Showing the Gender of Respondents 19
Table 3: Showing the age of respondents in Kamuli Municipal Council 20
Table 4: A table showing the Level of Education of respondents 22
Table 5: showing the level of experience in business 24
Table 6: Showing the effect of creative thinking skills on performance on SMEs 26
Table 7: Showing the findings on the effect of Financial Management skills on the performance of small and medium sized enterprises 28
Table 8: showing the analysis of the effect of communication skills on the performance of small and medium sized enterprises 29

LIST OF FIGURES

Figure 1: A pie chart showing the percentages of male and female respondents in Kamuli Municipal Council.....20
Figure 2: A bar graph showing the age range of respondents in Kamuli Municipal Council.....21
Figure 3: A bar graph showing the level of education of respondents.....23
Figure 4: A bar graph showing the level of working experience of respondents.....24

ABSTRACT

This research report comprises of five chapters that is to say chapter, chapter two , three , four and chapter five including the appendices which comprises of the acceptance letter from the organization, and the questionnaires.

In chapter one, a clear description of the background of the study, the problem statement, the research objectives, questions, scope of the study.

Chapter two comprises of the literature review, conceptual frame work and a discussion about the empirical studies of the research objectives.

Chapter three comprises of the methodology that will used to collect data from the field, it comprises of the research design , study population , sample size and procedure , sources and collection methods, data collection instruments data analysis and data presentation.

Chapter four presents the data presentation and analysis of the findings obtained from the field. Various techniques of data analysis were used that is to say, frequency tables were used to analyze the demographic characteristics of respondents, means and standard deviation for the effects of each objectives upon financial performance.

Finally chapter five consists of the conclusions and recommendations and further areas of research followed by appendices that is to say the questionnaires, the acceptance letter from Kamuli Town Council and the introductory letter.

LIST OF ACRONYMS

CVI	Content Validity Index
RQ	Relevant Questions
SMES	Small and Medium Sized Enterprises
TQ	Total Number of Questions

TABLE OF CONTENT

DECLARATION i
APPROVAL ii
DEDICATION iii
ACKNOWLEDGEMENT iv
LIST OF TABLES v
LIST OF FIGURES vi
ABSTRACT vii
LIST OF ACRONYMS viii
TABLE OF CONTENT ix

CHAPTER ONE 1
INTRODUCTION 1
1.0Introduction 1
1.1Background of the study 1
1.1.1Historically perspective 1
1.2Theoretical perspective 2
1.3 Conceptual perspective 3
1 .4Contextual perspective 3
1.5Statement of the problem 3
I.6Purpose of the study 4
1.7Objectives of the study 4
1.8Research questions 4
1.9Scope of the study 4
1.9.1 Content of the scope 4
1.9.2 Geographical scope 4
1.9.3Time scope 4
1.9.4 Significance of the study 5
Conceptual framework showing the relationship of the variables understudy 5

CHAPTER TWO 7
LITERATURE REVIEW 7
2.0 Introduction 7
2.1 Theoretical review 7
2.2.1Effect of creative thinking on performance of SMEs 8
2.2.2 Communication Skills and performance of small and medium sized enterprises 9
2.2.3 The effect of entrepreneurial financial management skills on the performance of small and medium sized enterprises. 11

CHAPTER THREE **14**
RESEARCH METHODOLOGY **14**
3.0 Introduction 14
3.1 Research Design. 14
3.2 Study Population 14
3.3 Sample Procedure and Size 14
3.4 Data Sources and Collection methods. 15
3.4.1 Sources of Data Collection 16
3.4.1.2 Primary data 16
3.5 Data collection instruments 16
3.5.1 Questionnaires 16
3.6 Data Analysis 16
3.7 Validity and reliability of the instrument 17
3.7.1 Validity 17
3.7.2 Reliability of the instrument 17
3.7 Data Presentation 17
3.8 Ethical consideration 18
3.9 Limitations of the study 18

CHAPTER FOUR **19**
DATA PRESENTATION, ANALYSIS AND INTERPRETATION **19**
4.0 Introduction 19
4.1 Demographic characteristics of the Respondents 19
4.1.1 Gender 19
4.1.2 Age of respondents of Kamuli Municipal Council 20
4.1.3 Level of education of respondents of Kamuli Municipal Council 22
4.1.4 Level of experience of respondents in Kamuli Municipal Council 23
4.2 The effect of entrepreneurial skills on the performance of Small and Medium Sized 25
4.2.1 The effect of creative thinking skills on the performance of small and medium sized 25
4.2.2 The effect of financial management skills on the performance of Small and Medium 28
4.2.3 The effect of Communication skills on the performance of small and medium sized 29

CHAPTER FIVE **31**
DISCUSSION, CONCLUSION AND RECOMMENDATIONS **31**
5.0 Introduction 31
5.1 Discussion of findings 31
5.1.1 Effect of creative thinking on Performance of SMEs 31
5.1.2 Effect of Financial Management skills on organizational performance 31
5.1.3 Effect of communication skills on performance of Small and Medium Sized enterprises. . 32
5.2 Conclusions 32
5.3 Recommendations 32
5.5 Areas for further research 33

REFERENCES 34
APPENDICES 37
APPENDIX 1: SECTION A. QUESTIONAIRE 37
APPENDIX II : SECTION B: ENTREPRERNUERIAL SKILLS 38

CHAPTER ONE

INTRODUCTION

1.0Introduction

This chapter covered the background of the study, statement of the problem purpose of the study, objectives of the study, research questions, scope of the study and significance of the study.

1.1Background of the study

1.1.1Historically perspective

Globally, in Ireland (the global entrepreneurship monitor, 2005) found out that the number of individuals starting and planning new business increased to 9.5% from 7.7% in 2004 which is equivalent to almost a quarter of a million individuals in 2005. Organizational teams, as an extension of human groups, are founded through personal networks and connections. However, there is more than meets the eye in the selection of a potential work partner. It is not just about calling somebody you know to ask him/her to work with you; there needs to be an important emotional connection, in terms of shared values, beliefs and perceptions. The leader and other members of the team need to be aware of the dynamics of such relationships, the drives and motivations that will influence everybody at different levels in the team. In other words, they need to be receptive, intuitive and engage their emotional intelligence. Having good, positive, and encouraging relationships at work will have a direct influence on the team's performance and the capacity for the members to achieve their full potential and feel that they belong. These positive associations, emotions, and feelings will be reciprocated and, in turn, generate trust, cohesion and safety. Like a snow-ball, these positive emotions will extrapolate and influence all the members of the team. Where a positive "seed" was planted, positive "fruit" will ripe.

According to Global Entrepreneurial Monitor (2012), Nigeria is a world leader in entrepreneurial spirit, and they believe they have necessary skills and knowledge. However, despite this report, the amount of failed SME has not reduced in recent years. The focus of research in entrepreneurship over the years is on building theory without the consideration or attention on what it takes for a venture to survive. The empirical studies of Bosire and Nzaramba (2013) in their findings, concluded that development of entrepreneurial skills could serve as a measure for improving the self-reliant of startups and established entrepreneurs. Similarly, (Coric, Katavic, and Kopecki,) claims that entrepreneur's success depends on the connection of crucial entrepreneurial skills for starting businesses, as well as the survival and development in their

early years. However, such study is still missing in Nigeria context to the best of the researcher knowledge. Additionally, the research of Undiayaundeye (2015) identified lack of entrepreneurial skills among graduates and thus, degenerate to failed entrepreneurial journey of business owners. As a result of the above discussions, this study, therefore, intends to examine the influence of these skills on SMEs growth.

1.2Theoretical perspective

Theory of innovation

In line with the other investment theories of the business cycle which asserts that the change in investment accompanied by monitory expansion are the major factors behind the business fluctuations but however Schumpeter's theory posits that innovation in business is the major reason for increased investment and business fluctuations.

According to Schumpeter, the cyclical process is almost exclusively the result of innovation in an organization both industrial and commercial. By innovation, he means the changes in the methods of production and transportation, production of a new product, change in the industrial organization, opening up a new market among others.

Schumpter (1954) Schumpeter's innovation theory characterizes an entrepreneur with these two abilities innovative or creative and foresight. This argument denotes that entrepreneurship takes place the production of a new product, find an existing or new market for a product. The Schumpeter theory of entrepreneurship focus more on profit of innovators and ignores the aspect of organizational skills or what it takes for entrepreneurs to carry out a successful task (Nichter & Goldmark, 2009). By contrast to the view of Schumpeter, the study of "Alfred Marshall" cited in Scudder (2001) argued that entrepreneurs are the driving factor that brings labor, land, capital and organization together. Therefore, the characteristic of an entrepreneur should include; foresight, understanding of the market, and ability to identify opportunities. Similarly, the study of (Coric, Katavic, and Kopecki, 2011) review that successful Small and Medium Enterprise gather information relating to the business environment than those who are less successful. This unique skill gives the entrepreneur an overview of the business climate and helps to formulate a larger picture of the business activities. Another study by (Stevenson, 1993) argues that entrepreneur needs an innovative skill which comprises of the cognitive skills like creative; behavioral skills like problem-solving skills are the type of cognitive ability. The study further

argues that the main reason entrepreneurs are successful is their abilities to imagine, innovates and work around challenges within their environment. Nevertheless, skills along are not largely effective as the local government should be involved directly in providing funds for capital investment in order to promote entrepreneurial ventures (Faizan & Haque, 2016).

1.3 Conceptual perspective

The term entrepreneurship first appeared in French language as "entreprendre" and was used by military men at the beginning of the 16th century "Entreprendre" literally means to "under take". However this has always been modified and now days it means qualities of leadership, initiative and innovation in manufacturing and delivery of goods and services. (Schmit and Seargy, 2013)

Entrepreneurial skills may refer to the intrinsic characters of entrepreneurs who pro-actively utilize their profoundly basic human capital to generate that are essential for producing entrepreneurial goods and services for example doing things in new ways, making things happen and getting things done (Lowrey 2006)

Driven by perceived opportunity and personal resourcefulness, an entrepreneur will act autonomously take some risk, innovate and act competitively towards competition in order to have an edge over others in the industry (Gupt and Srivason 1995).

1 .4Contextual perspective

According to the Global Entrepreurship monitor, 28% adults in Uganda own or co-own SMEs. Daniel Joloba a programme manager at enterprise Uganda a public boday that supports SMEs says that only a few of those go a whole distance and survive. Most of these businesses remain informal and small. Staying informal and small means avoiding taxes and registration costs, but this means missing opportunities like bidding for government contracts, that could offer financial security and path to growth. (The Guardian, 2016).

Business ventures in Kamuli municipal council also deal in 90% similar products and this has left customers with limited range of choice of what to consume. Therefore, entrepreneurs in Kamuli municipal council need to equip themselves with entrepreneurial skill in order to ensure the success of their business started up.

1.5Statement of the problem

Entrepreneurial skills are required to enable individual functions in the turbulent business environment so as to improve and compare in the market (Ellis 2000). Small scale business owners have used entrepreneurial skills like creativity, problem solving, leadership skills, and

team work to maintain their businesses and manage finance. Despite the entrepreneurial skills applied in management of SMEs in Kamuli municipality, performance of SMEs has remained poor. Global entrepreneurship monitor 16th Feb. 2016. This is has prompted the researcher to carry out a study on the effect of entrepreneurial skills on the performance of SMEs. The important role of the SMEs as an engine for development could be hampered if the essential elements of their performance are not well catered for by the public and private sectors of an economy. One of the essential elements is financing. Businesses need finance for their expansion, production, innovation, growth and development (Fogel, 2001).

I.6Purpose of the study

The purpose of the study is to establish the effect of entrepreneurial skills on the performance of SMEs

1.7Objectives of the study

To ascertain effect of creative thinking on the effective performance of SMEs

To establish the effect of communication skills on the performance of SMEs

To find out the effect of entrepreneurial financial management skills on the performance of small and medium sized enterprises.

1.8Research questions

What are the effects of creative thinking on effective performance of SMEs?

What are the effects of communication skills on performance of SMEs?

What is the effect of entrepreneurial financial management skills on the performance of small and medium sized enterprises.

1.9Scope of the study

1.9.1 Content of the scope

The research was all about the effect of entrepreneurial skills towards the effective performance of SMEs

1.9.2 Geographical scope

This research covered some of the selected business ventures in Kamuli Municipal Council (Kamuli district) which is located in the eastern region of Uganda.

1.9.3Time scope

The research was carried out in a period of three months that was from June-August, 2019

1.9.4 Significance of the study

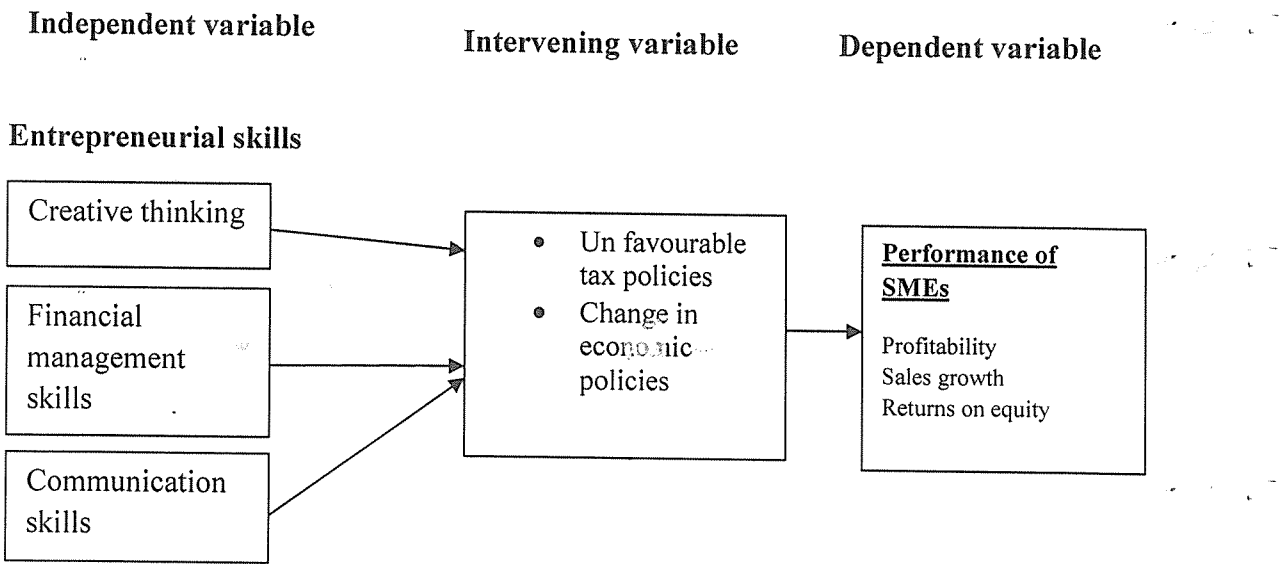
The study helped entrepreneurs in Kamuli Municipal Council to improve on their entrepreneurial skills and the ways of handling activities in their business which helped in effective performance of SMEs

The study also helped entrepreneurs in examining the other problems that hinder the effective performance of SMEs

The study also helped other scholars and entrepreneurs in carrying out future research in the aspects of entrepreneurial skills that help in the effective performance of SMEs.

Conceptual framework showing the relationship of the variables understudy

Fig 1: Conceptual framework



Source: ***Adopted form MIPRA, 2018 and Modified***

The figure above shows the independent variable (Entrepreneurial skills) characterized by traits like Creative thinking, financial management skills and communication skills and the dependent variable (performance of SMEs) characterized by Profitability, Sales growth all these variable however can be intervened by the factors like changes in the economic policies and un favourable tax policies by the government.

Definition of key terms

Entrepreneurial skills may refer to the intrinsic characters of entrepreneurs who pro-actively utilize their profoundly basic human capital to generate that are essential for producing entrepreneurial goods and services for example doing things in new ways, making things happen and getting things done (Lowrey 2006).

Creativity

Creativity according to the study of (Ward, Finke & Smith 1995) is the development of right and new solutions.

Financial management

Financial management is the planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means the applying of general management principles to financial resources of the enterprise.

CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter comprised of the literature concerning entrepreneurial skill, that is to say the creative thinking, the leadership skills and team work and their effect on the performance of SMEs in as researched by different scholars.

2.1 Theoretical review

In line with the other investment theories of the business cycle which asserts that the change in investment accompanied by monitory expansion are the major factors behind the business fluctuations but however Schumpeter's theory posits that innovation in business is the major reason for increased investment and business fluctuations.

According to Schumpeter, the cyclical process is almost exclusively the result of innovation in an organization both industrial and commercial. By innovation, he means the changes in the methods of production and transportation, production of a new product, change in the industrial organization, opening up a new market among others.

2.1.1 Theory of innovation

Schumpter (1954) Schumpeter's innovation theory characterizes an entrepreneur with these two abilities innovative or creative and foresight. This argument denotes that entrepreneurship takes place the production of a new product, find an existing or new market for a product. The Schumpeter theory of entrepreneurship focus more on profit of innovators and ignores the aspect of organizational skills or what it takes for entrepreneurs to carry out a successful task (Nichter & Goldmark, 2009). By contrast to the view of Schumpeter, the study of "Alfred Marshall" cited in Scudder (2001) argued that entrepreneurs are the driving factor that brings labor, land, capital and organization together. Therefore, the characteristic of an entrepreneur should include; foresight, understanding of the market, and ability to identify opportunities. Similarly, the study of (Coric, Katavic, and Kopecki, 2011) review that successful Small and Medium Enterprise gather information relating to the business environment than those who are less successful. This unique skill gives the entrepreneur an overview of the business climate and helps to formulate a larger picture of the business activities. Another study by (Stevenson, 1993) argues that

entrepreneur needs an innovative skill which comprises of the cognitive skills like creative; behavioral skills like problem-solving skills are the type of cognitive ability. The study further argues that the main reason entrepreneurs are successful is their abilities to imagine, innovates and work around challenges within their environment. Nevertheless, skills along are not largely effective as the local government should be involved directly in providing funds for capital investment in order to promote entrepreneurial ventures (Faizan & Haque, 2016).

2.2 Related literature

2.2.1Effect of creative thinking on performance of SMEs

Globalization in today's business world has brought the international market which makes it easy for manufacturers to transport their products internationally. Therefore, there is an easy access to product everywhere for both consumers all sort of qualities and type. The debate over the definition of creativity and the link between creativity and entrepreneurship is limited. Creativity according to the study of (Ward, Finke & Smith 1995) is the development of right and new solutions. While Creativity was described as the capacity to produce new or unique work that fits with some assignment restraints (Lubart, 1994). Deducing from these definitions is quite obvious that creativity describes a novel and valuable ideas. According to Schumpeter's creativity and innovation goes hand in hand. Therefore, creativity conceals ideas and innovation implement the ideas. On the other hand, Haque, Faizan, & Cockrill (2017) argued that creativity is essential component in determining the competitiveness.

Investment theory of creativity proposed by Sternberg implies creativity to be a personal choice, so far there is an investment of time and effort into the creative method. The theory further describes the kind of creativity as "intellectual abilities, knowledge, ways of thinking, personality, motivation, and the environment" (Sternberg, 1995). The intellectual skills give the potential to differentiate a good idea from bad ones. However, a creative mind needs entrepreneurial skills to actualize the ideas to business. Through creative thinking, an entrepreneur does not just have ideas but assess the requirement of how to execute and establish the success of those ideas. Thus, an entrepreneur demonstrates the difference between creative intellect and old-style business method.

A core attribute of entrepreneurship is the ability to develop and exploit business opportunities (Shane and Venkataraman 2000). Some have gone as far as claiming that in today's complex and ever-changing financial and business environments, venture opportunities and the ability to recognize and seize them are more vital to success than the entrepreneurs/manager's personal

characteristics or the firm's efficiency (e.g., Puhakka 2007). One interesting reference in this context is MacMillan and McGrath's book on strategic management (2000), which states that the central weapon in the strategic arsenal of business organizations is the ability to create and exploit new venture opportunities. This represents a remarkable opening gambit to a wider mindset in which entrepreneurship is regarded as a strategic competence, capable of being utilized in all manner of organizations.

Recognized as the creation of business opportunities, entrepreneurship comprises ideas, beliefs and actions directed toward generating new economic activity that emerges gradually as the process continues (Sarasvathy, Dew, Velamuri and Venkataraman 2003). Hence, entrepreneurship is strongly present when the actors enter a business space ("entre") without knowing what it is all about, what kind of business they want to conduct or even what they are striving at. It is also less relevant, whether the outcome of the activity is the establishment of a new firm, an extension of existing activities or expansion into a new market. We are dealing with a problem-solving situation in which the situation, rules, solutions and goals must be created through action (Sarasvathy 2001). Under these conditions, it is practically impossible to apply logic to arrive at the right and best solution.

2.2.2 Communication Skills and performance of small and medium sized enterprises

Rogers (1976), sees an organization as a stable system of individuals who work together to achieve, through a hierarchy of ranks and divisions of labour, organizational goals. To do this, the individuals requires information to enable them make appropriate decisions. Therefore, enough information must be availed to them to dismantle their individuality. " The behaviour of people in organizations is still the behaviour of individual, but it has a different set of determinants than outside organizational roles." Most of these distinctive determinants are variables that involve the organizational structure. Since the organizational communication occurs in a highly structured context, the organizational structure tends to affect the communication process. Hence communication from a subordinate to a superior is very different from communication between equals. (Katz and Kahn, 1978).

In an open system perspective, an organization is seen as an elaborate set of interconnected communication channels designed to impart, sort and analyze information from the environment

and export the processed message back to the environment. "Communication provides a means for making and executing decisions, obtaining feedback and correcting organizational objectives and procedures as the situation demands." (Rogers and Rogers 1976)

Communication is seen as a thread that holds the various interdepartmental parts of an organization together. If communication were somehow removed from an organization or industry, it would collapse instantly. "When communication stops, organized activity ceases to exist and individual uncoordinated activity returns." (Hicks and Gullett, 1976) Communication is not only an essential ingredient in the internal functioning of an organization, but it is also vital in the organization's information exchange with its environment. According to Guetzkow,(1965). The communication system serves as the vehicle by which organizations are embedded in their environments.

An organization might emphasize training and development of other managerial skills, but communication is often taken for granted. There is an assumption that if an individual can speak, read and writes, then he can communicate. Communication is not just reading, writing and speaking; rather it us the transfer of information and understanding from one person to another. (Waweru, 2002).

The importance of communication research as seen by Deutch (1952), rests in understanding the requisite pathways by which communication is communicated between different parts of an organization. Further, the research has enabled scholars to determine how communication is applied to the behaviour of the organization relation to the outside world and we will have gone far towards understanding that organization.

The gist of studying communication in an organization lies in recognizing it as a process by which an idea is transferred from a source to a receiver with the intention of changing his/her behaviour. Communication relates with an organization in that different individuals work together to achieve common goals and objectives. This can only happen in an environment where free flow of information persists.

Several authors including Desmond (1990), Mcgarry (1975), Mullins L.J (2002), Pearson J. (1983) Stephen P. Robbins(2003) and Terry Lucey, (1997) all agree that communication serves the following four functions within an organization;
Communication control employees' behaviour. Organizations have authority hierarchies and formal guidelines that employees are required to follow such as following their job description and complying with organization policies.

Communication fosters motivation by clarifying what is to be done, how it is to be done and what to be done to improve performance.

Communication which takes place within work groups is a fundamental mechanism by which members share their frustrations or their feelings of satisfaction within both their work related activities and social aspects of their lives. In this way communication provides a release for the emotional expression of feelings and for fulfillment of social goal.

2.2.3 The effect of entrepreneurial financial management skills on the performance of small and medium sized enterprises.

The important role of the SMEs as an engine for development could be hampered if the essential elements of their performance are not well catered for by the public and private sectors of an economy. One of the essential elements is financing. Businesses need finance for their expansion, production, innovation, growth and development (Fogel, 2001). For SMEs to survive and grow access to debt finance is critical. Debt financing can be a loan, line of debt financing, bond, or any promise to repay borrowed amounts over a certain time with a specified interest rate and other terms. Debt is accounted for as a liability of the company, and interest payments are deductible business expenses. In the event of bankruptcy or insolvency, debt holders take priority over equity holders. For a small business, debt financing has both advantages and disadvantages. On the plus side, debt can be relatively simple to secure through a bank or other financial institution and is available with a broad range of terms, allowing customization of debt to meet the specific needs. And since most debt entails regularly scheduled payments of interest and often principal as well, debt is easy to plan around. Perhaps most important, debt, unlike equity, will not dilute the ownership interest of the SMEs (Mitton, 2007).

Risk-taking is defined as the perceived probability of receiving rewards associated with the success of a situation that is required by the individual before he will subject himself to the consequences associated with failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation. A high propensity to take risks is also considered to be an important characteristic of entrepreneurs. More risk adverse individuals are expected to become workers, while the less risk adverse becomes entrepreneurs.

A risk is a big part of entrepreneurship. Entrepreneurs not only risk money, they risk reputation among other factors. This is because high rates of change and high levels of risk and uncertainty are almost given; they have to tolerate risk and uncertainty (Mitton, 1984). Entrepreneurs are willing to take a risk; however, in deciding to do so, they calculate the risk carefully and thoroughly and do everything possible to get the odds in their favour. They get others to share inherent financial and business risks. Partners and investors put up money and put their reputations on the line. At times creditors are also involved, so are the customers who pay in advance and suppliers who advance credit (Miner).

Other researchers (Baron and Shane, 2004; Bolton and Thompson, 2003; Deakins and Freel, 2003; Kuratko and Hodgetts,2001; Megginson, Byrd and Megginson, 2003) argue that contemporary entrepreneurship literature should include risk-taking/tolerance as an entrepreneurial trait, although it is yet to be confirmed empirically.
On the contrary, Miner and Raju (2004); Xu and Reuf (2004) have shown doubt on the degree towhich the risk-taking propensity is being seen as an entrepreneurial characteristic.

They proposed that entrepreneurs are no longer risk tolerant, but in some instances, are even more risk avoidant, than other managers and permanent employed persons. Hisrich and Peters" (2002) argue that empirically "no conclusive causal relationships" has been found in regards to risk and entrepreneurs, and that the risk-taking propensity trait does not form an important part of the research on entrepreneurial financial skills. In line with the above contradictory opinions, Stewart and Roth (2001); Deamer and Earle (2004) emphasise the need for clarity and empirical facts regarding entrepreneurial risk tolerance.

Janney and Dess (2006) challenge the conventional "calculated risk taking propensity and tolerance" of entrepreneurs by reconsidering the risk-taking construct. The authors argue that high risk-taking decisions are more evident in the new venture-creation process in particular and give an account of an investigation into the perceived differences in this regard. A suggestion for alternative measures that confine this concern is moreover explored, and a conclusion is reached with respect to three dimensions of the risk construct, namely: Risk as a variance; Risk as a downside loss and bankruptcy; and Risk as an opportunity. The authors furthermore describe the body of knowledge pertaining to the operationalization of the concepts of risk drawn from the economics, finance, strategy and entrepreneurship literature in order to support the constructs in an entrepreneurial context.

CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

This chapter aimed at discussing the research method that was employed in carrying out the study to determine the effect of entrepreneurial skills on the performance of SMEs. This chapter consists of the research design, target population, sampling design, and data collection methods, data analysis and the model to be used in order to get proper and maximum information related to the subject under study.

3.1 Research Design.

Descriptive research design was used. Qualitative and quantitative designs was more preferred in this study since this research design was effectively used to obtain information concerning the current phenomena. Cooper (2006). The purpose of the descriptive survey methods was to describe "what exists" at present with respect to situational variables This research design was useful because it allowed a comparative analysis.

3.2 Study Population

The target population for this study was comprised of a total of 45. These came from the different specialties of the Small and medium sized enterprise industry in Kamuli Municipal Council that is to say, entrepreneurs, employees, customers and managers. All these understand issues regarding the study the target population included respondents from Restaurants, Mobile money outlets, Retail shops and Saloon outlets

3.3 Sample Procedure and Size

The population of the study had four distinct categories. Therefore, stratified sampling was used. Thereafter, simple random sampling was used to select the final respondents from each category. Slovene's formula was used to reach the required sample size. Where:- n = the required sample size, N =Total target population, e = confidence level.

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

$$n = \frac{45}{1+45(0.05)^2}$$

$$= \frac{45}{1+45(0.05x0.05)}$$

$$= \frac{45}{1+45x0.0025}$$

$$\frac{45}{1+0.1125}$$

$$\frac{45.}{1.1125}$$

n=40 respondents

Table 1: Showing the Selected Departments & Sample Size Structures

Selected enterprises	Target population	Sample size	Sampling technique
Restaurants	20	18	Purposive sampling
Mobile money outlets	10	9	Purposive sampling
Retail shops	8	7	Purposive sampling
Saloon outlets	7	6	Purposive sampling
Total	**45**	**40**	

Source: ***Researcher's construct 2019***

3.4 Data Sources and Collection methods.

Primary data was collected using a questionnaire as the instrument of the research procedure which was distributed to the different respondents. The secondary data was collected from various sources, which included textbooks, journals, internet, papers and the internal annual reports.

3.4.1 Sources of Data Collection

The two main sources of data that were used in the research included primary data and secondary.

3.4.1.2 Primary data

Primary data was collected by use of self-administered questionnaire. This is because of its confidentiality and efficiency that enabled the researcher to get responses and reveal the respondents views.

3.5 Data collection instruments

The researcher used the following data collection instruments.

3.5.1 Questionnaires

This research study used the primary data to meet the three objectives that were established in chapter one. For the purpose of collecting primary data, the researcher used a semi-structured questionnaire. The questions were designed in such a manner as to elicit the opinions of the respondents in the most effective way. In particular, the questionnaires were structured in terms of linkert scale measurements, which provided the respondents an opportunity to provide their varied views on diverse aspects of effect of entrepreneurial skills on performance of SMEs. A self-administered questionnaire was delivered to each respondent of Kamuli Municipal Council after which were picked within a period of one week. Once the questionnaires are received, they were coded and edited for completeness and consistency.

3.6 Data Analysis

This research study used quantitative method to analyze primary data in order to meet the three research objectives. In particular, the statistical package for social scientists (SPSS) version 16.0 will be employed. The information to be obtained was presented in terms of frequencies and percentages. Tables were used to present the data. The quantitative was interpreted and inferences was made and presented descriptively. This technique gave simple summaries about the sample data and present quantitative descriptions in a manageable form.

However, for objective three, which aims at establishing the relationship of entrepreneurial skills and performance of SMEs, was further assessed using graphs, tables and percentages.

3.7 Validity and reliability of the instrument

3.7.1 Validity

Here the questionnaire was given to experts to judge the validity of questions according to the objectives. After the assessment of the questionnaire, the necessary adjustments will be made bearing in mind the objectives of the study.

Research validity can be divided into two groups: internal and external. It can be specified that "internal validity refers to how the research findings match reality, while external validity refers to the extent to which the research findings can be replicated to other environments" (Pelissier, 2008, p.12). According to Amin (2005) validity of instrument is determined by the formula;

$$CVI = \frac{RQ}{TQ}$$

Where: CVI = Content Validity Index

RQ = Relevant Questions

TQ = Total Number of Questions

3.7.2 Reliability of the instrument

A test is seen as being reliable when it can be used by a number of different researchers under stable conditions, with consistent results and the results not varying. Reliability reflects consistency and replicability over time. Furthermore, reliability is seen as the degree to which a test is free from measurement errors, since the more measurement errors occur the less reliable the test (Fraenkel & Wallen, 2003; McMillan & Schumacher, 2001, 2006; Moss, 1994).

3.7 Data Presentation

The findings from primary, and or quantitative (numerical) data will be presented in tables, pie charts and bar graphs using frequencies and percentages to make the reader appreciate the output. Also narration and descriptive methods were used to quote the exact responses, comments and observations from the respondents during the process of interaction with respondents.

3.8 Ethical consideration

Informed consent was sought from the respondent before any step is taken. The data was collected by use of reliable and valid tools, coded and data collection tools which were burnt to avoid any form of information misuse. The researcher maintained the confidentiality of the respondents and protected their privacy at all times. The researcher tried to be professional when presenting himself to the respondents as this may affect the attitude and expectations of the respondents. The researcher used the language that was as neutral as possible regarding the terminology involving people and avoiding discriminative language. Lastly, the researcher tried to be considerate during the interactions with respondents.

3.9 Limitations of the study

Gathering of information may prove to be difficult as employees were scared to give out their information about their organization and the difficulties they face when serving clients.

The business owners had their personal problems which made it hard for them to give the researcher time while in their business premises.

Inadequate funds that is to say visiting the different business premises for data collection several times was too expensive in terms of transport

Some respondents were biased about giving out their information thus limiting the scope of the researchers study.

Pressure from the administration for the researcher to complete the research on schedule which may affect the quality of the research

CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

The chapter presented data presentation, analysis and interpretation of data collected with the view of answering the research questions. Data analysis and interpretation was based on the three research objectives. Below are the data presentations and analysis;

4.1 Demographic characteristics of the Respondents

In this study, this section was to reveal the background characteristic of respondents and profile of respondents based on their gender, level of education, age and years of experience.

4.1.1 Gender

The preceding table presents the data, analysis and interpretation of the results collected from the field about the gender of respondents in Kamuli Municipal Council

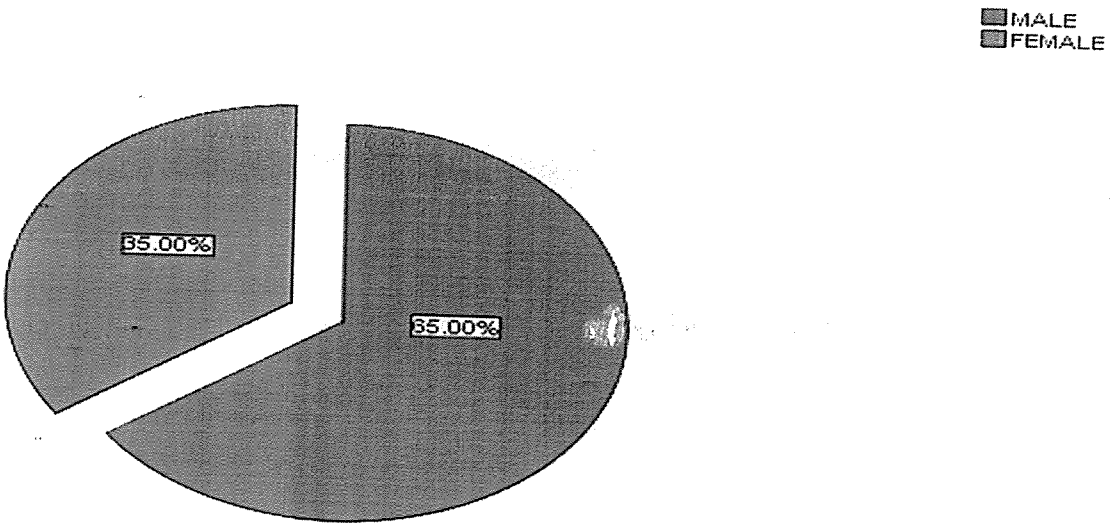
Table 2: Showing the Gender of Respondents

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	26	65.0	65.0	65.0
	FEMALE	14	35.0	35.0	100.0
	Total	40	100.0	100.0	

Source: Primary Data 2019

The above table shows results concerning gender of respondents in Kamuli Municipal Council and it was depicted that majority of the respondents in this sample were Male with a frequency of 26 and a percentage of (65.0%) as compared to Female respondents who had a frequency of 14 and a percentage of (35.0%), hence implying that there was a gender gap since majority of entrepreneurs in Kamuli Municipal Council were Male and furthermore, it implies that males in this Municipal Council are the most aggressive and innovative persons with most of the business ventures.

Figure 1: A pie chart showing the percentages of male and female respondents in Kamuli Municipal Council



The above figure is a pie chart depicting results concerning gender of respondents in Kamuli Municipal Council were majority of the respondents in this sample were Male with a percentage of (65.00%) as compared to Female respondents who had a percentage of (35.00%), hence implying that there was a gender gap since majority of entrepreneurs in Kamuli Municipal Council were Male and furthermore, it implies that males in this Municipal Council are the most aggressive and innovative persons with most of the business ventures.

4.1.2 Age of respondents of Kamuli Municipal Council

The following table shows the results concerning the age of respondents (entrepreneurs) in Kamuli Municipal Counciloperating differing business ventures.

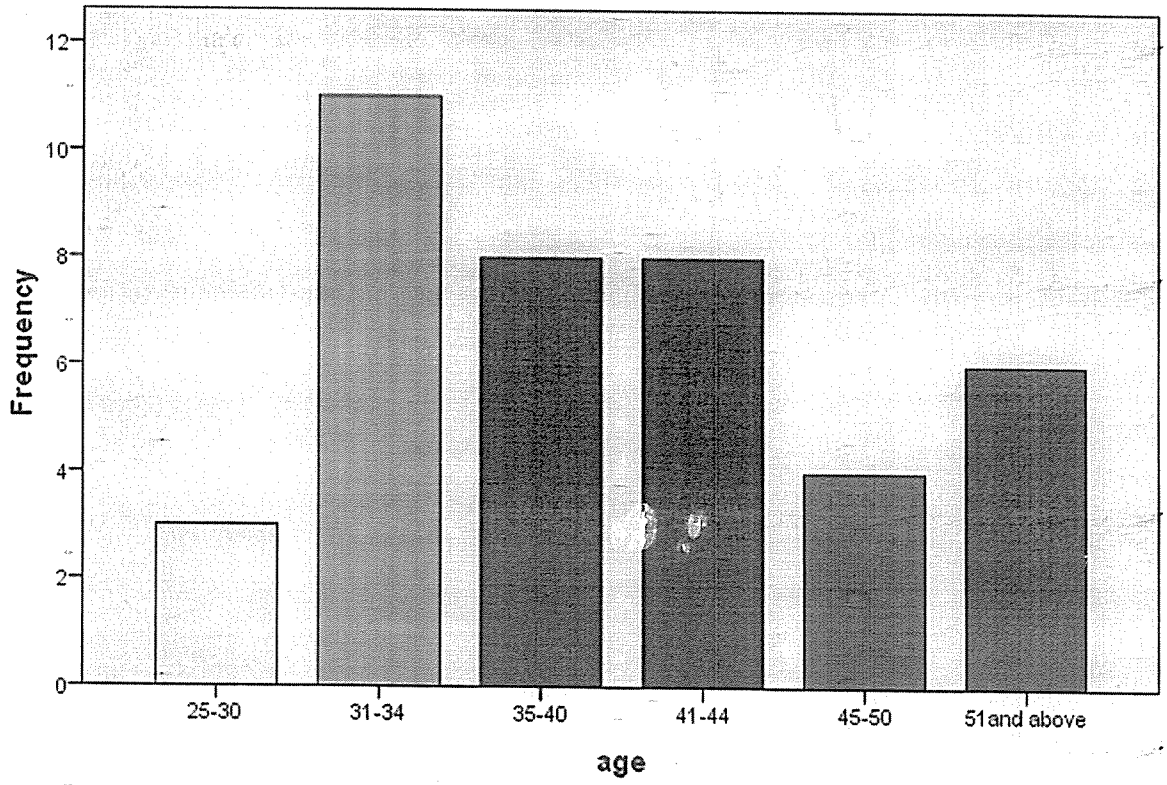
Table 3: Showing the age of respondents in Kamuli Municipal Council

	Age range	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-30	3	7.5	7.5	7.5
	31-34	11	27.5	27.5	35.0
	35-40	8	20.0	20.0	55.0
	41-44	8	20.0	20.0	75.0
	45-50	4	10.0	10.0	85.0
	51and above	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

Source: Primary Data, 2019

Results in the above table shows that majority of respondents in this sample were between the range of 31-34 years of age (27.5%), this implied that majority of respondents in this sample were in their middle adulthood and it is at this age where innovativeness and creativity is depicted resulting into development of diverse and new business ideas, these were followed by those in the range of 35-40 years of age constituting a percentage of (20%), similarly those who were in the age range of 41-44 had similar results of (20%) (15%) were in the age bracket of 51 and above, those in the range of 45-50 had a percentage of (10%) and only (7.5%) of respondents were in the range 25- 30. This implied that since majority of the respondents were in the range of 31-40 they had the capacity and ability to be creative and come up with new ideas for coming up with various businesses in the Municipal Council. Furthermore the results indicate that at this age most of the respondents had completed studies and possessed the necessary communication skills, creativity skills and financial management skills attained from school which aided them to come up with wonderful and exciting business ideas in the Municipal Council.

Figure 2: A bar graph showing the age range of respondents in Kamuli Municipal Council



Results in the above figure show that majority of respondents in this sample were between the range of 31-34 years of age and a had a frequency of (11), this implied that majority of respondents in this sample were in their middle adulthood and it is at this age where innovativeness and creativity is depicted resulting into development of diverse and new business ideas, these were followed by those in the range of 35-40 years of age constituting a frequency of (8), similarly those who were in the age range of 41-44 had similar results of (8) (6) were in the age bracket of 51 and above, those in the range of 45-50 had a frequency of (4) and only the frequency of (3) were respondents in the range 25- 30. This implied that since majority of the respondents lied in the range of 31-40 they had the capacity and ability to be creative and come up with new ideas for coming up with various businesses in the Municipal Council. However due to other factors like change in the economic policies, inflation, political unrest, climate changes, poor technology a few entrepreneurs rich the age range of 51 and above while operating their business as depicted in the figure above (15%) 51 and above.

4.1.3 Level of education of respondents of Kamuli Municipal Council

The following table shows the results concerning the level of education of respondents (entrepreneurs) in Kamuli Municipal Council operating differing business ventures.

Table 4: A table showing the Level of Education of respondents

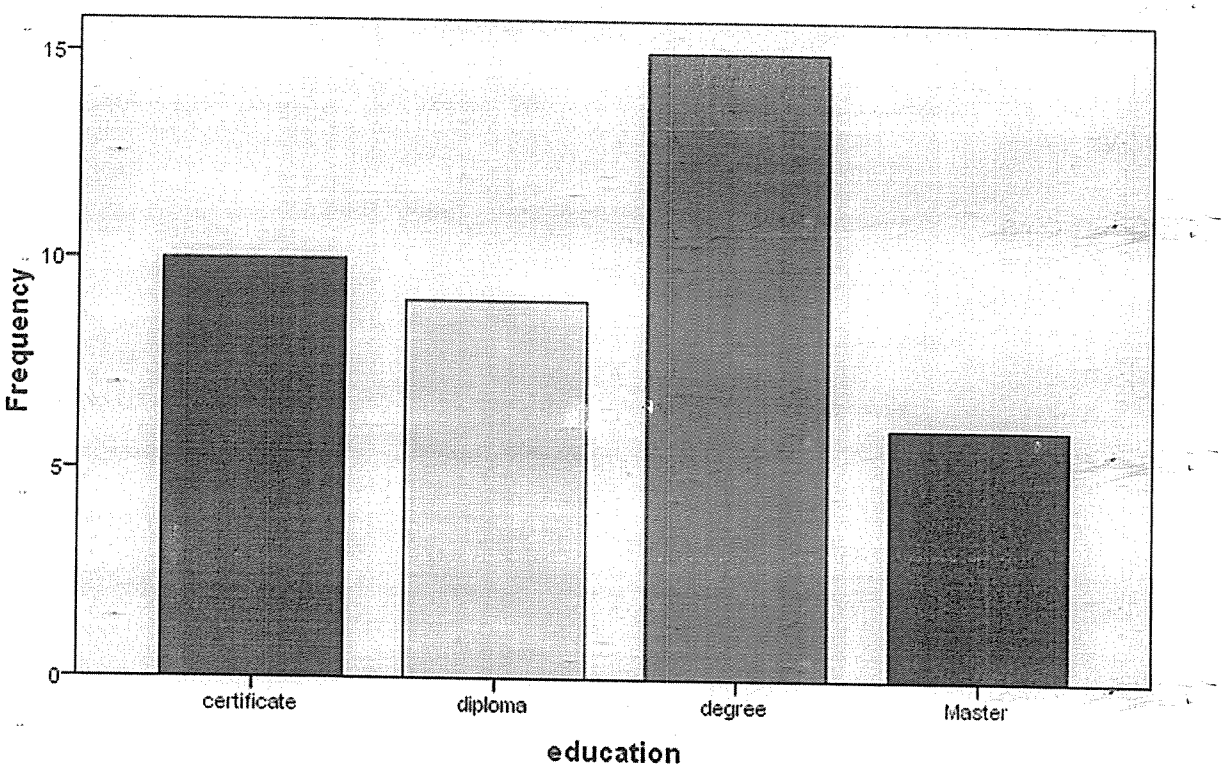
	Level of education	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	10	25.0	25.0	25.0
	Diploma	9	22.5	22.5	47.5
	Degree	15	37.5	37.5	85.0
	Master	6	15.0	15.0	100.0
	Total	**40**	**100.0**	**100.0**	

Source: Primary Data, 2019

With respect to the level of education in Table 4; the study further showed that degree holders (37.5%) dominated the study, these were followed by Certificate (25.0%) and these were followed by Diploma holders (22.5%), and finally Master's degree holders were (15%). This

implied that respondents were able and capable of reading and writing and also possessed the necessary knowledge concerning the topic understudy.

Figure 3: A bar graph showing the level of education of respondents



With respect to the level of education in Figure 3: the study showed that degree holders with a frequency of (15) dominated the study, these were followed by Certificate (10) and these were then followed by Diploma holders (9), and finally Master's degree holders were (6). This implied that respondents were able and capable of reading and writing and also possessed the necessary knowledge concerning the topic understudy.

4.1.4 Level of experience of respondents in Kamuli Municipal Council

The following table shows the results concerning the level of experience of respondents (entrepreneurs) in Kamuli Municipal Counciloperating differing business ventures.

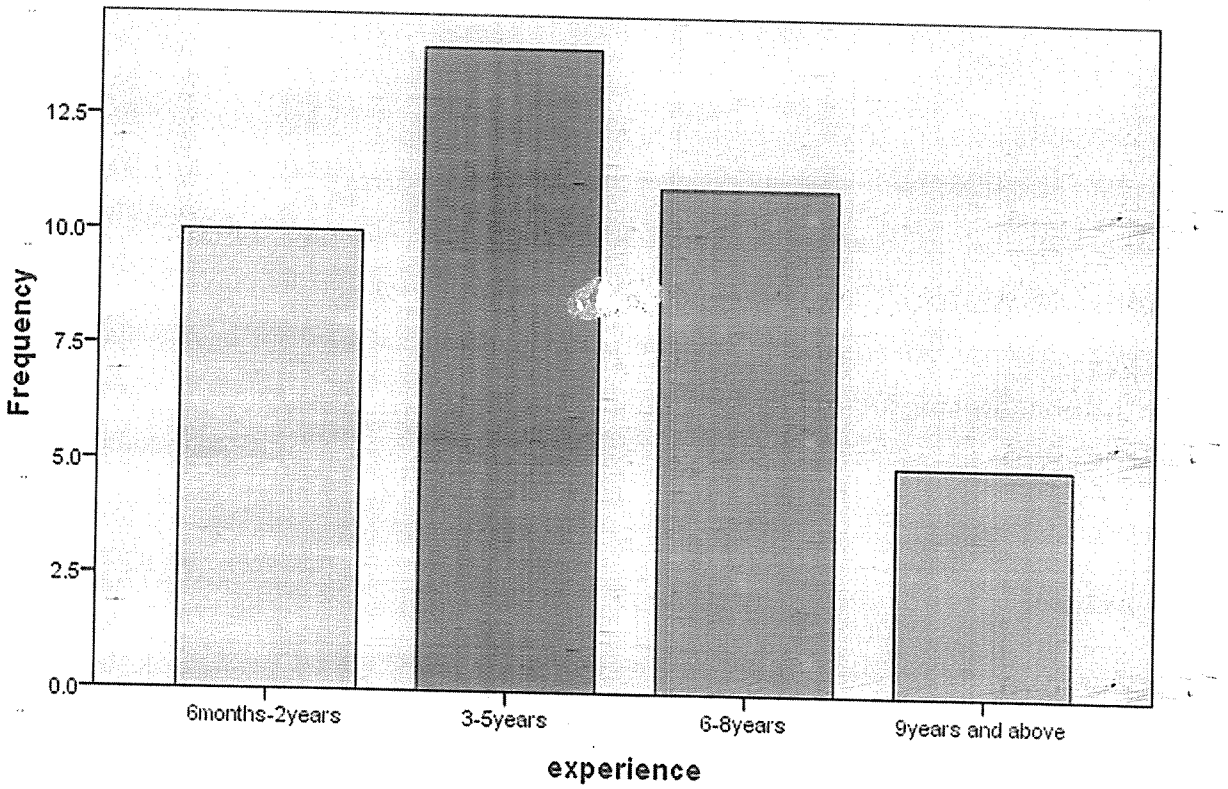
Table 5: showing the level of experience in business

	Level of experience	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	6months-2years	10	25.0	25.0	25.0
	3-5years	14	35.0	35.0	60.0
	6-8years	11	27.5	27.5	87.5
	9years and above	5	12.5	12.5	100.0
	Total	40	100.0	100.0	

Source: Primary Data, 2019

With respect to the number of years spent in business, results in Table 5 indicated that majority of entrepreneurs in Kamuli Municipal Councilhad stayed in business for 3-5 years had a percentage of (35.0%), (27%) had worked for 6-8 years, (25%) had worked for 6 months -2years only 12% had worked for 9years and above, hence implying that the entrepreneurs in Kamuli Municipal Councilhave enough working experience thus possessed the full knowledge about the topic under investigation.

Figure 4: A bar graph showing the level of working experience of respondents



Regarding to the number of years spent in business by respondents, results in the above figure showed indicated that majority of entrepreneurs in Kamuli Municipal Councilhad stayed in

business for 3-5 years had a frequency of (14) (11) had worked for 6-8 years, (10) had worked for 6 months-2years only (5) had worked for 9years and above, hence implying that the entrepreneurs in Kamuli Municipal Councilhave enough working experience thus possessed the full knowledge about the topic under investigation though few of them push up with their businesses up to a level of 9 and above years.

4.2 The effect of entrepreneurial skills on the performance of Small and Medium Sized Enterprises.

The first objective aimed at examining the effect of creative thinking on performance of small and medium sized enterprises practices in Kamuli Municipal Counciland the independent variable in this study was entrepreneurial and it has three constructs these are; creative thinking (with eight items/questions), Financial Management (with eight questions) and Communication Skills (with eight questions on Linkert scale). Each of these questions was based on a five point Linkert scale where respondents were asked to indicate the extent to which they agree or disagreed with each question, and their responses were analyzed by the use of SPSS (Statistical Package for Social Scientists) and to derive the summation in terms of means and standard deviation as indicated in the following mean tables.

4.2.1 The effect of creative thinking skills on the performance of small and medium sized enterprises

The following table will present an analysis concerning the effect of creative thinking on performance of SMEs in Kamuli Municipal Counciland this will be based on the eight questions that were developed and approved by experts.

Table 6: Showing the effect of creative thinking skills on performance on SMEs

	Statement	SD		D		N		A		SA	
		F	%	F	%	F	%	F	%	F	%
1	Creativity is the development of right and new solutions	3	7.5	4	10.0	4	10.0	18	45.0	11	27.5
2	Creativity produces new or unique work.	1	2.5	3	7.5	5	12.5	23	57.5	8	20.0
3	Creativity is essential component in determining the competitiveness.	1	2.5	3	7.5	8	20.0	18	45.0	10	25.0
4	Creativity refers to the "intellectual abilities, knowledge and ways of thinking.	1	2.5	3	7.5	8	20.0	16	40.0	12	30.0
5	Creativity was described as the capacity to produce new or unique work that fits with some assignment restraints	3	7.5	4	10.0	3	7.5	19	47.5	11	27.5
6	Creativity conceals ideas and innovation implements the ideas.	0	0.0	2	5.0	6	15.0	20	50.0	12	30.0
7	The intellectual skills give the potential to differentiate a good idea from bad ones.	1	2.5	1	2.5	7	17.5	19	47.5	12	30.0
8	A creative mind needs entrepreneurial skills to actualize the ideas to business	0	0.0	4	10.0	6	15.0	21	52.5	9	22.5
	TOTAL	**10**	**25**	**24**	**60**	**47**	**117.5**	**154**	**385**	**85**	**212.5**
	AVERAGE TOTAL	**1**	**3**	**3**	**8**	**6**	**15**	**19**	**48**	**11**	**27**

The table above shows results Regarding the effect of creative thinking skills on performance of SMEs; and it was revealed that responses on the different statement were rated on a five pointer linkert scale right from (Strongly Disagree-Strongly Agree) and results indicated a significant effect of creative thinking skills on performance of SMEs which was shown by the high level of agreement which was depicted by the total of respondents who concurred with the statements in the questionnaire (Total frequency of those who Agreed=154, Strongly Agreed=85 compared to

those who disagreed and those who were not sure given by (Total frequency of those who Strongly Disagreed=10, Disagreed=24 and those who were Not sure=47) therefore according to the results shown in the frequency table above, the level of agreement was higher than that of disagreement which makes the researcher to conclude that creative thinking Skills has got a very high effect on performance of SMEs thus entrepreneurs should consider creativity and innovation as the greatest key to the success of their business ventures.

4.2.2 The effect of financial management skills on the performance of Small and Medium sized enterprises.

The second objective was to establish the effect of Financial Management Skills on the performance of Small and Medium sized enterprises in Kamuli Municipal Councilwhich has been analysed using the mean table below and this will be based on the eight questions that were developed and approved by the expert.

Table 7: Showing the findings on the effect of Financial Management skills on the performance of small and medium sized enterprises

	Statement	SD		D		N		A		SA	
		F	%	F	%	F	%	F	%	F	%
1	Businesses need finance for their expansion, production, innovation, growth and development.	3	7.5	4	10.0	4	10.0	18	45.0	11	27.5
2	For SMEs to survive and grow access to debt finance is critical.	1	2.5	3	7.5	5	12.5	23	57:5	8	20.0
3	Debt financing can be a loan, line of debt financing, bond	1	2.5	3	7.5	8	20.0	18	45.0	10	25.0
4	A high propensity to take risks is also considered to be an important characteristic of entrepreneurs.	1	2.5	3	7.5	7	17.5	15	37.5	14	35.0
5	Financial management skills involves proper book keeping of the daily financial transactions	3	7.5	4	10.0	3	7.5	19	47.5	11	27.5
6	Proper Financial management by entrepreneurs creates a good environment for credit facilities	0	0.0	2	5.0	6	15.0	20	50.0	12	30.0
7	Ability to minimize costs and increase on the sales volume is attributed to the effective financial management skills.	0	0.0	4	10.0	6	15.0	21	52.5	9	22.5
8	The level of profitability of an enterprise depends on the financial management skills of an entrepreneur	6	15.0	7	17.5	6	15.0	13	32.5	8	20.0
	TOTAL	**15**	**37.5**	**30**	**75**	**45**	**112.5**	**147**	**367.5**	**83**	**207.5**
	AVERAGE TOTAL	**2**	**5**	**4**	**9**	**6**	**14**	**18**	**46**	**10**	**26**

With respect to the effect of financial management skills on performance of SMEs; results indicated satisfactorily that financial management skills affects performance of SMEs which was shown by the high level of agreement which was depicted by the total of respondents who concurred with the statements in the questionnaire (Total frequency of those who Agreed=147, Strongly Agreed=83) compared to those who disagreed and those who were not sure given by (Total frequency of Strongly Disagree=15,Disagree=30 Not sure=45) this therefore implies that basing on the eight questions that was included in the five linkert scale, the level of agreement was higher than that of disagreement which makes the researcher to conclude that financial management skills influence

4.2.3 The effect of Communication skills on the performance of small and medium sized enterprises.

The third objective was to establish the effect of communication skills on the performance of Small and Medium sized enterprises in Kamuli Municipal Councilwhich has been analysed using the frequency table below and this will be based on the eight questions that were developed and approved by the expert.

Table 8: showing the analysis of the effect of communication skills on the performance of small and medium sized enterprises

	Statement	SD		D		N		A		SA	
		F	%	F	%	F	%	F	%	F	%
1	Communication control employees' behavior	3	7.5	1	2.5	8	20.0	17	42.5	11	27.5
2	Communication fosters motivation by clarifying what is to be done, how it is to be done and what to be done.	5	12.5	7	17.5	4	10.5	18	45.0	6	15.0
3	Communication provides a release for the emotional expression of feelings and for fulfillment of social goal.	6	15.0	7	17.5	6	15.0	13	32.5	8	20.0
4	Communication provides a means for making and executing decisions, obtaining feedback and correcting organizational objectives and procedures as the situation	3	7.5	6	15.0	5	12.5	19	47.5	7	17.5

	demands										
5	When communication stops, organized activity ceases to exist and individual uncoordinated activity returns."	0	0	3	5.0	6	15.0	20	50.0	12	30.0
6	Communication is seen as a thread that holds the various interdepartmental parts of an organization together.	1	2.5	1	2.5	7	17.5	19	47.5	12	30.0
7	Communication is not just reading, writing and speaking; rather it us the transfer of information and understanding from one person to another.	0	0	4	10.0	6	15.0	21	52.5	9	22.5
8	Communication relates with an organization in that different individuals work together to achieve common goals and objectives.	3	7.5	6	15.0	5	12.5	19	47.5	7	17.5
	TOTAL	**21**	**52.5**	**35**	**85**	**47**	**118**	**146**	**365**	**72**	**180**
	AVERAGE TOTALS	**3**	**7**	**4**	**11**	**6**	**15**	**18**	**46**	**9**	**23**

Source: Primary Data, 2019

Regarding the effect of Communication skills on performance of SMEs; results were ranked to show a significant effect of communication skills on performance of SMEs which was shown by the high level of agreement which was depicted by the total of respondents who concurred with the statements in the questionnaire (Total frequency of those who Agreed=146, Strongly Agreed=72) compared to those who disagreed and those who were not sure given by (Total frequency of those who Strongly Disagreed=15, Disagreed=30 and those who were Not sure=45) this therefore led the researcher to an implication according to the results shown in the frequency table above, the level of agreement was higher than that of disagreement which makes the researcher to conclude that Communication Skills has got a very high effect on performance of SMEs thus entrepreneurs should in most cases consider communication as a very important tool towards success of a business venture.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter presents a discussion, conclusion and recommendations of findings in line with the objectives of the study. The study objectives were to: find out the effects of creative thinking on performance of SMEs, determine the effect of Financial Management skills on performance and establish the effects of Communicational Skills performance in Kamuli Municipal Council. Discussion has been made in line with earlier scholars with related variables. Conclusions and recommendations will be made basing on the findings of the study.

5.1 Discussion of findings

The discussion of findings has been done based on the three research objectives.

5.1.1 Effect of creative thinking on Performance of SMEs

Results on effect of creative thinking on performance indicate that creative thinking has got a significant effect on performance of small and medium sized enterprises as shown in table 6 which indicated that creative thinking skills as the first objective was rated satisfactory and this was indicated by the average totals of those who agreed and strongly agreed (19 and 11 respectively), implying that creative thinking highly affects performance of small and medium sized enterprises in Kamuli Municipal Council.

5.1.2 Effect of Financial Management skills on organizational performance

With respect to the effect of financial management skills on performance of SMEs; results were rated as satisfactory and this was indicated by the average totals of SD=2, D=4, N=14, A=46 and SA=26. However those who agreed and strongly agreed were in big numbers compared to those who disagreed thus implying therefore that financial management skills significantly affect the performance of small and medium sized enterprises.

5.1.3 Effect of communication skills on performance of Small and Medium Sized enterprises.

Regarding the effect of communication skills on performance of SMEs; results showed that there results were satisfactory which were depicted by the Average Totals of SD=3, D=4, N=15, A=46 and SA=9. This implied that therefore that communication skill significantly affects the performance of small and medium sized enterprises in Kamuli Municipal Council

5.2 Conclusions

Conclusions have been drawn in line with the study findings.

Creative thinking skills have significant positive effect on Performance of small and medium enterprises. Creative thinking skills once developed in the business help entrepreneurs and the business at large to develop new ideas, creative thinking skills enables entrepreneurs to be creative and surpass competition challenges to perform better by increasing the level of efficiency in the enterprise.

A financial management skill has significant effect on performance of small and medium sized enterprises. An entrepreneur Financial Management Skills, influences the profitability of the business, and ensures continuity of the business. It is the major factor that determines the success of small and medium sized enterprise.

Communication skills have significant positive effect on performance of small and medium sized enterprises in Kamuli Municipal Council. Communication skills are very important in ensuring organizational efficiency and effectiveness.

5.3 Recommendations

The entrepreneurs should improve on their creative thinking skills while operating their businesses through adjustment of one's mind to adapt to the changing economic environments. This allows the organization to develop new and good ideas which can result into organizational effectiveness. Since creative thinking skills depicted a significant effect on performance of small and medium sized enterprises.

Financial management skills had significant effect on performance therefore, financial management should be taken to be the most important and crucial aspect in any business operation to ensure success of the business and profitability,

The researcher further recommends that entrepreneurs of small and medium sized enterprises in Kamuli Municipal Councilshould be cautious about entrepreneurial skills, because such skills have a significant effect on performance. Ensuring that there is improvement in the skills as an entrepreneur fosters growth and development of the business venture.

5.5 Areas for further research

The researcher identified areas for Prospective researchers to research on the following areas;

1. The impact of financial management on performance of small and medium sized enterprises
2. The impact of technology on the performance of SMEs

REFERENCES

Baron et al, (2003) The impact of networking on bank financing: The case of small and medium enterprises in Vietnam. Entrepreneurship Theory and Practice, 33(4),

Bosire and Nzaramba (2013) The relative contribution of management skills to Entrepreneurial Success: A survey of small and Medium Enterprises (SMEs) in the Trade Sector. *Journal of business management, 7* (1), pp.08-16.

Coric, Katavic, and Kopecki, (2011) *Are Entrepreneurs Born or Made?* Views of Entrepreneurs and Venture Capitalists.

Coric, Katavic, and Kopecki, (2011) Microfinance and the Mechanics of Solidarity Lending: Improving access to Credit through Innovations in Contract structures. *Economics and Business discussion Paper Series.* Havard Law School. John M. Olin Center for Law.

Coric, Katavic, and Kopecki, Critical Analysis and Modelling of Small Business Performance(case study syria). *Journal of AsiaEntrepreneurship and Sustainability, 3* (2), pp.6-13.

Dollinger, M. (1995). *Entrepreneurship: Strategies and Resources.* New York: Irwin Inc.

Easwaran, S., & Singh, S. (2010). *Marketing Research Concepts; Practices and Cases* (7 ed.). Oxford University Press.

Elkan, W. (1998). Entrepreneurs and Entrepreneurship in Africa. *The World Bank Research Observer, 3* (2), pp.71-188.

Ellis (2000). The Cummulative nature of the Entrepreneurial Process. The Contribution o Húman CapitalPlanning and Environment Resources to Small Ventures' performance. *Journal of Business Venturing, 22*, pp.119-145.

Emory, C., & Cooper, D. R. (1991). *Business Research Methods.* (R. D. Irwin, Ed.) Illinois, USA: Homewood.

Etzioni, A. *Modern Organizations.* New Jersey: Prentice-Hall.

Fogel, (2001). An empirical analysis of factors associated with the profitability of Small and medium - enterprises in Nigeria. African Journal of Business Management, 2(x), 195-200.

Gakure, R., Ngugi, P. K., Waititu, A. G., & Keraro, V. N. (2013). Succession Planning and the Sustainability of Small and Medium Family Enterprises after the exit of the Founders. *Prime Journal of Business Administration and Management, 3* (3),pp. 927-938.

Global Entrepreneurship Monitor (GEM). (2005). Retrieved January 16, 2012, from High Expectation Entrepreneurship summary Report: http://www.gemconsortium.org/

Gupt and Srivason (1995). Succession Planning and the Sustainability of Small and Medium Family Enterprises after the exit of the Founders. *Prime Journal of Business Administration and Management, 3* (3),pp. 927-938.

Janney and Dess (2006) Issues in SME Development in Ghana and South Africa. International Research Journal of finance and Economics 39(6), 215-228

Lowrey (2006) Entrepreneurs and Entrepreneurship in Africa. *The World Bank Research Observer, 3* (2), pp.71-188.

Miner (2004) The liability of newness and small firm access to debt: is there a link. Journal of Entrepreneurial Finance and Business Ventures, 9(2), 116-132.

Mitton, (1984). Regency Park Hotel, Dar Es Salaam, 30thSeptember. Retrieved from www.tanzaniagetway.org

Mitton, (2007). Regency Park Hotel, Dar Es Salaam, 30thSeptember. Retrieved from www.tanzaniagetway.org

Nichter & Goldmark, (2009) *Entrepreneurial Behavior.* (Illustrated ed.). (F. Scott, Ed.) Brown College division.

Nichter & Goldmark, (2009). *Tanzania Women entrepreneurs: Going for Growth.* Geneva International Labor Office.

Schmit and Seargy, (2013) A Study of the Effects of entrepreneurship and Interpersonal Network on the Business Performance of Bed and Breakfast Inn Operators in Taiwan.

Schumpter (1954) *Assessing Performance of Micro and Small scaleAgribusiness in Northern Ghana: Non-financial and Stochastic Frontier analysis.* College of Agriculture and Natural resources, Ghana.

Schumpter (1954) *Entrepreneurship New Venture*. Retrieved from www.actetsme.org/archive/ smesurvey.html.

Stewart and Roth (2001); Deamer and Earle (2004) emphasizes the need for clarity and empirical

Undiayaundeye (2015) Out of the Blue and Black. *Havard Business Review* 16(4), pp 34-39.

Ward, Finke & Smith (1995) Microfinance and Enterprise Performance in Tanzania: Does gender matter?*Paper presented at the University of Dar es salaam Conference.*

APPENDICES

APPENDIX 1: SECTION A. QUESTIONAIRE

I am **Muwanguzi Joshua** a student of Kampala International University pursuing a Bachelors Degree of Business Administration/ Accounting and Finance and carrying out a study entitled **"Effect of entrepreneurial skills on the performance of SMEs**. You are kindly requested to answer the following questions as you have been selected to be part of the sample that is going to participate in this research study. Please answer accurately by filling in /ticking the appropriate answer in the space provided. The information obtained will be used purely for academic purposes and treated with utmost confidentiality.

Thank you.

PERSONAL DATA (Please tick as appropriate)

1. Gender

Male	Female

2. Age range

25-30yrs	31-34yrs	35-40yrs	41-44yrs	45-50yrs	51 & above

3. Level of education

Certificate	Diploma	Degree	Master

4. How long have you been in this type of business?

6-month -2 yrs	3-5 yrs	6-8yrs	9 years and Above

APPENDIX II : SECTION B: ENTREPRERNUERIAL SKILLS

Direction: Please rate your ability, knowledge or skill on the following statement by ticking the right number corresponding with each question. Key; 1=Strongly Disagree; 2 = Disagree; 3 = Neutral/Not Sure; 4 = Agree and 5=Strongly Agree.

	Statement	1	2	3	4	5
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Creative thinking						
1	Creativity is the development of right and new solutions					
2	Creativity produces new or unique work.					
3	Creativity is essential component in determining the competitiveness.					
4	Creativity refers to the "intellectual abilities, knowledge and ways of thinking.					
5	Creativity was described as the capacity to produce new or unique work that fits with some assignment restraints					
6	Creativity conceals ideas and innovation implements the ideas.					
7	The intellectual skills give the potential to differentiate a good idea from bad ones.					
8	A creative mind needs entrepreneurial skills to actualize the ideas to business					
Financial management skills						
1	Businesses need finance for their expansion, production, innovation, growth and development.					
2	For SMEs to survive and grow access to debt finance is critical.					

3	Debt financing can be a loan, line of debt financing, bond					
4	A high propensity to take risks is also considered to be an important characteristic of entrepreneurs.					
5	Financial management skills involves proper book keeping of the daily financial transactions					
6	Proper Financial management by entrepreneurs creates a good environment for credit facilities					
7	Ability to minimize costs and increase on the sales volume is attributed to the effective financial management skills.					
8	The level of profitability of an enterprise depends on the financial management skills of an entrepreneur					
Communication skills						
1	Communication control employees' behavior					
2	Communication fosters motivation by clarifying what is to be done, how it is to be done and what to be done.					
3	Communication provides a release for the emotional expression of feelings and for fulfillment of social goal.					
4	Communication provides a means for making and executing decisions, obtaining feedback and correcting organizational objectives and procedures as the situation demands					
5	When communication stops, organized activity ceases to exist and individual uncoordinated activity returns."					

6	Communication is seen as a thread that holds the various interdepartmental parts of an organization together.					
7	Communication is not just reading, writing and speaking; rather it us the transfer of information and understanding from one person to another.					
8	Communication relates with an organization in that different individuals work together to achieve common goals and objectives.					

SECTION C: This section requires respondents to tick on the appropriate Linkert scale number about how entrepreneurial skills can have an effect on sales growth and/ or profitability.

Key; 1=Strongly Disagree; 2 = Disagree; 3 = Neutral/Not Sure; 4 = Agree and 5=Strongly Agree

Statement		1 Strongly disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly agree
Effect on performance						
1	New and unique products					
2	Managing the changing business environment.					
3	Fosters motivation					

Thank you!!!

KAMULI MUNICIPAL COUNCIL
P.O. BOX 127, KAMULI
FAX: 043 353030
E mail-Kamuli municipal council @ ymail-com
Website – ntowncka

THE REPUBLIC OF UGANDA

OFFICE OF THE
TOWN CLERK

IN ANY CORRESPONDENCE ON THIS SUBJECT

PLEASE QUOTE NO: KMC/164/2.

16th August, 2019.

Mr. Muwanguzi Joshua,
Kampala International University,
P.O. Box,
KAMPALA.

RE: ACCEPTANCE LETTER FOR RESEARCH

This is to inform you that you have been offered an opportunity to undertake research on the topic of **"Effect of Entrepreneurial skills on the performance of small and medium sized enterprises in Eastern Uganda".**

During the period of research you will be expected to be flexible and work with different staf implementing Government programs.

I look forward to your continued cooperation.

Yours,

TOWN CLERK
P.O. BOX 127, KAMULI
KAMULI MUNICIPAL COUNCIL

BAGANZI RONALD ROSS
TOWN CLERK/**KAMULI MUNICIPAL COUNCIL**

Copy to. His Worship the Mayor/**Kamuli Municipal Council**

Senior Human Resource Officer/ **Kamuli Municipal Council**

Municipal Principal Treasurer/ **Kamuli Municipal Council**

Head of Department- Accounting & Finance/ **Kampala International University**

File