

**THE ROLE PLAYED BY MANAGEMENT PRACTICES IN THE PERFORMANCE OF  
SMALL SCALE ENTERPRISES IN UGANDA; A CASE STUDY OF RESTAURANTS IN  
SOUTH DIVISION FORT PORTAL MUNICIPALITY**

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UNIVERSITY**

**NOVEMBER, 2018**

**DECLARATION**

I, **Ayebale Jackline** hereby declare that this research is entirely my original work and it has never been submitted to any other institution of learning for any Degree award.

Signature:  .....

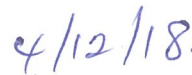
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**APPROVAL**

I certify that the work reported in this research was carried out by the candidate under my supervision.

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## DEDICATION

I dedicate this research report to my beloved parents Mr. Fredrick Gafabusa and Mrs. Mary Gafabusa for the financial and moral support they have rendered to me throughout my academic journey plus the entire family indeed you owe me a lot.

May the Almighty Allah reward them abundantly!

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## LIST OF ACRONYMS/ABBREVIATIONS

NAADS	National Agricultural Advisory Service
SMEs	Small and Medium Enterprises
SMEEIS	Small and Medium Enterprises Equity Investment Scheme
UIA	Uganda Investment Authority
SSEs	Small Scale Enterprises
ICT	Information Communication Technology

## ABSTRACT

The study about the role played by management practices in the performance of small scale enterprises was intended to contribute knowledge to the existing policy makers to address the issues of management and performance of small scale enterprises. In particular this study helps entrepreneurs to realize the challenges they face in the small and medium enterprises and this study also made some recommendations to overcome those challenges. The study shows how some management practices like organizing, planning, decision making among others contribute to the performance of small scale enterprises. The study also aimed at aiding the efforts of other scholars and libraries. The study comprised of five chapters where the first chapter introduces the study, with its objectives, research questions, hypothesis, significance and the conceptual framework. The second chapter shows the literature review of the study, that is the theoretical review, the need for management practices in small scale enterprises, management skills needed to be competent in small scale enterprises, trade laws and regulations etc. The third chapter shows the methodology by which the data in the study was collected for example through observations population samples, system analysis study among others. The fourth chapter of the study includes presentation and analysis of the findings .the majorly includes the answers to the research questions. The fifth chapter of the study includes discussions of findings of the study, drawing conclusions and recommendations for the research and areas of further research. This study will majorly enable the promoters of small scale enterprises to sensitize management and entrepreneurship skills in a way that will help firms to perform well thus reducing failure rate.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the study

Management practices have been viewed as critical element in the business efficiency of small scale enterprises in Uganda. SSEs are making positive contributions to economic growth and development in Uganda, although the rate of failure is also high (Kazooba, 2006).

#### 1.2 Problem Statement

The performance of SSE in terms of profitability and growth are in most cases hindered by little attention given to areas that influence business efficiency. Lack of effective management during the early stages is also a major cause of business failure for small scale enterprises. Owners tend to manage these businesses themselves as a measure of reducing operational costs. The performance and effectiveness of small scale enterprises as an instrument of economic growth and development in Uganda particularly Fort Portal has for long been under scrutiny. This intense scrutiny has been against the framework of the low performance and inefficiency that is characterized by small scale enterprises particularly in assessing its role on economic growth and development. The government of Uganda has instituted programs, policies and support like NAADS, prosperity for all, youth livelihood programs, bursary scheme in order to boost the small scale enterprises. Despite government institutions, policies and support to enhancing the capacity of small scale enterprises, small scale enterprises have fallen short of expectations. (Joshua Mindle 2008)

This has generated a serious concern and scientism on whether small scale enterprises can bring about economic growth and national development in Uganda. The concern is even more disturbing when comparing small scale enterprises in Uganda with other countries particularly where small scale enterprises have become herald of economic reconstruction and transformation. (Ihua; 2009). In the case of Uganda, small scale enterprises have performed at a very abysmal level. This low performance has further worsened poverty, hunger unemployment and low standard of living of people in a country whose economy is ailing. The current problems of hunger, poverty and unemployment have undermined the capacity of the economy and small scale enterprises are seen as mechanism for intervention to addressing these long term problems of the economy.

Unfortunately, small scale enterprises have not been able to propel economic growth and development which are quintessence of mitigating the effect of Poverty, hunger unemployment, and low standard of living in the economy. The challenge of addressing the problem of hunger, poverty and unemployment is even more worrisome when considering the actualization of the millennium development goals by the country by 2017. If Uganda is to achieve the millennium development goals by 2017, one of the sure ways is to enhance the capacity of its small scale enterprises. The core issues identified by the millennium development goal such as hunger, poverty, literacy, maternal and infant mortality rate would not be achieved unless the problems of small scale enterprises are clearly tackled. The challenges and the problem of small scale enterprises are tied to some economic variables and the challenges that generally characterize the nation's economy. Some of the challenges and problems include high level of unemployment, high poverty incidence, and low industrialization capacity, lack of finance, inconsistent government policies and inadequate infrastructure and insecurity of the business climate among others. Nevertheless, the internal characteristics of small scale enterprises too, have also interacted with some economic variables to undermine the capacity of the economy. Issues of low level of entrepreneurial skills, poor management practice, inadequate equity capital and lack of information among other problems. In spite of these problems and challenges, the current economic reform process ongoing in Uganda aimed at reducing poverty, unemployment and strengthening of basic institutions and sub sector of the economy target at improving and enhancing the capacity of small scale enterprises is beginning to show a renew to optimism on small scale enterprises as an instrument of economic growth and development.

The task of reducing poverty and improving the living standards in Uganda's population is huge. The rate of growth of national economy has not been high enough to generate the number of jobs required. This brings up the issue of the majority to enter into private sector in the form of entrepreneurship and small scale businesses, thus expanding the private and informal sector of the economy from 23.9% in 1971 to 79.6% in 1996. Correspondingly, the share of Public sector in the economy decreased from 76.1% in 1971 to 18.8% in 1996. At the same time the share of Public sector employment in the formal sector increased from 23% in 1984 to 65% in 1994. Given the fact that Uganda is one of the most rapidly growing population and urbanizing countries in Africa, the implications of this rapid population growth are enormous.

Therefore, this study seeks to find out the role played by management in the performance of the small scale enterprise with particular reference to restaurants in Fort portal Fort portal municipality.

### **1.3 Objectives of the study**

#### **1.3.1 General Objective**

To assess the role played by the management practices in the performance of small scale enterprises in Fort Portal Municipality

#### **1.3.2 Specific Objectives**

1. To determine the impact of planning on the performance of small scale enterprises in Fort Portal Municipality
2. To establish the effect of proper decision making on the performance of small scale enterprises in Fort Portal Municipality
3. To establish the role played by effective commanding and delegation of authority in the performance of small scale enterprises in Fort Portal Municipality
4. To examine the contribution of proper organization to the performance of small scale enterprises in Fort Portal Municipality

### **1.4 Research questions.**

1. What is the impact of planning on the performance of small enterprises in Fort portal municipality?
2. What is the effect of proper decision making on the performance of small scale enterprises in Fort portal Municipality?
3. Does effective commanding and delegation of authority contribute to the performance of small scale enterprises in Fort portal municipality?
4. Is there any contribution of proper organization in the performance of small scale enterprises in Fort portal municipality?

### **1.5 Research hypothesis.**

1. There is great impact of planning in the performance of small scale enterprises in Fort portal municipality.

2. Proper decision making affects the performance of the small scale enterprises in Fort portal municipality.
3. There is contribution of effective commanding and delegation of authority in the performance of small scale enterprises in Fort portal municipality.
4. There is contribution of organizing in the performances of small scale enterprises Fort portal municipality.

### **1.6 Significance of the study**

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

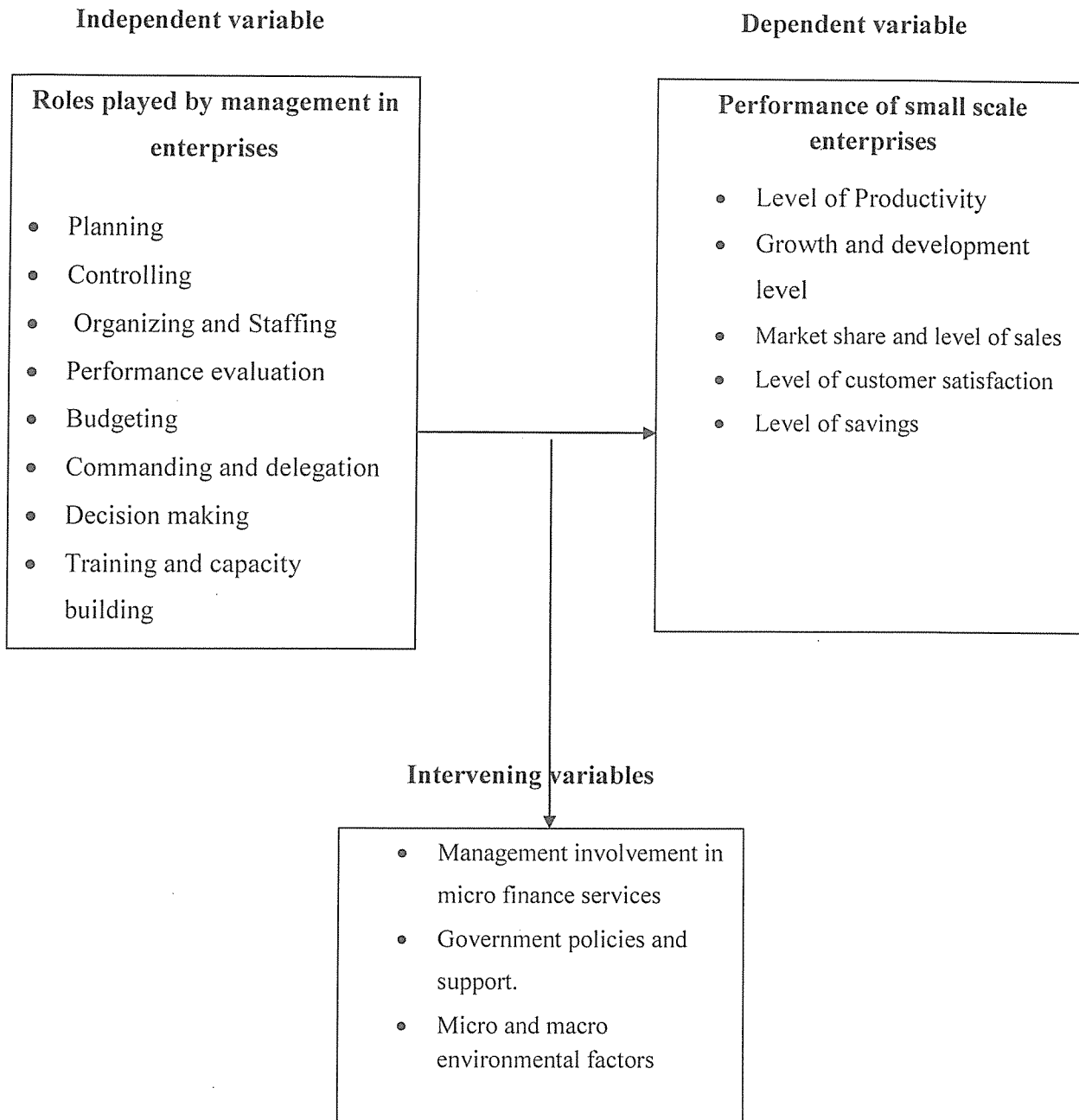
The findings of the study could help the private sector to lobby for Asset financing policies the make SSEs to thrive in developing countries like Uganda.

The study will enable the promoters of SSEs to sensitize management and entrepreneurship skill in a way that will help firms to perform well thus reducing the failure rate.

The findings of the study will bring to light the relevance of development competences in achievement of organizational goals at an SSE level and will act as a feedback to all existing providers of SSE strengthening initiatives such as Enterprise Uganda and Private Sector Foundation that have been involved in training SSE Managers in an attempt to improve their competences.



## 1.7 Conceptual framework



## 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 analyses the relationships between the study variables as presented by various scholars.

#### 2.1 Theoretical review

Starting and operating a small business includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. Planning, improper financing and poor management have been suggested as the main causes of failure of small enterprises (Longenecker, et al., 2006). Lack of credit has also been identified as one of the most serious constraints facing SSEs and hindering their development (Tomecko&Dondo, 1992).

Small businesses are often regarded as entrepreneurship-driven. There are many reasons for this, e.g.: (1) The entrepreneur as a person plays a much more vital role than in large firms and (2) entrepreneurial spirit is not weakened by considerable hierarchies and can more easily encompass the firm. Welsh & White's (1981) statement on the differences between small and big business seems to apply. Management research, in particular in the area of small business, is by now not sufficiently linked with entrepreneurship theory. However, entrepreneurship theory offers a lot regarding the evolutionary management of SSEs. It is the intention of this conceptual and theory-based paper to scrutinize this linkage and to identify useful insights for the management of SSEs.

Entrepreneurship theory is not a homogenous body. We can find research streams in economic theory and in other disciplines as well, (Baum et al., 2007). For the purpose of explanation, this paper deals with the economic theory of entrepreneurship which builds on a long tradition (e.g. the seminal work of Cantillon 1755, for a historical overview: Hébert & Link 1988).

Entrepreneurship theory responds to the question whose functions entrepreneurs have to perform in order to make sure that they can survive or be successful in competition. The term “entrepreneur” was coined in the French language in the 17th Century and disseminated rapidly. In 1725, Cantillon, seeking to understand the very nature of commerce, wrote his seminal work on the entrepreneur as a person willing to take risks and able to manage uncertainty which was published posthum in 1755 (Cantillon, 1755). Many follow-up publications enriched the initial thoughts in the following decades and up-to now there is a considerable variety of entrepreneurial functions under discussion (Hébert – Link, 1988; Schoppe et al., 1995).

Many contributions from management theory and strategy research remind us to consider the entrepreneurial and creative dimension of management – even in situations where SMEs are confronted with fierce and dynamic competition, complex and turbulent business environments, demanding and powerful customers, and limited resources. In fact, it is not easy for SMEs to find or develop a promising strategic path of organizational development when the ordinary business seems to attract almost all the available forces of the firm. Nevertheless, the innovative potential and the high flexibility due to low formal complexity of the organization, the closeness to the customer, the independence in terms of being free from outside control and the deep impact of the owner on the business are typical attributes of small business firms often mentioned in literature (e.g. Stanworth – Curran, 1976; Storey, 1994; Beaver, 2002).

Beaver, (2002) explains that first of all, it turns out that management will be poor in terms of performance measures as long as the execution of entrepreneurial functions is neglected. If firms are confronted with complexity and turbulence and do not consider the management of uncertainty, they are more likely to fail. Secondly, the functional discussion tells us that it is possible to operationalize and concretize entrepreneurship and entrepreneurial behaviour by referring to certain functions to be executed. Thirdly, it seems to be difficult to isolate one and only one function fitting all the (important) requirements of management. The protagonists of entrepreneurship theory considered this problem. Some drew the conclusion to point to a focused function. Others favored a certain complex of entrepreneurial sub-functions that are integrated into a cohesive meta-function. By studying the literature on entrepreneurship theory there is one important impression. The concepts differ significantly by the chosen focus (Freiling, 2006):

There are mono-functional approaches with one function to be executed in order to be successful. Kirzner's (1973) arbitrage function belongs to this category.

Meta functional approaches indicate that in case of alertly blending sub-functions entrepreneurs and their firms are in a position to attain their performance goals. Schumpeter's (1934) innovation function consists of product, process, organizational, purchasing, and marketing innovations. Casson (1982) deals with the coordination function and argues that the coordination process is made up of taking the opportunities of coordination, making judgmental decisions, and market-making. It turns out that in both cases all the potentials of a firm can contribute to executing the respective meta functions.

Multi-functional approaches go one step further and respond to the problems of (over-) loading all the managerial challenges in one function – be it a mono-function or a meta function. Since these approaches did not play any important role in earlier discussions, it is worth the effort to introduce the particular reasoning a little bit more in detail (Mamman, A., et al., 2007).

While there certainly are a growing number of SSEs in Uganda, the environment that these are born into and nurtured in, varies greatly. Government's policy towards SSEs is one important factor to take into consideration when looking at the opportunities SSEs have for growth. Upon investigation, it becomes clear that Government support differs significantly across the continent. In some countries, Government creates numerous barriers to SSE development in the form of excessive regulation and red-tape. Chad is one such example.

The World Bank Business Report named Chad the most difficult sub-Saharan in African country to conduct business in (World Bank report, 2011). With a high tax rate of 65% and especially difficult insolvency regulations that demand 60% of the estate value and long processing times, business regulation in Chad makes it difficult for SSEs to operate and make profit. The especially high insolvency costs make it incredibly complicated and costly for entrepreneurs to allow their business to fail without giving them a fatal blow that would prevent them from trying again.

Similarly, Eritrea ranks 43rd in Africa due to the absence of building permits issued to the private sector and the difficulty to access credit (Carstens, M., 2012). Long procedures, delays and waiting times mean that it takes 66 days to set up a business in Chad and 160 in the Republic

of Congo. Furthermore, it is extremely costly to operate a business once it has been set up because of poor infrastructure. Problems of corruption, unreliable electricity and poor infrastructure mean that Nigeria ranks only 133<sup>rd</sup> in the world for ease of doing business, despite Government policy that attempts to encourage entrepreneurship.

In 1999, the federal Government implemented a Small and Medium Enterprises Equity Investment Scheme (SMEEIS) which aimed to encourage a more productive SSE sector. However, the policy objectives have not been met due to poor implementation. (Mamman, A., et al., 2007). The research agrees that this has restrained SMEs from tapping into the market potential resulting from the country's young, large and growing middle class and population, thus slowing down economic growth and employment creation.

## **2.2 Need for management practices in small scale businesses**

Many small scale businesses have failed to work because of poor or even lack of proper management. Below are some of the reasons as to why small scale enterprises should adopt some business practices so as to keep them moving forward.

### **Direction, coordination, and control of group efforts**

In businesses many people work together. they need proper direction and guidance for raising the efficiency. In absence of guidance people will work as per their desire and the orderly working of the enterprise will not be possible. Management is needed for planning business activities, guiding employees in the right direction and finally for coordinating their efforts for achieving best most favorable results.

### **Orderly achievement of business objectives**

Efficient management is needed in order to achieve the objectives of business activity in quick and orderly manner.

### **Performance of basic managerial functions**

Planning, organizing, coordinating and controlling are the basic functions of management. Management is needed as these functions are performed through the management process

### **Success and stability of business enterprise**

Efficient management is needed for success, stability and prosperity of the business enterprise. Modern business is highly competitive and needs efficient and capable management for survival and growth. Management is needed as it occupies a unique position in the functioning of a business unit. This suggests the need of efficient management of business enterprises. Profitable of successful business may not be possible without efficient management. Survival of a business unit in the present competitive world is possible only through efficient and competent management

### **Motivation of employees**

Management is needed for motivation employees and also for coordinating their efforts so as to achieve business objectives quickly

### **Effective communication at all levels**

Management is needed for effective communication at all levels

### **2.3 Management skills needed to be competent in small scale enterprises**

To be competent in the business world, all the small scale business personnel should ascertain basic management skills which are as follows.

**Technical skill;** This is the ability to use the tools, procedures or techniques of a specialized field. Technical skill is considered very crucial to the effectiveness of managers especially those who are in direct contact with the employees performing work. An activity for example within the business, a financial supervisor for example depends a great deal on his technical knowledge of financial techniques. However, as one moves to higher levels of management within the organization the significance of technical skills because he is no longer into direct contact with day today problems.

**Human skill;** This is the managers ability to work with, understand and motivate other people. It involves the spirit of trust, enthusiasm and genuine development into interpersonal relationships. This skill is essential at every level of management within the organization, but is very important at the lower levels of management where the supervisor has frequent contact with the operational personnel.

**Conceptual skill;** It refers to the mental ability of the manager to see the big picture of consisting of various small sub units linked together i.e to understand how to change in every given small part can affect the whole big picture.

**Diagnostic skill;** This is the ability calls for the manager to think analytically, the manager should have the ability to identify the problems ,causes, and effects hence effectively make decisions

#### **2.4 Business legislation, laws & regulations and the survival of SSEs**

It is apparent that small-scale enterprises cannot always take advantage of the newly-created open markets and sub-contracting arrangements. Poorly developed market infrastructures put small-scale enterprises at a competitive disadvantage compared to larger enterprises.

Small-scale enterprises are frequently reliant on the market for support in areas such as accountancy, legal, marketing and transport services and, when institutional development is weak, suffer from high transaction costs. Moreover, most small enterprises lack human resource skills for product innovation and for sourcing and negotiating overseas contracts.

High transaction costs for registration and licensing are also found to constrain small-scale enterprise operations. High transaction costs related to government procedures are seen to be particularly problematic in Bangladesh, Nepal and to a lesser extent in the Philippines (Meier and Pilgrim, 1994). Complicated time-consuming bureaucratic procedures, a lack of information regarding processes and the extra processing payments frequently required, all adversely affect small-scale enterprises relative to larger enterprises which, due to economies of scale and specialist staff, are able to absorb these costs more easily.

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

information about difficulties which you could face in Uganda, like fraud and unfair trade barriers.

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

#### **2.4.1 Trade Laws & Regulations**

The membership of Uganda in the East African Community has a positive influence on the Ugandan economic development. The union will promote production efficiency, industrial diversification and enhance domestic, cross-border and foreign investment by establishment of a custom union and common market. However, numerous exceptions, unchanged regulations and bureaucratic inefficiencies still exist. For trade the open borders means that there are more trade possibilities and probably more efficient and cheaper trade possibilities.

The Intra-East African trade protocol split traded products in two categories goods. Tariffs were completely eliminated for category-A goods and the tariffs have been reduced every year for category-B goods, which includes agricultural materials, building- and raw materials. The result of the intra-region trade regulations of the East African Community is that most of the traded goods can move freely among the countries and that will benefit the efficiency of the Ugandan trade. Another improvement is the common import tariff from outside the community: An extensive overview of trade laws can you find at the Ministry of Tourism, Trade & Industry; business laws, trade laws, investment laws and tax laws are included:

#### **Business verification**

Businesses in Uganda need to be registered with the Uganda Registration Services Bureau. Unfortunately it is not easy to assess their database to check the reliability of Ugandan companies.



#### 2.4.2 Administrative and legal environment

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

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

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

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

### **2.4.3; Information accessibility by SSEs**

Small Scale Enterprises (SSEs) need to have access to adequate information to enhance productivity and to facilitate market access. The establishment of an active SSEs sector and the effective utilization of quality business information have been identified as crucial in attaining long-term and sustainable economic growth for developed and developing countries, alike (Corps 2005).

However, in most developing countries, the SSEs sector suffers from inadequacies in the provision of business information, which is only available from stand-alone institutions; is often slow and cumbersome to access; is limited in scope; and is not provided in an integrated manner (UNIDO 2005). SSEs need tailor-made information solutions - i.e. business information services that assess, verify and apply information to a specific business problem.

The international involvement of SSEs requires accurate and adequate access to relevant business information. Based on that, a study was conducted to establish strategies for designing a viable business information system for the SSEs. One of the issues is the problems SSEs face in accessing business information in Uganda.

According to Ladzani (2001), the priority ranking of the SSEs' needs, clearly puts information provision at the top of the list of services to be provided. The SSEs' development is hampered by an "information-poor" environment. Market signals on business opportunities, customer trends, methods of organization, etc., are not communicated, effectively, to the SSEs (Ladzani 2001). The SSEs perform better in information-rich environments (Moyi 2000 and Ladzani 2001). If the SSEs are crucial for poverty eradication this could confirm why there is a high level of poverty in northern Uganda. The SSEs in northern Uganda operate in information-poor environments. This is not because there is no information, but because there is a lack of an efficient, formal information system to address their information needs coupled with problems that affect accessibility to information.

According to Shokane (55), information is a crucial resource in gaining a sustainable, competitive advantage for modern business enterprises. Despite this importance and improvement in economic development in Uganda, economic agents in northern Uganda operate in a business environment characterized by fragmented and incomplete information where an

awareness of markets, technology, policies, regulations and finance is limited. Businesses in northern Uganda fail to receive timely business information (Cochrane 6). There is no meaningful information system in place to facilitate efficient and effective access to business information by business enterprises. Traders and other small companies are simply “out of the loop” in developing strategic business relationships that occur more frequently in Uganda’s capital city, Kampala (Cochrane 6). A recent study by the Ugandan Bureau of Statistics (2005:30) established that the majority of business enterprises depended on “word of mouth”. This could imply that the SMEs are facing a number of problems in accessing business information.

#### **2.4.4; Technology and SSEs development**

In order to SSEs to develop successfully they need to acquire or create new technology that they integrate to develop new products, processes and services as the basis of their business competitiveness.

These knowledge-intensive companies occur in many industry sectors including manufacturing and service industries and not just those that have been traditionally regarded as high-technology such as ICT and, biotechnology. Indeed, technology-based SSEs renew established industries and help create new industry sectors.

The World Bank Report on Building Competitiveness business in Albania (2009) indicates a high degree of dependence on foreign sources of technology for upgrading. It states, “Technological upgrading is largely driven by two key factors: (i) firm’s exposure or access to more advanced foreign technical knowledge and (ii) their capacity (and incentives) to absorb it.” “The most important of the channels [for accessing technical knowledge] tend to be (i) participation in foreign trade, (ii) Foreign Direct Investment, and (iii) “brain circulation,” meaning the international movement of individuals with advanced knowledge, experience and skills.”

Internal generation of innovation is important. 29 percent of firms reported that they developed or adapted the new technology internally. This is more important the smaller the enterprise. 100 percent of micro-level firms and 58 percent of small firms cited developing new technology internally as their second main method of upgrading. A fundamental factor in the capacity of

firms to absorb advanced technology is the investment climate in which they operate. This includes knowledge, infrastructure and regulation as well as finance. This is regarded by outside observers as uncertain and enterprises fund developments primarily from internal resources, which are limited.

## CHAPTER THREE

### METHODOLOGY

#### 3.0 Introduction

This includes systematic study of methods that will be applied during the study, which are described in this chapter to study and analyze the current system find out its weaknesses and find out solutions. This section also involves the ways of implementation and testing of the system to be designed and the following are the methods that will be used

#### 3.1 Research Design

The study employed a correlation research design which was cross sectional in nature was used adopted due to time and resource constraints.

#### 3.2 Study Population

The population comprised of 45 restaurant employees obtained directly from their premises of which 12 were from Gardens restaurant, 7 from Hilton 8 from Hills view hotel , 4 from Tooro Pride hotel 7 Mountains of the moon Hotel cashiers and 7 from Rwenzori Guest house. This was the population directly affected by the problem in investigation.

Here the researcher sampled a few of attendants from many asked them how they are operating the business and among all the customer response to their services answers related to the roles they are playing in making the business success were given and among them was observed that poor management in did play a role in the growth or failure of the small business in fort portal musicality especially hotels the researcher also understood how customers are served poor quality food.

#### 3.3 Sample size and selection criterion

##### □ Sample size

The sample size used in the study comprised of 39 members selected from the population of 45 using Krejcie and Morgan (1970) method.

The researcher first divided the target population into 5 non overlapping strata namely cashiers, managers, assistant managers, waiters and waitresses based on roles before determining the sample size in each stratum using Krejcie and Morgan tables as illustrated in table 1

**Table 3:1 showing the required sample size**

Strata	Population	Sample size
Gardens restaurant	12	11
Mountains of the moon	7	7
Hills view	8	6
Hilton hotel	7	5
Ruwenzori guest house	7	6
Toro Pride Hotel	4	4
Total	45	39

Source: Primary data

**•Sampling technique**

Two methods were employed in selecting the required 39 members to the study sample namely; simple random sampling and Proportionate stratified random sampling techniques. The combination of techniques was considered suitable in selecting a sample from a heterogeneous population that is large enough, representative and gives each element equal chance of being selected in the sample.

**3.1 Observations:**

Here the researcher chose to observe the ways how customers are being handled in small business like hotels to observe and related the price charged to the quality of food being served observe the customer satisfaction and if not satisfied find the missing gaps in the customer satisfaction give and opinion to the service provider about customer dissatisfaction. The method was based on what the researcher sees, digests, analyses and makes personal conclusion to what

he sees vital to his area of research. I looked into documents carefully and analyzed the income and expenditure found out how small business are being mismanaged.

### **3.5 System analysis and study**

This involves the studies and requirement analysis which is categorized into non-functional and functional requirements. Analysis of user requirements, state of the current system and examining of the future and expected needs was carried out. The researcher identified the short comings of the current system which will help to find new ways to improving the proposed system so as to meet the researcher's needs.

### **3.6 Interviews**

There was a direct conversation between me and my research clients, where by questions were asked by the interviewer to the interviewee to obtain relevant information. This helped me to obtain the details of the existing system, identify problems associated with it, which helped me to identify key areas to improve. I asked different questions and different answers were given which show the miss management of hotels in the area.

### **3.7 Implementation**

This mainly focused on the details of implementation including the programming, Data structures and the language to be used. In this, MS Access and VB was used to develop the system. They are good to be used because they have good programming language and small package.

### **3.8 Qualitative research**

This aimed at understanding of human behavior and the reasons that govern such behavior asking a broad question and collecting data in the form of words. The researcher collected data qualitatively using test questions images, we chose this type of research because it aims to investigate a question without attempting to quantifiably measure variables or look to potential relationships between variables.

### **3.9 Measurement of variables**

The role played by management practices was measured based on (Turner Lynn, 2000) using the five likertscale; strongly agree, agree, undecided, disagree and strongly disagree with qualities of good financial reports namely reliability, relevance, comparability and timeliness.

### **3.10 Data Processing and Analysis**

The data with similar characteristics was edited, classified, grouped, coded and tabulated into tables and charts before interpretation. It was analyzed by use of Factor analysis, to establish the contribution, relationship and prediction of dependent by independent variables respectively. The factor analysis was used in reducing the main variables to few important factors for purposes of making an analysis before drawing valid conclusions.

### **3.11 Limitation**

Although the study progressed up to the end, the following were recognized as limitations: The study concentrated on an urban setting in assessing the role played by management practices in the performance of small scale enterprises in fort portal municipality

The sample used in the study was big enough compared to the target population; however, it was still small when compared to the entire population of restaurant employees in fort portal municipality this could have affected the overall results. The research could have benefited from a bigger sample although the bigger the sample the more resources required and lack of enthusiasm from the respondents.

The results of the study based on restaurants can be generalized but still may remain not accurate to represent the entire small scale enterprises in Uganda due to the status of fort portal as an urban area.



## CHAPTER FOUR

### PRESENTATION AND ANALYSIS OF THE FINDINGS

#### 4.1 Introduction

The chapter presents the analysis and discussion of the findings of the study in reference to the research objectives outlined below.

To determine the impact of planning on the performance of small scale enterprises in fort portal municipality

To establish the effect of proper decision making on the performance of small scale enterprises in fort portal municipality

To establish the contribution made by effective commanding and delegation of authority in the performance of small scale enterprises in fort portal municipality

To examine the contribution of proper organization to the performance of small scale enterprises in fort portal municipality.

The findings were based on the primary data collected, summarized and presented in tables and figures showing frequencies and percentages.

#### 4.2 Characteristics of the units of inquiry

The demographic features of the unit of inquiry consisted of the respondent's characteristics that included the response rate, years in service in the restaurants , category, seniority gender and the work station

##### 4.2.1 Response rate

The researcher collected the data from 45 respondents of which 39 completed and returned the questionnaires posing a response rate of 86%.

#### 4.2.2 Respondent's work station

Information on the respondents from six different restaurants that made up the research study that is Mountains of the moon hotel, Gardens restaurant, Tooro pride hotel, Hills view hotel, Hilton hotel, Rwenzori guest house. The results in the table below show the units that participated in the study together with their representative percentages.

**Table 4.1 Respondents work station**

Station	Frequency	Valid percent	Cumulative percent
Gardens restaurant	11	28.21	28.21
Mountains of the moon hotel	7	17.95	46.16
Hills view Hotel	6	15.34	61.5
Hilton Hotel	5	12.82	74.32
Rwenzori Guest house	6	15.34	89.66
Tooro pride Hotel	4	10.26	100
<b>Total</b>	<b>39</b>	<b>100</b>	

**Source : Primary Data**

The results in the above table show that the majority of the respondents were from Gardens restaurant with 28% while the least was from Tooro pride Hotel with 10.3%

#### 4.2.3; Category of respondents

Responses were sought from respondents of different categories who were directly affected by the issues of management and below in table 3 are the results

**Table 4.2; Category of respondents**

Category of respondents	Frequency	Valid percent	Cumulative percent
Managers	6	15.38	15.38
Assistant Managers	4	10.26	25.64
Cashiers	6	15.38	41.03
Waiters Waitresses	15	38.46	79.49
Chefs	8	20.51	100
<b>Total</b>	<b>39</b>	<b>100</b>	

**Source; Primary Data**

From the above table . The waiters and the waitresses provided the highest number of respondents that is 38.5% while the assistant managers provided the least number of respondents.

#### **4.2.4; Gender of the respondents**

Respondents of different sex in the restaurants in fort portal municipality were sought. Below in the table 4 shows the gender of the respondents who participated in the study.

**Table 4.3; Gender of respondents**

Gender	Frequency	Valid percent	Cumulative percent
Female	16	41.03	41.03
Male	23	58.97	100
<b>Total</b>	<b>39</b>	<b>100</b>	

**Source; Primary Data**

The above table 4 illustrated the gender of respondents who participated in the study. The majority were the males with 59% compared to the 41% females. The ratio of the male to female who participated was established but gender had less meaning in respect to assessing the role

played by management practices in the performance of small scale enterprises in fort portal municipality. However, gender main streaming is an important factor that should not be ignored in any study if its results are to be recognized as gender sensitive.

#### 4.2.5; Years in service of respondents

The respondents of different years in service in their respective restaurants participated in the study and below are the results.

**Table 4.4; Respondents years in service with the respective restaurants**

Years in service	Frequency	Valid percent	Cumulative percent
Less than 1yr	5	12.82	12.82
1-2 years	11	28.21	41.03
2-4 years	14	35.90	76.93
4-6 years	7	17.95	94.88
6-10 years	2	5.12	100
Above 10 years	-	-	
<b>Total</b>	<b>39</b>	<b>100</b>	

**Source; Primary Data**

The results indicated that the majority of the respondents 64.1% have been in service between 1-4 years in their respective enterprises. The period in service in the study was very important as it helped the respondents to give answers according to the wide experience of the problem under investigation. The results of the study thee foe would not be be challenged on ground that the respondents never had enough experience to effectively assess the major role played by the management practices in the performance of small scale enterprises in fort portal municipality

### **4.3 Planning as a management practice**

A plan is a determined course of action for achieving specific objective .Planning is the primary function of management and occupies the first position in the management process. It is the starting point of the whole management process as other management functions are related to the planning function

By definition, planning is a managerial process of setting objectives, strategies, policies, programs and procedures, course of action and time frame for achieving them. It also answers the six basic questions in regard to any activity

- What needs to be accomplished
- When is the deadline
- Where will this be done
- Who will be responsible for this
- How will it get done
- How much time, energy ,resources are required

#### **4.3.1 The common types of planning used in small scale enterprises**

**Operational plans;** This is a plan that is used by the manager to accomplish responsibilities, they are normally developed to support tactical plans , they could be single use or ongoing plans.

**Tactical plans;** This is concerned with what each department must do, how to do it and what to do it within shorter time frames and narrow scopes from the strategic plan. Tis was the commonly used type of planning in the restaurants in fort portal.

#### **4.3.2 Steps followed for the effective planning process of the enterprises**

Planning is a lengthy process which moves gradually, step by step approach is usually adopted. These steps are like stations in a journey of the planning process. The usual steps in the planning process are explained below briefly.

- Assessing the current conditions of the enterprise and classifying the problems
- Determining the objectives that have to achieved within a certain period of time
- Collecting complete information and data about the problems affecting the business unit

- Analyzing and classifying the information for proper analyzation and interpretation systematically
- Establishing the planning premises such as the predictions about the future situations
- Determining the alternative plans that are suitable for use under different situations
- Selecting operating plan and preparing derivative plans that is best for the operating situation
- Arranging timing and sequencing operations
- Securing participation of employees and departments
- Follow up the proposed plan to make the periodical review of the execution process

#### **4.3.4 .The impact of planning on the performance of small scale enterprises**

Planning was found to be so beneficial to small scale enterprises in fort portal municipality and according to the study conducted, below are the results of how it has impacted the small scale enterprises around the area.

**Full utilization of resources;** Planning ensures effective utilization of the available human and material resources It eliminates wastages of all tangible and intangible efforts and this ensures full utilization of resources. Among the restaurants it was discovered that there was a proper scheduling of activities, for example in Hilton Hotel workers were working in shifts so there was no redundancy around the restaurant, all labor was fully utilized.

**Promotes managerial efficiency;** It covers all managerial functions and helps the management to execute future programs in a systematic manner. It sharpens managerial abilities towards direction and control of the organization. The manager of Gardens restaurant said that with the plans of the restaurant he would directly know what to plan to execute at a given time so there would be no delays

**Improves motivation and team work;** Planning facilitates participation of managers and workers in the normal functioning of the enterprise. In Hilton Hotel it was discovered that because of planning all the workers in the restaurant had team spirit .the workers very well knew what was expected from them. This ensured a high degree of efficiency from them. And also served as a tool of manpower development in the Hotel.

**Avoids hasty decisions;** Due to planning hasty decisions and haphazard actions of managers are avoided. According to Mr. Rwakasoro Manager Ruwenzori Guest house says that because he was a good planner he wouldn't just take decisions concerning the enterprise without thoroughly thinking through it. Whenever he knew he would be away for some other programs concerning the organization he would decide to delegate the authority to the assistant manager. He also says that he aimed at ensuring that the communication gaps are removed .

**Helps anticipate problems and cope up with change;** By acting as an insurance against future problems . In fact in planning, future problems and situations are studied in advance and alternative solutions are kept ready. According to the four managers from the different restaurants, they asserted that for whenever they knew on some particular days they will be having less customers in their restaurants, for example over the weekends, they would ensure that they have properly communicated to their chefs so as wastage was avoided.

#### **4.3.5 Why some managers found planning disadvantageous**

**Time consuming and costly;** Some managers were saying at times they would take decisions without planning because they saw it as a lengthy process that involves forecasts and collection of data . and they considered it to be a job for experts besides it being a time consuming activity.

**Un suitable for small firms ;** The cashier of Hilton hotel said that for them they were really taking planning un serious because they were considering it as an activity for large firms .that in their enterprise they can easily anticipate the future . According to their enterprise there is always a need of making quick decisions and that they would wait to first plan because it was time consuming

**Limited practical value;** It is always argued that planning is too theoretical and has limited practical utility. The chefs in Gardens restaurant said that at times even when their manager brings them a plan of what was supposed to be done within that particular month, and changes occurred that meant that the plan had to be altered and at times it would be half executed or even not executed at all.

**Encroachment on individual freedom and initiatives;** Planning is a centralized process. At lower levels, plans are to be executed as per the directives issued. This affects the individual freedom and initiatives at the lower levels. It was discovered that the chefs in some restaurants

were complaining that they were being used as tools for the executions of the plans made by the managers even if it was of less benefit to the enterprise or even if it wasn't part of their duty, thus they were less independent.

#### **4.3.5 Some of the common barriers to successful planning in small scale enterprises**

According to the study conducted it was found out that some organization do not do planning because it is not vital but because even though they would like to they are still limited to some barriers and below are some of them;

Inability to plan mostly because of lack of skills

Lack of commitment to the planning process

Inferior information which is not so vital to the planning process

Focusing on the present at the expense of the future

Too much reliance on the planning department

Concentrating on the controllable variables

The good news about all this is that all of them can be overcome and set their enterprises on higher levels of growth.

#### **4.4; Decision making a functional tool of management**

Decision making is an essential aspect of modern management. It is a primary function of management. Decisions are so important as they determine both managerial and organizational actions. Whatever a manager does he does through decision making. This clearly suggests that decisions are important in planning, organizing directing, and controlling. The effectiveness of management entirely depends on the quality of decision making. In this case management is rightly described as a decision making process. Decision making is an intellectual process that involves selecting the right course of action out of the many alternatives

According to Peter Ducker decision making is considered a priority to planning. It's the top management which is responsible for all strategic decisions such as the objectives, capital expenditure, as well as other operating decisions of the business.



#### **4.4.1; For all decisions made to be strategic they should have the following characteristics**

Decision making implies choice that is choosing from among two or more alternatives thus it's the process of selection of one solution out of the many. Only one is selected for the actual execution.

It's a continuous activity that is its never an ending activity in business. Managers have to take decisions on various policy and administrative matters .It's never an ending activity in business management.

It's a goal oriented process that is decision making aims at providing a solution to a given problem before an enterprise

It's a time consuming activity as various aspects need careful consideration before taking final decision. Decisions taken will remain on paper if they are not carefully communicated to the concerned persons since it will make following actions difficult.

Mental/intellectual activity since it requires knowledge, skills, experience and maturity on the part of any decision maker. The results of the study show that at least all the managers were above the diploma qualification in education therefore they were eligible to make decisions.

The decision making process is all pervasive in nature. This means that all managers working at all levels are concerned with taking decisions concerning matters of their jurisdiction. Among all the restaurants visited it was very good to find out that all the department leaders were responsible for taking decisions in the respective departments.

It is based on reliable information / feedback that is good decisions are always based on reliable information. The quality of decision making at all levels of the enterprise can be improved with the support of an effective and efficient management information system.

#### **4.4.3; The effect of proper decision making in small scale enterprises**

Decision making is considered to be the back bone for business management because without taking the right decision nothing can be performed. Below are some of the effects of proper decisions taken to the small scale enterprises.

Proper utilization of resources like man, money, material, machine etc. within the enterprises. Because the managers and the team always made the right decision, the enterprise was operating at a low cost

Selecting the best alternative, As we know that always the problem must have alternative solutions, decision making is important to select the best alternative among the various alternatives by strictly analyzing them one by one.

Evaluation of managerial performance, the quality or success of the manager largely depends upon the number of right decisions that he or she can take for the enterprise. This happened in Toro Pride Hotel where one of the terminated managers was not competent enough when it came to decision making; he used to take decisions according to his personal interests.

Employee motivation within the organization. Decision making provides an overall framework of operation and guideline to the level of staffs. When the workers are made part of the decision making process it makes them feel considered of value in the enterprise and this motivates them to work to their best abilities.

Achievement of organizational objectives within the given time and budget, it searches the best alternative to utilize the resources properly and satisfy the employees at the workplace. As a result organizational goals and objectives can be achieved as per the desired result.

#### **4.4.4; why rational and right decisions are not possible in small scale enterprises.**

Rational decisions are the best decisions under the available circumstances. All decisions should be rational as such decisions facilitate expansion of business and give more profit. The rationality principle is applied to all types of decisions. It is only possible through human brain which has the ability to learn, think, analyze and relate complex facts and variables while arriving at a decision. In brief, all business decisions should be rational as far as possible as such rational decisions offer many benefits. However, rational decisions may not be taken on certain occasions. According to Herbert A. Simon, human beings are not always rational in the decision process and below are some of the reasons;

Inadequate information, data and knowledge; for the rational decision making to be accurate, reliable and complete information about various aspects of the problem under investigation are

necessary. The possible future trends can be estimated with such information. However such information may not be available at the right time of making the decisions and this makes it to turn out to be irrational just like the manager of Toro pride Hotel said, it happened with their enterprise when they had developed a plan of buying electric cookers, but they really never had no information to look at concerning the best durable cookers to buy so it couldn't be implemented at that particular time.

Uncertain environment. Decisions are taken on the basis of information available about the various environmental variables. However the variables are many and complex in nature. They may be related to political economic, social and other aspects .It's not possible to study all such variables in depth due to inadequate information/ data. This leads to inaccuracy in decision making. According to the results of the study this is a common barrier to other small businesses most especially those in remote areas but doesn't affect the businesses around fort portal municipality.

Limited capacity of the decision maker; A decision maker should be expert, Knowledgeable, intelligent and matured. He needs vision and capacity to imagine the possible future solutions. In absence of such qualities, the decision maker may not be in position to take rational decisions Similarly, the decision taken may not be fully rational if the decision maker does not follow the required steps for scientific decision making. The study results show that some mangers had no experience in management and some were not fully qualified to be mangers of the restaurant, whereas other workers had no education/ knowledge concerning hotel management.

Personal element in the decision making process; Decision making should always be impartial and also favorable to the organization. Decision against the organization but fair to the maker is unfair. Given the beliefs, back ground, attributes, preferences, the decision maker is expected to keep all this behind him when taking decisions. This may not be something that is common among all decision makers but if happens it makes the decision irrational. The results from the questionnaires given to the waiters and waitresses in Hills view hotel indicate that this was a common problem they faced where their immediate boss would make decisions of the Hotel without informing or inquiring from any of them but expects them to everything the way he wants.

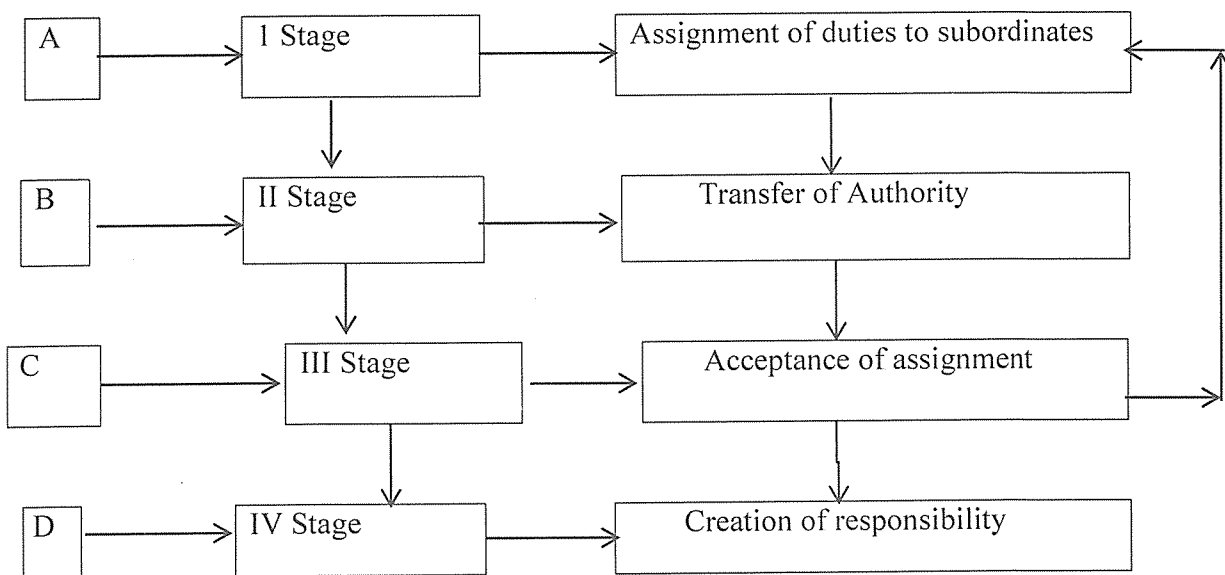
A decision cannot be fully independent; Managerial decision is interlinked and interdependent. A manager has to make adjustments or compromises while making decisions. For reducing the price some compromise with the quality will be necessary, a manager may give one importance to one and less to the other . In short all business decisions are interlinked. In Gardens restaurant the asst. manager explained that the number of their customers had fallen so low, so it was decided that they should give a price reduction on the food so as to attract customers, but the problem was that they did not consider a decline in the cash inflow and thus complaints a raised from the workers about delay of salary

#### 4.5 Commanding/ Delegation of authority

Delegation of authority is one vital process in the organization. It's inevitable along with the expansion and growth of the business enterprise. Delegation means assigning of certain responsibilities along with the necessary authority by the superior to the subordinates. That is in delegation the subordinate become responsible for certain functions transferred to him .Delegation is not a process of abdication. The person who delegates does not separate himself from the responsibility and authority with which he's entrusted. He remains accountable for the overall performance and also the performance of his subordinate.

##### 4.5.1 The process of Delegation of authority by the managers in the small scale enterprises

The delegation process involves four distinct stages. The following figure shows the stages in the process of delegation of authority.



**Assignment of duties to subordinates;** Before delegating the delegator has to decide precisely the duties that have to be delegated to the subordinates. This step is very obvious that there is no delegation if the subordinate does not know what he's supposed to do. All the managers said that they would clearly communicate to their subordinates about what was highly expected of them.

**Transfer of authority to perform the duty;** In the second stage the delegator would grant authority to his subordinate. The authority would be strictly be delegated towards the performance of the particular duty. The cashier in Hills View Hotel said that at a point he had lost his relative so he entrusted his work with one of the waiters in the hotel for at most one week until he came back.

**Acceptance of the assignment;** Here in the third step the subordinate had a right to accept or reject the assignment . If the subordinate refuses the delegator has to reconsider the plan of delegation or look for some other person to delegate the work to and is willing to accept.

**Creation of Obligation/ Accountability/ Responsibility.** When the subordinate accepts a task and the authority is given, an obligation is created; he therefore performs the task that is granted to him using the authority granted to him. The delegator can also help his subordinate as and as when necessary as he's responsible to his superior.

#### **4.5.2 The importance of delegating authority in small scale enterprises**

Relieves the manager for more challenging jobs . Delegation makes it possible for the managers to distribute the work load to others. Thus, they are relieved of routine work and they can concentrate on higher functions of management like planning , organizing controlling etc.

Leads to motivation of subordinates ; Workers in Gardens restaurant said that whenever any bosses entrusted them with any duties they would feel happy, feel that they can be trusted and they can also perform the duty with cautiousness.

Facilitates efficiency and quick action. Delegation saves time enabling the subordinates to deal with the problems promptly, as they can take decisions so quickly within their authority. It wasn't necessary for the subordinates to go their superiors on certain matters.

Improves employee morale; This is very vital for the low level employees as delegation raises their morale whenever they are given duties and are supporting the organization. They feel that they are responsible employees and the attitude towards the work assigned becomes more constructive.

Develops team spirit. Due to delegation it was found out that the communication between the subordinates and the superiors. This highly brought better relations and team spirit among them that they would easily exchange their views without fear.

Facilitates management relationships. Delegation acts as a training ground for management development. As the employees are assigned with duties they are given opportunity to learn other things and this could help employees to develop new skills and qualities. Because of delegation reservoir executives can be created and they can be used any time when they are required.

#### **4.5.3; Barriers of effective delegation of authority in small scale enterprises**

Delegation of authority in small scale enterprises is however not an easy thing to do , and below are some of the barriers that were assessed during the study.

##### **On the part of the manager.**

Unwillingness of the manger to delegate authority because they have a thinking that they cn do everything themselves for example in Tooro Pride Hotel, delegation wasn't an important tool and it was never exercised.

Fear of competition; some of the clients of the study said that their bosses couldn't entrust them with any of their duties because they feared completion, and likely the subordinate might outshine him.

Lack of confidence in the subordinates, the cashier at Mountains of the Moon Hotel said that it was very hard for her to entrust her work with any one that she didn't trust any of them and that the rest of the workers below her had less skills of record keeping.

Lack of the ability to direct, some managers experienced difficulty in directing the efforts of his subordinates due to the inability to identify and communicate the essentials of the duties.

### **On the part of the subordinates.**

Too much dependence on the manager for decisions. Mr. Denis manager Gardens Restaurant said that whenever he was ready to delegate some managerial duties to some workers they would refuse and said that he should do it himself probably because they didn't feel confident about themselves.

Fear of criticism. The waitresses in Hills View said that they couldn't allow any superior person give them their duties because sometimes the results are wrong the whole blame would be shifted to them.

Absence of confidence , I found out that some of the workers had less confidence in themselves that they could do something that is beyond their ability as a result they would refuse any challenging duty which is an obstacle to delegation of authority.

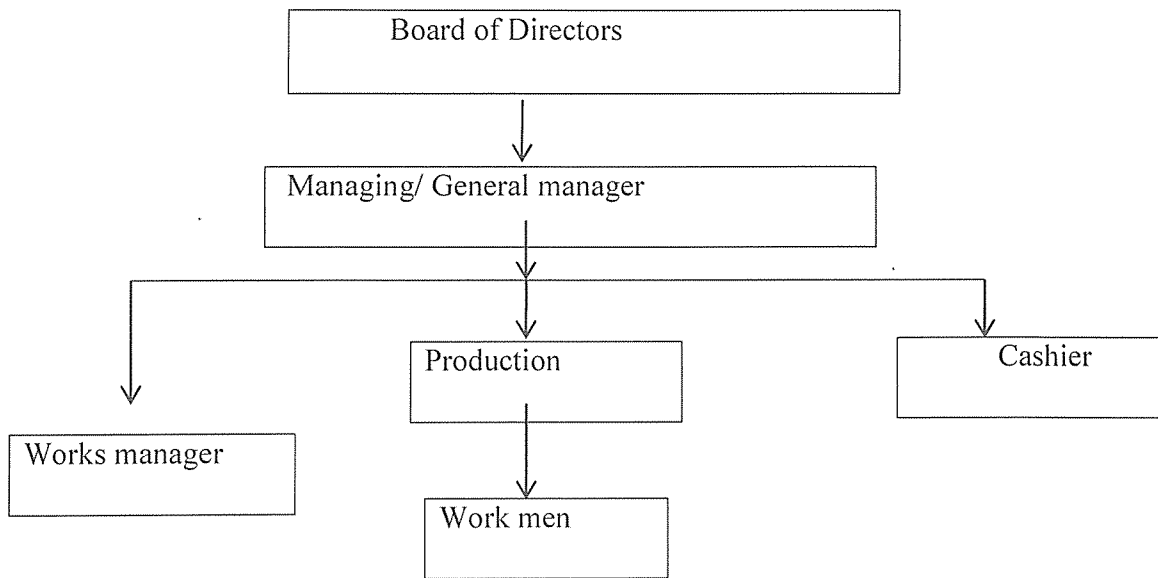
Difficulty in decision making. According to the study results it was found out that most of the workers in the sample restaurants were not highly educated therefore in the first place it was difficult to entrust them with decision making or with any duty that needed expertise or qualifications, besides they would feel inferior because they are not educated and can't do anything that is beyond them.

Poor superior-subordinate relations hamper the process of delegation of authority. When the attitude of the superior is not friendly but hostile, the subordinate may not accept the assignment. Also the feeling that even though the assignment is done the results may not be appreciated is a very big barrier.

### **4.6; Organizing function of management**

According to Louis A. Allen, organization is the process of identification and grouping the work to be performed, defining and delegating authority and establishing relationships for the purpose of enabling people to work more effectively together in accomplishment of objectives. In this sense organizational structure refers to the network of relationships among individuals and positions in an organization. The organizational structures specify which individuals work as subordinates and to which superiors. It defines interpersonal relationships.

In almost all the enterprises visited, the results show that they all used the same type of organizational structure. That is the Line structure and below is the chart that describes the organization in restaurants in Fort Portal.



#### 4.7 The role played by organizing in small scale enterprises

Ensures optimum utilization of human resources. Every enterprise appoints employees for the conduct of various business activities and operations. In all the hotels the employees were given work according to their qualifications, abilities and experiences. Thus all individuals were placed on duties that best suited them.

Facilitates coordination. It acts as a means of bringing coordination and integration among the activities of the individuals and the operations of the departments of the enterprise thus bringing proper balance.

Facilitates division of work, In all restaurants, it was discovered that due to proper organization within the enterprise there was a high degree of specialization and division of work therefore no one was found to be complain about performing another person's duties.

Ensure growth, expansion, and diversification, The line organizational structure in all the restaurants showed an in built capacity to absorb additional activities and also effective control on them.



Stimulates creativity, Organization provides training and self-development through delegation of authority. It also encourages initiative and creative thinking on part of the managers.

Determines individual responsibility to perform the assigned work, this makes it easy for the manager to pin point individual responsibility when the work is spoilt.

## CHAPTER FIVE

### DISCUSSION, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

The chapter provides the discussion, conclusions and recommendations derived from the finding of the study in chapter four presented in the order of objectives .

#### 5.2 Discussion of the findings

##### 5.2.1; The impact of planning on the performance of small scale enterprises

The results of the study established that planning was the major contributor to the performance of small scale enterprises in fort portal municipality. At least all the enterprises do planning for their activities. In most restaurants they would easily anticipate their sales over the weekends and also public holidays, therefore they would budget for less food since they knew that their customers would be less.

In this case planning was so vital in reducing over expenditure and wastage, and also plan about how they can keep a large market share thus staying at a competitive advantage in the area .

Planning was so vital as it helped the enterprises in avoiding hasty decisions, because the planning process encourages systematic thinking by the mangers , the kind which is innovative in nature .Besides planning gave the mangers the ability to anticipate problems and coping up with change since the future problems are studied at once and the possible alternative solutions are kept ready for implementation.

##### 5.2.2;The effect of proper decision making in the performance of small scale enterprises

Decision making was found out to be very important in managing the enterprises because serious decisions have to be taken concerning other managerial functions such as staffing, organizing, controlling, among others. The study results indicated that it was very impossible to implement the managerial function without decision making, that is as usual every managerial role is entitled to making decisions for the enterprise.

Because of decision making the enterprise stake holders would know the competent manger . for example at Tor pride hotel , one of the terminated manger was known out of the decisions he

took on behalf of the enterprise, the current manager asserted that the complaint was about him taking Hasty decisions without even involving any of his subordinates and of which most of these decisions were on his own interest for example like ordering drinks and food for his personal friend without paying

### **5.2.3 The contribution of business organization to the performance of the enterprise**

Without appropriate organization on variety of fronts a business limps along un able to achieve the set goals and objectives. Organization and structure give employees a guide under which they can operate efficiently and reduce duplication.

The research results showed that the organization in some restaurants eased flow of their production, whether they relied on work orders or or start to make a sale there was a flow for example whenever there was a work order, the workers knew exactly what to do and whom to contact.

Because of proper organization in the restaurants it was found out there was very clear financial accountability, There was extended organizational controls over the flow of money in and out of the restaurant, receipts were issued for every money that went out of the business . Besides that there was ensure leadership within the organization, every worker knew the person to contact in case of anything so there was nothing like delay on delivery of services to their customers. This helped to reduce crushes among the employees hence building good relationships for good working environment

### **5.3 Conclusion**

The study established a significant positive relationship between the managerial practices and the performance of the restaurants in the south division of fort portal municipality. However although a positive relationship among the independent variables was established, The impact of planning exhibited a more significant positive role than any other variable.

The study also established that planning and decision making played a significant role in the performance of restaurants in south division compared to organizing and commanding.

Furthermore it was established that at most 45% of the performance achieved by small scale enterprises in fort portal municipality was from proper planning, followed by decision making, a few enterprises employed organizing as a functional tool of management.

It was also established that the factors used in the study accounts 66% of the independent variables of which 45% was contributed by planning as a managerial function alone. This implies that proper planning is the main tool for higher performance in small scale enterprises than any other managerial practice.

All the enterprises that employed organization as a managerial tool had a higher level of performance than any other restaurants because they had reduced redundancy around the enterprise premises and every worker knew exactly what they were supposed to do at the exact time without any delays.

Apart from the expanded management tools that were discussed in the research there are others that also played some important role in the performance of the enterprises. That is to say, Budgeting , training and capacity building, Performance evaluation among others.

The study results also indicate that there were higher chances of the enterprises to grow, not like the other which were not taking such tools necessary in the development of their enterprises. The planning about the future prospects of the enterprises was so good, it included , how they could attain a bigger market share, improving on their production (meals) etc.

#### **5.4 Recommendations**

According to the research carried out among the different restaurants it was found out that there were many loop holes that needed to be covered. According to me, this is what I would highly recommend in order for these enterprises to achieve better performance

The stake holders should hire people who are highly educated most especially on the side of managers, some would fail to take intensive decisions because they don't have the capacity to do so, some of the workers couldn't speak in English therefore it was difficult to communicate with a foreigner.

The enterprises should stop focusing on the present but rather on the future, if it's all about competition, they should focus on how to stay at an advantage. They should focus on making

improvements that can also affect the future for example buying machines to use like refrigerators, cookers etc.

There should also be commitment to achieve the goals of the enterprise, since most of the enterprises had plans but the problem they were not worked on, if the plan needed higher finances then they should start saving for it.

I also recommend that standardized control techniques should be employed in the restaurants to ensure that all the tasks assigned are done as expected.

The chronological process of decision making should be employed in the business so as to avoid making mistakes, that is identifying the managerial problem, analyzing the problem, developing alternative solutions, selecting the best solutions, converting the solution into action and ensuring feedback or follow up.

### **5.5 Areas for further research**

- i. The study conclusion was based on opinions from managers, chiefs, cashiers, waiters. Further research is needed to be carried out focusing on other stakeholders that are directly or indirectly affected by the performance of small scale enterprises, for instance, suppliers and customers. This will eliminate the question that the conclusions were based on internal respondents.
- ii. The study concentrated on only six restaurants in fort portal municipality which was an urban setting. Therefore, further research need to be carried out in rural setting, thus will assist in drawing concrete conclusion in a comparative manner on the role of managerial practices on the performance of small scale enterprises in fort portal municipality.
- iii. The study only concentrated on restaurants as small scale enterprises. But further research has to be made on other small scale enterprises for instance, schools, clinics and pharmacies, SACCOs etc. This can also help in drawing conclusions on a comparative manner.
- iv. Further research is also needed to be done on the role played by other management practices. That were not mentioned in this research for example staffing, coordinating and controlling.
- v. Further research should be done on how the management can be improved so that the performance of the small scale enterprises can be improved.

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**APPENDICES**

**APPENDIX I: RESEARCH QUESTIONNAIRE**

**KAMPALA INTERNATIONAL UNIVERSITY  
DEPARTMENT OF ACCOUNTING AND FINANCE**

**Requests;**

Dear Respondent;

I am carrying out a study on the role played by Management practices on the performance of small scale enterprises in Uganda.

The study will provide current information to all upcoming entrepreneurs in understanding how such management practices are important in the performance of their particular enterprises.

**SECTION A**

Please tick inside the box that corresponds with your choice

Name of the enterprise.....

**Sex;**

Female  Male

**Name of the Restaurant**

Ruwenzori Guest House	<input type="checkbox"/>	Hills view Hotel	<input type="checkbox"/>
Hilton Hotel	<input type="checkbox"/>	Gardens Restaurant	<input type="checkbox"/>
Mountains of the moon Hotel	<input type="checkbox"/>	Toro Pride Hotel	<input type="checkbox"/>

**Category of respondents**

Manager	<input type="checkbox"/>	Waiter	<input type="checkbox"/>
Asst. Manager	<input type="checkbox"/>	Waitress	<input type="checkbox"/>
Cashier	<input type="checkbox"/>	Chef/ cook	<input type="checkbox"/>



**Department**

Finance

Administration

Production

**Years in service at the restaurant**

Less than one year

1-2 years

2-4 years

4-6 years

6-10 years

Above 10 years

**APPENDIX II: THE INTERVIEW GUIDE FOR A FOCUSED GROUP**

**SECTION A. Background information**

Designation.....

**i. Education**

- Certificate
- Diploma
- First Degree
- Post graduate qualification

**ii. Gender**

Male                       Female

**SECTION B; Decision making in small scale enterprises**

What are the different managerial employed in your restaurant?

i.....

ii.....

iii.....

what are the steps taken in the decision making process in your enterprise?

.....

.....

.....

Are you always personally involved in the decision making process in your enterprise?

Yes                       No

If yes, do you really consider it to be so important having you involved in the decision making process in your enterprise?

.....  
.....

What are some of the hindrances you encounter before or in the process of taking particular decisions in your enterprise?

.....  
.....

What are some of the principles that are applied in your enterprise to ensure proper decision making?

.....  
.....

**SECTION C; The impact of planning on the performance of your enterprise**

What types of planning do you employ in your enterprise?

- Operational plans
- Tactical plans
- Strategic plans

Is the PEST/ SWOT analysis procedure applicable in your planning process

Yes  No

Do you follow some procedures in the planning process in your enterprise? If YES, can you mention some?

.....  
.....

How important is planning to the development and growth of your enterprise?

.....  
.....

**SECTION D; The impact of organizing tool of management on the performance of your enterprise.**

How important is proper organization in your enterprise?

.....  
.....

Which of the following organizing/ organizational principles are applied in your enterprise?

Unity of objectives

Unity of command

Division of work/ specialization

Any other.....

Delegation of authority

**APPENDIX III: FOR KEY INFORMANTS**

What does your enterprise improve its market share?

.....  
.....

How does your enterprise over ride its stiff competitors?

.....  
.....

What is the role of your office in the enterprise?

.....  
.....

Whatdo you personally say has been the role played by the various management practices in the performance of your enterprise

.....  
.....  
.....

**THANK YOU VERY MUCH FOR YOUR RESPONSE**