

**THE EFFECT OF MANAGERIAL SKILLS ON THE GROWTH OF SMALL AND  
MEDIUM ENTERPRISES IN PALLISA DISTRICT, A CASE STUDY IN PALLISA  
TOWN COUNCIL.**

BY

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**DECLARATION**

I, **Logose Kevin**, declare that this research report is my original work and has not been submitted for any award for examination at any institution of higher learning in this or any other university.

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**APPROVAL**

This research report is submitted for examination with approval of the undersigned academic supervisor.

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## **DEDICATION**

Before I dedicate this report to any one, I want to thank the Almighty GOD who enabled me to carry out my research successfully without him I would have not achieved. I dedicate this report to my lovely brother Maseruka Innocent for his continued support that he has rendered to me, my mother Takali Fedrine for the support and advice

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## **ABBREVIATIONS AND ACRONMS**

<b>SMEs</b>	:Small and medim enterprises
<b>PTC</b>	: Pallisa Town Council
<b>POT</b>	:Peacking order theory
<b>OECD</b>	:Oganization for economic co-operation and devevelopment
<b>GDP</b>	:Gross domestic product
<b>FY</b>	: Financial year
<b>UBOS</b>	: Uganda bureau of statistics
<b>UIA</b>	:Uganda investment authority
<b>SPSS</b>	:Statistical packages for social sciences

## **ABSTRACT**

The study mained at determining the effect of managerial skills on the growth of small and medium enterprise. The study applied a cross sectional research design and descriptive approach. Data were collected from 80 as a target population with accessible unit of inquiry being 66 respondents consisting of owners, managers, and customers. Data was collected with close ended questionnaire and statistical package for social sciences was used for analyzing data from which frequency tables, descriptive statistics, reliability, validity, correlation and regression results were obtained. The study findings revealed that there is a positive and significant relationship between conceptual skills and growth of SMEs, human capacity and growth and also technical skills and growth. The study therefore recommends that in order to enhance on growth of SMEs, conceptual skills, human capacity and technical skills should be adopted by business owners and employees like managers.

## **CHAPTER ONE**

### **1.0 Introduction**

This chapter will cover the following areas, the background of the study, statement of problem, purpose of the study, objectives, scope of the study, significance, conceptual framework and definition of the terms.

### **1.1 Background of the study**

Generally, small and medium enterprises are viewed as important engines for job creation, poverty eradication, and economic growth. This has been proved by increasing employment opportunities due to high capital requirements of output in the sector, the increasing awareness by the government that large projects do not generate employment opportunities given the high capital intensity of output by these firms. SMEs face higher transactions costs in obtaining credit to boost their asset base and working capital than large-scale enterprises (Ahmad & Ahmad, 2021) Poor management and limited access to finance have been viewed as major factors hindering growth of small and medium enterprises worldwide due to restricted lending by financial institutions.

Globally, small and medium enterprises are recognized as fundamental elements of growth and development of an economy. This is clearly demonstrated by the fact that 99.8% of the enterprises are small and medium employing 67% of European workers and generate 57% of revenue. According U. K SMEs data statistics (2020) and chart show that there were 598 million private businesses registered and 99.8% were small and medium enterprises with less than 250 employees. The national Bureau of statistics in UK (2015\_ 2016) showed a decrease in the growth of small and medium enterprises especially in the manufacturing sector from 57% to 52% and in (2014\_2015) there was a decrease in the whole and retail businesses from 60% to 47%.

In china, the growth rates of small and medium enterprises increased with 67% new businesses being created (National Bureau of statistics 2018) compared to (2017) where it had 10.4%. This is evidenced with 98.46% of businesses in china being small and medium enterprises employing not more than 300 employees and contributing 60% G.D.P and 50% income tax (Kelly, 2020). Due to the significant growth of SMES in (2014 and 2017) the loans share also increased from 54.60% to 64.96%. However, many collapsed in the same period leading to a decrease in shares evidenced by 56.10% to 41.62%.

In Africa, growth and deployment of small and medium enterprises has tremendously transformed from predominantly backward continent to the world's most economic frontier according to the experts projected achievement of economic growth of 4.5% by (2017). The growth and development of small and medium enterprises will increase on the number of people joining active labor force on the continent to that of the rest of the world by 2035 (IMF) In south Africa, small and medium enterprises do not grow and their failure rate is 75% one of the highest in the world, the major obstacle to growth of small and medium enterprises in south Africa was termed financial which largely an internal factor. The other obstacles determined by PACA were termed economic in nature like poor management skills (Ahmad & Ahmad, 2021; Aliyu, 2015; Andarwati et al., 2020). The growth rate of small and medium enterprises in South Africa are low with an average rate of 50%. However, by (2012) it reduced to 39% below the average rate (Hutadjulu & Blesia, 2016).

In Uganda, small and medium enterprises are regarded as an engine of economic growth, development and transformation through innovation and wealth creation (NDPII 2015- 2020) They dominate much of the country's economy, 10% are active in the manufacturing sector, 33% in commerce, 49% in service sector and 8% in other fields (UIA 2016) . They account for 90% of the private sector, 80% of manufactured products and 20% of gross domestic product (UBOS and UIA 2016). However small and medium enterprises do not survive past their fifth birthday due to limited access to finance, poor managerial skills, poor location leading to low profitability, liquidity and market share Enterprise Uganda internal report (2019).

In Pallisa Town Council (PTC), there is gradual increase in the growth of SMEs to exploit the existing common market and reduce unemployment as a result, many traders and businessmen are opening up businesses to provide a variety of services in the food, entertainment, agriculture, education, transport and finance sectors (Levi et al., 2010). However, the majority of these enterprises do not reflect the signs of growth such as being profitable. According to Ahmad & Ahmad (2021) shows that small and medium enterprises in Pallisa district are failing to grow due to limited access to finance and poor managerial skills evidenced by low profits, liquidity and market share. Therefore, to enhance growth of SMEs, there's need for the government to develop different measures of availing soft loans, mitigating the risk perception by financial institutions about lending, providing financial

literacy and providing entrepreneurship education through training and development programs for entrepreneurs.

In addressing the problem of poor SMEs growth, the study was guided by two theories:

The Agency theory by Stephen Ross and Barry Mitnick (1973) who assumed that an organization are characterized by conflicts of interest between principal (owners) and agents (managers), known as an "agency problem". It stipulates a relationship which arises whenever the principal gives control and/or decision-making authority to the agent.

The Pecking Order Theory (POT) by Myers Sanders (1984) who postulates that, "SMEs' financial needs are met in a hierarchy order, implying that they acquire their first set of finance internally and later meet their financial needs externally, as their needs for more funds rise resulting to increased liquidity and growth.

Studies of managerial skills have grown since the beginning of human capital and businesses (Levi et al., 2010). They define managerial skills as organizational resources that deals with challenges of organizational planning in terms of firm's operation through resource utilization. Managerial skills in an organization differ from one sector to another. Effective managerial skills are key resources that drive growth and sustainable process through measurable in terms of; conceptual skills, human capacity and technical skills. However, the basic motive behind any business investment is to grow and earn returns, this to an SME entrepreneur is not exceptional as they channel their operations to achieve profits, liquidity and increase on their market share, therefore, it is through effectiveness of the firms' managers that resources can be efficiently directed to lead to development and operational growth on business entities.

## **1.2 Statement of the problem**

SMEs play a great role in creating job opportunities across sectors for both low-skilled and skilled workers. It acts as an important channel for inclusion and poverty reduction, especially but not exclusively in emerging and low-income economies. In this regard, they upgrade productivity in a large population of small businesses, including in traditional segments and the informal economy, and this helps governments achieve both economic growth and social inclusion objectives, (Aliyu, 2015)

However, despite receiving the boost, growth of SMEs is still constrained by a challenge of poor managerial skills exhibited by the management team which pulls down capital accumulation, leading to higher employee turnover and failure to cope-up with the



globalization and technology hence no or low SMEs growth. This is evidenced by the annual budget report for FY (2017/2018) which put the rate on the financial growth of SMEs in Pallisa at 58% against the acceptable national standard of 70%. Also, a report issued by Enterprise Uganda Internal report (2019) showed that one third of SMEs setup fail before their first birthday while half of SMEs collapse within their fifth year of operation, this according to report by Finance department (Arthur, 2012) reflected the same where, out of 70% of the SMEs that registered in 2014, only 42% survived. This was majorly attributed to factors of, limited knowledge and skills to execute proper SMEs operations to ensure growth in terms of profit levels, market share and liquidity.

The available literature therefore is not adequate enough in explaining how exactly the growth of SMEs in PTC may be enhanced by incorporating managerial skills. It is within this discrepancy that this study seeks to examine the effect of managerial skills on the growth of small and medium enterprises in Uganda particularly PTC, Pallisa district.

### **1.3 Purpose of the study**

The purpose of the study is to determine the effect of managerial skills on the growth of SMEs in Pallisa town council.

### **1.4 Objectives of the study**

- i. To determine the effect of conceptual skills on the growth of small and medium enterprises
- ii. To examine the effect of human capacity on the growth of small and medium enterprises
- iii. To examine the effects of technical skills on the growth of small medium enterprises

### **1.5 Research questions**

The following research questions will be used

- i. What is the effect of conceptual skills on the growth of small and medium enterprises?
- ii. What is the effect of human capacity on the growth of small and medium enterprises?
- iii. What is the effect of technical skills on the growth of small medium enterprises?

### **1.6.0 The scope of the study**

#### **1.6.1 Content scope**

The study focused on assessing the effect of managerial skills on the growth of small and medium enterprises concentrating on its human capacity, conceptual skills and technical skills and how they influence business growth in terms of market share, profitability and liquidity.

### **1.6.2 Geographical scope**

The study focused on the growth of small and medium enterprises in Pallisa district, which is located in the eastern region of Uganda being bordered by Serere and Kumi districts in the north east, Bukedea, Butebo and Budaka Districts in the East. It lies 156km from capital city Kampala. The study will target SMEs operating within PTC because of its high business concentration and need to investigate their impact in terms of growth to the people in the study area.

### **1.6.3 Time scope**

The study was carried out for five (5) years between, 2018-2022. This period was selected in order to undertake a detailed exploratory study of the phenomena on the stated variables so as to achieve deep insights on the study.

### **1.7 Significance of the study**

To the researchers, the study will benefit the researcher in partial fulfillment of the requirements for the award of bachelor's degree of business administration.

It will also help the researchers with deep insights and a point of reference for future researchers in related areas of study.

To the Policy makers, the study will prompt policy makers on small and medium enterprises to formulate appropriate policies to mitigate the alarming failure of small and medium enterprises. It will also help policy makers such as government agencies by provision of data about the growth of small enterprises for tax and intervention purposes.

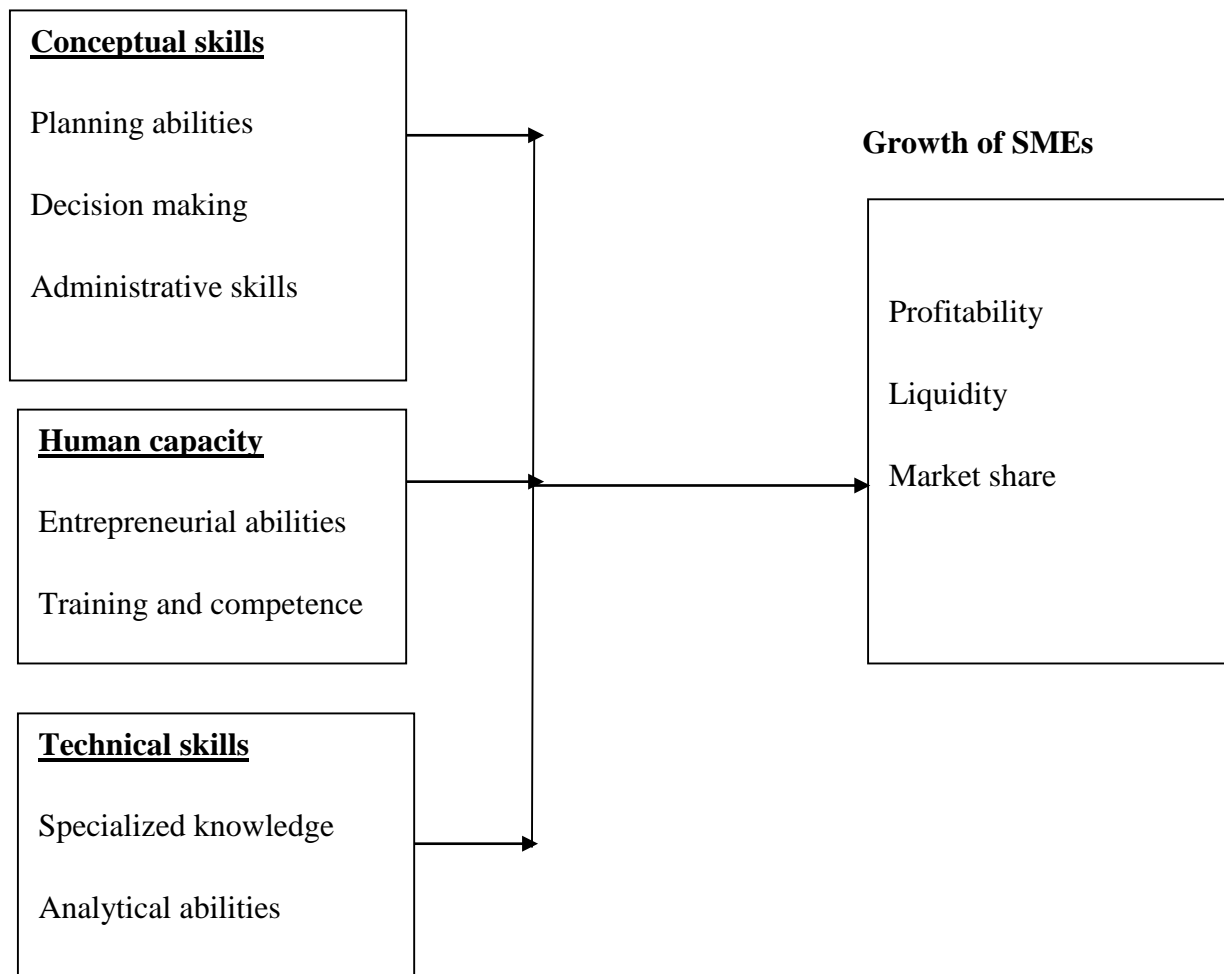
To the business community, the study will help in improving on their level of conceptual, humanistic and technical skills a potential to achieve growth by increasing on their market share, liquidity and profitability.

### **1.8 Conceptual framework**

A of technology.

**Figure 1.1** Conceptual framework on the effect of managerial skills and growth of SMEs

## Managerial Skills



**Source: Adopted and modified from** (Fredrick, 2012)

From the above figure, the conceptual framework depicts that there is a positively correlated relationship between Managerial skills and the growth of SMEs as measured in terms of conceptual managerial skills, human capacity and technical skills.

If conceptual skills in terms of planning abilities, decision making skills and administrative skills are being used appropriately in business operations by own managers, there will be gradual increase in the growth of SMEs in terms of its profitability, liquidity and market share. On the other hand, human capacity and technical skills efficiently can accelerate the rate of SMEs growth through the effective use of human resource management and training, entrepreneurial abilities and competence, specialized knowledge and analytical abilities to solve SMEs problems in a strategic way to sustain market share to create liquidity and profitability.

## **Definition of terms**

### **Managerial skills**

According to Nzibonera & Waggumbulizi (2020) managerial skills refer to the ability of manager to perform managerial tasks and roles effectively and efficiently.

### **Small and Medium Enterprises (SMEs):**

According to (Fredrick, 2012), Small and Medium-size Enterprises (SMEs) are defined as registered businesses with less than 250 employees that contribute highly to employment and GDP, often have great difficulty accessing financial services in many emerging markets and grow in ways linked to the formalization of an economy.

**Profitability:** By definition, profitability refers to a degree to which a business yields financial gain as measurable in terms of profit margins and return on assets.

**Liquidity:** It refers to the ability of the business assets to easily be converted into cash within a relatively short period of time.

**Market share:** This is defined as to the proportion of the business total sales in relation to a given controlled market or product.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.0 Introduction**

The chapter presents a theoretical review and review of available literature related to the area of study. It also looks at Managerial skills and the growth of SMEs in relation to its objectives of; conceptual skills, human capacity and technical skills.

### **2.1 Theoretica view**

#### **2.1.1 Agency Theory**

The study was guided by two theories

The Agency theory by Stephen Ross and Barry Mitnick (1973) who assumed that organizations are characterized conflicts of interest between principal (owners) and agents (managers), known as an "agency problem". It stipulates a relationship which arises whenever the principal gives control or decision-making authority to the agent. Agency Theory explains how best to organize relationships in which one party determines the work while another party does the work. In this relationship, the principal hires an agent to do the work, or to perform a task the principal is unable or unwilling to do. Thus SMEs to achieve growth, should focus on the Principal-agent relation and reap benefits from separation of ownership and control which helps to define roles each part plays to yield returns in business, in terms of profitability, liquidity thus growth. Here, both parties are motivated by selfinterest, agents are likely to pursue self-interested objectives that deviate and even conflict with the goals of the principal, however, they are supposed to act in the sole interest of their principals.

#### **2.1.2 Pecking Order Theory.**

Pecking Order Theory (POT) by Myers Sanders (1984) who postulates that, SMEs' financial needs are met in a hierarchy order", implying that they acquire their first set of finance internally and later meet their financial needs externally, as their needs for more funds rise resulting to increased liquidity and growth. Morgan (2014) accentuated that the POT model is a suitable sort for SMEs' financing strategy. In addition, Fredrick (2012) perceive that SMEs normally follow the POT model because of the complexity of obtaining funds externally. They further state that in SMEs where managers tend to be the business owners, they are normally hesitant to dilute their ownership claim leading to conflicting interests between business owners the external investors (Kraja, 2018) Contrary, Helwege and (Astuti et al.,

2019). asserted that the probability of getting outside funds is distinct to the shortfall in internally obtained funds while firms with excess cash avoid external funding. They further emphasized that when businesses are accessing funds, they do not follow the POT notion to choose the type of security to offer from the perspectives of SMEs.

## **2.2 Conceptual skills and the growth of SMEs**

Conceptual skills refer to the cognitive ability to see the enterprise goals in an effective and efficient manner achieved through management functions. It involves recognizing how various functions of the organization depend on one another, and how changes in one-part affect others. It extends to visualizing the effect of the individual business to the industry, the community, and the political, social and economic forces of the nation as a whole.

According to (Mbogo, 2011), conceptual skills entail thinking in terms of relative emphasis and priorities among conflicting objectives and criteria; relative tendencies and probabilities (rather than certainties); rough correlations and patterns among elements.

Similarly, to (Obigbemi, 2010), conceptual skills involve the ability of a manager to see the enterprise as a whole and ability to analyse and diagnose the situation, to distinguish between cause and effect. They further stated that, conceptual skills in terms of planning and organising that are assumed to affect entrepreneurial success include goal setting, resource allocation and resource mobilisation (planning skills) while organising skills include task identification, grouping of workers, team building, departmentalisation and delegation. This in virtue of Eton et al. (2017) argued that the ability of a manager to organise these aspects is vital in the achievement of the growth of enterprises.

Many studies on managerial skills as measurable in to conceptual skills have grown and have been reviewed as business literature in relation to SMEs growth and prior studies of Conceptual skills have been classic examples like, (Beigi et al., 2013; Eton et al., 2017; Nkwabi & Mboya, 2019). These studies defined conceptual skills as an effective organizational business resources which has a positive influence and relationship with SMEs growth and can deal with upcoming challenges, development of organizational planning, and the firm's operations to achievement of development. These studies are reviewed as below.

(Sean et al., 2014) did a research study on the effect of managerial skills on growth of SMEs, in Pakistan. A stratified probability sample method was used to select 256 SMEs. The study stated that having competent conceptual skills is important for the SMEs growth for better

implementation of strategic planning as lack of conceptual skills makes it hard to achieve sustainability and growth. The results indicated that there is a relatively a positive influence between conceptual skills and SMEs' growth. He hence suggested that strategic planning mediates the relationship between conceptual skills and SMEs' growth.

Similarly, according to Ahmad & Ahmad (2021), in their study on Multiple Skills and Medium Enterprises' growth in Punjab Pakistan, they stated that conceptual managerial skills are a key knowledgeable area of financial management. This implies that financial skills by own-managers are necessary in helping the firm in accounting, maintenance, budgeting, and managing financial resources from different areas of business which they enumerated comprehensively, hence it offers a rigorous empirical analysis of the relations between managerial conceptual skills and the growth of SMEs.

A research study by Nzibonera & Waggumbulizi (2020) on managerial perspective on the issues of the barriers to the growth of SME Sector of Pakistan asserted that, firms with strong and multiple conceptual skills can make efficient use of their capital by incurring minimal costs and helps to incentivize financial growth thus, the consistent build-up of the multiple resources and utilization of the resources is as a result of sustainable growth and profitability. This in relation to Hutadjulu & Blesia, (2016) found that conceptual managerial skills with various measures in terms of analytical and administrative skills contributed to the firm's performance leading to significant growth, however, the skills needed differs from stages of firm's operations, this helps to grow and sustain the competitive market. It can be understood that ignoring properly the dimensions upon which managerial conceptual skills are used, restraints development which impedes SMEs growth.

### **2.3 Human capacity and growth of SMEs**

Human capacity as according to Olufemi A Aladejebi (2018), is the practice of providing people with the knowledge, expertise, and opportunity to access information, knowledge, and training that enables them to perform effectively. In other words, it is a process by which an individual, irrespective of sex, is provided with expertise and understanding needed to perform effectively and efficiently different challenges. The key elements in the growth of SMEs of any business operations is the enhancement of employee creativity and promotion of high levels of innovation. He further noted that factors of increased production and high customer satisfaction due to consumer desired products as a result of high employee productivity, labour availability and skills training have a positive influence on the growth of small enterprises.

The survival and success of any firm solely rely on its ability to integrate the right personnel at the right time and at the right place. Human resource management has been recognized by professionals as an important factor responsible for the competitiveness of firms and it assists firms to determine the key human resources management functional areas that is responsible for elevating the status of organizations (Levi et al., 2010)

Many studies have been carried out by different scholars and literature reviewed on the effect of human capacity on the growth of Small and Medium Enterprise but are limited to: (Ahmad & Ahmad, 2021; Aliyu, 2015; Andarwati et al., 2020; Arthur, 2012; Levi et al., 2010, 2010). However, most of the literature reviewed showed mixed reactions in their findings in relation to the growth of SMEs.

Olufemi A Aladejebi (2018) examined the impact of the Human Capacity Building on growth of small and medium enterprises in Lagos, Nigeria. The study design was quantitative. Data was gathered from 139 respondents selected from entrepreneurs' small and medium enterprises in Lagos. Findings from the study reveal that regulatory constraints, accessibility to credit and low marketing skills are the top three barriers to the SMEs owner's business growth while inadequate financial management, ineffective management of employees are the major managerial problems of SMEs. The conclusion of the study showed that ineffective human capacity building has a negative relationship with the growth of SMEs hence, there is need for efficient quality human resource to gain growth, also the government should help by organizing more training for SMEs at affordable prices and establishment of skills acquisition centers to equip personnel.

According to the report by Ikupolati et al (2017) on entrepreneurs' skills as determinants for growth of SMEs in Nigeria, a survey research design was adopted. The findings showed a positive relationship between human capacity and SMEs growth. They stated that, human capacity involves equipment of people with the knowledge, skills, information, training that makes them carry out their functions effectively in a nation. This entails the training of staff in relevant skills, competencies on general and technical know-how.

A research study carried out by (Aliyu, 2015) on the effect of capacity building on organizational growth of multipurpose cooperative societies and SMEs in Osun State of Nigeria, a descriptive research design was applied on quantitative to describe deep insights on the phenomena. The study found out that most of the SMEs and cooperatives depend on the individual employee contributions than as in bigger companies. The factors of inadequate



funding, inflation, inadequate information, and political instability are key barriers to SMEs growth including cost of training and negative attitude of own-managers about training and development. Therefore, in order to ensure equitable growth of SMEs, there is need for proper capacity building for the staff which is the backbone and the major drivers and indicators for the level of industrialization, modernization, growth and development to gainful and meaningful employment.

Afzal et al (2013) in their study on institutional support in managerial capacity building and SMES growth, a cross-sectional research design was adopted. The findings showed that most challenges faced by SMEs relates to lack of managerial capabilities by owner managers of SMEs. They further stated that, while traditional factors to the success of an enterprise (patents, economy of scale, technology) reduce in value, the role of skilled workforce becomes more important thus there is need for own managers to have basic managerial skills to establish organizational goals and determine the requisite strategies to attain its goals.

Similarly, a research study by Nkwabi & Mboya (2019) on factors affecting growth of SMEs in Tanzania where a quantitative approach was applied and descriptive statistics were used to determine the frequency on the variables, the results showed that lack of human competencies, business training in terms of personnel used have been recognized as stumbling blocks standing in the way of SME growth. The study therefore recommends that there is need for adequate competent personnel with reliable basic skills and training to carry out effective business operations. Also, the government should promote business functions and provide accessible training means to SMEs by organizations such as, Small Industries Organizations (SIDO) to facilitate business knowledge.

It can be concluded that human capacity building is important to the success of a business. Some SMEs owners should know the value of the human capacity building for the development of their businesses through identifying the training needs of their firm and train their staff, also there is need for the government to come up with sound educational policies in order enhance capacity building to develop SMEs.

#### **2.4 Technical skills and the growth of SMEs**

Technical skills refer to one's ability to understand the proficiency in a specific kind of activity, particularly one involving methods, processes, procedures, or techniques; it involves specialized knowledge, analytical ability within that specialty, and ability in use of tools and techniques of a specific discipline (Astuti et al., 2019).

Levi et al (2010) carried out a research study on the factors affecting the growth of SMEs in Kwazulu-Natal, South Africa, a cross-sectional study was conducted among all the SMEs registered with Durban chamber of commerce, the results revealed that there is a positive relationship between technical skills and the growth of SMEs. They stated that, when business owner-managers have basic understanding on the technical processes of business, financial planning becomes easy. However, most of the SMEs were found to have challenges in terms of growth as this was due to incompetencies in implementing business operations and incorporating technological changes to achieve growth, hence in this context, there is need for SMEs to recognize intricacies of business world in terms of business management processes to achieve growth.

According to Arthur, (2012) technical skills depend on nature of the organisation and task as they encompass job specific knowledge and techniques required to perform work and also help in evaluating performance of delegated works.

Asiimwe (2017), carried out a research study on the technical competence and the growth of small medium enterprises. A descriptive survey research was applied on a sample population of 153 respondents made up of managers and owners of SMEs within Lagos metropolis. The hypothesis tested found that technical competence has a positive and significant impact on SMEs growth in Lagos state as 56.6% of the success recorded in the SMEs growth was due to technical competence. Thus, in order to achieve success in business management, technical abilities and skills, human resource, culture and innovation must be recognized and respected. This will enhance SMEs growth in both short and long run as it will prevent dubious and deviant workplace behaviors.

Technical skills are the understanding of a proficiency in the performance of specific tasks, this according to Hutadjulu & Blesia (2016); includes the mastery of the methods, techniques and equipment involved in specific functions such as engineering, manufacturing or finance. When SMEs businesses gain specialized knowledge, analytical ability and the competent use of tools to solve problems becomes easy, in that specific discipline, it enhances their business growth. They further articulated that, entrepreneurs being the founders of Small and Medium Enterprises should have some technical skills in their field so as to effectively manage their enterprise and determine the amount of social and financial capital generated for the SMEs.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.0 Introduction**

This chapter describes the techniques and procedures used in conducting the study. It comprises the description of the population of the study, sampling techniques, sample size, methods of data collection and method of data analysis.

### **3.1 Research Design**

The study applied a descriptive research design which was undertaken to ascertain and to describe the characteristics of the phenomena and analysis based on quantitative data both from primary and secondary sources to explore the managerial skills in SMEs in Pallisa District. According to Hutadjulu & Blesia, (2016), a case study involves a careful and complete examination of a social unit, institution, family, cultural group or an entire community and embraces depth rather than breath of the study. This study involves a careful and complete examination of a social unit, institution, family, cultural group or an entire community and embraces depth rather than breath of the study.

### **3.2 Study Population**

Fredrick (2012), defines population as the subject that is measured therefore it is a unit of observation. The population of interest in this study are the SMEs that are in pallisa district specifically those in urban areas. The study population included all the top 80 SMEs in Pallisa as listed in the trading license registers 2020, (Fredrick, 2012)

### **3.3 Sample Size**

A representative sample of 66 SMEs was acquired from the population of 80 SMEs. To address the existing gap, this was based on Krejcie & Morgan (1970) table for sample size determination. Through stratified sampling method, the sample was distributed according to the numerical strength of the SMEs category to avoid biasness.

Table 3.3.1 showing target population and sample size

<b>Categorie</b>	<b>population</b>	<b>Sample size</b>
Retail shops	<b>40</b>	<b>39</b>
Wholesale shops	<b>20</b>	<b>21</b>
Super markets	<b>10</b>	<b>4</b>
Saloon	<b>5</b>	<b>1</b>
Mobile money	<b>5</b>	<b>1</b>
<b>Total</b>	<b>80</b>	<b>66</b>

### **3.4 Sampling method**

(Kelly, 2020) also describe a sample as a collection of units chosen from the universe to represent it. (Herzallah & Mukhtar, 2016) strongly recommend that it is more practical and less costly to collect data from a sample than from an entire population. The study will use probability sampling method when collecting data. The most effective sampling technique will be stratified random sampling which is one of the sampling techniques under probability sampling. During data collection the targeted population for the study are the managers/administrators of the SME's, owners, finance controllers, accountants and auditor and others will be picked randomly from each strata to provide information on how managerial skills impacts on the growth of SMEs.

### **3.5 Type of data**

The researcher used both primary data and secondary data which involved the quantitative technique. The primary data used was gathered through the use of questionnaires, observation, and document reviews were administered to the respondents. The secondary data sources were got from textbooks, newspapers, journals and magazines.

### **3.6 Data Collection methods**

#### **3.6.1 Questionnaire method**

This involved setting a well-established list of questions in an organized way that guided the researcher in a process of collecting data.

The questionnaires were the main instruments used in the study. The researcher administered questionnaires that consisted of structured and close ended questions. They were administered to SMEs owners, managers and customers. This method is appropriate because it saves time

and the respondents are given chance to answer questions at their own convenience. A copy of the questionnaire used is found in the appendices and list of figures.

### **3.6.2 Document review**

This involved critical examination of public or private recorded information related to the issue under investigation.

### **3.6.3 Observation method:**

This involved use of all senses to perceive and understand the experiences of interest to the researcher. This helped to see what people actually do rather than what they say they do.

### **3.7 Data Analysis plan**

Primary data was collected through the administration of questionnaires. They were supplied to various SMEs and picked after some days, this allowe the selected respondents to fill them, (Herzallah & Mukhtar, 2016) describes primary data as those items that are original to the problem under study. The study relied on primary data. The primary data was collected using semi-structured questionnaire comprising both open and closed ended questions. The questionnaire based on a 5-point Likert scale. This scale is used to quantify responses on items in the questionnaires. This scale is selected so as to ensure that respondents make a definite choice rather than an inclination to a neutral response.

The questionnaire designed in this study comprised of four sections: how conceptual skills affect the growth of SMEs; how human capacity influences growth of SMEs and the effect of technical skills on the growth of SMEs in Pallisa District.

### **3.8 Data Analysis Techniques and Methods**

Descriptive statistics, especially percentages, standard deviation, means together with partial correlation and linear regressions shall be used to present data.

The use of Statistical Package for Social Sciences (SPSS version 20.0) shall be employed to aid in the coding, entry and analysis of the data obtained from the questionnaires.

The correlation analysis will be used to establish the extent of the direction and degree of how each variable has an effect among study variables, whilst the regression analysis technique will be used to determine the predictive power of independent variables (managerial skills) on the dependent variable (growth of SMEs).

### 3.9 Reliability and Validity

**Reliability:** Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials, thus giving it accuracy or precision. This will be done from the questionnaire through a pilot study on 10 in order to ensure the reliability of the survey instruments which was used and the effectiveness of the research design. The pilot study enabled the researcher to be familiar with research and its administration procedure as well as identifying items that required modification; hence the study used Cronbach's Alpha method. The Cronbach's Alpha measure shall be above 0.70 in this study as an acceptable measure of reliability.

**Table 3.2** Reliability

Variables	Cronbach's Alpha	Numbers of items
Conceptual skills	.988	6
Human capacity	.982	5
Technical skills	.980	4
Finance performance	.996	21

**Validity:** Validity entails the use of expert judgment from both supervisors and the experience of selected SMEs owners to express their opinions as to whether the constructs being used to measure the concept are valid. Validity will be determined using Content Validity Index. (C.V.I.). To assess this, the relevance of each item in the instruments to the objectives shall be evaluated and rated on each item as either relevant or irrelevant. For the instrument to be valid, the C.V.I should be at least 0.75 and above.

### 3.10 Ethical Considerations

During the study, ethical issues will be held critical because the matter under an investigation will delicate. The researcher therefore, has to ensure that before going to the field, endorsed introductory letter from the faculty of management sciences, Busitema University is obtained and fully signed. This will be presented to the management of each SMEs from where data will be obtained, all necessary steps to ensure ethical considerations and proper procedure shall be taken by the researcher. Informed consent was sought prior to interviews verbally and was clearly spelt out; right of privacy; benefits that accrue to respondents and the right to refuse

participation. The researcher further informed participants of all risks and protection in the process of administering the consent.

The voluntary nature of participation was also made clear to participants prior to data collection, informing participants that they could withdraw if they so wish without any consequences, or penalty in future. The participants were also reassured that their identities will be kept confidential or not be revealed by the researcher. To ensure this, codes shall be used in such a way that participants remained anonymous.

The researcher assured the respondents that for purposes of confidentiality, access to study data will be restricted to only the researcher and the supervisor. Respondents shall be told that there would be no direct benefits to respondents for participating in this study however, explanations were provided to enable the participants realize the benefits of the findings of the study.

## CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

### 4.0 Introduction

This chapter presents the findings on the effect of managerial skills on the growth of small and medium enterprises in Pallisa town council. The data is presented in form of tables followed with analysis and interpretation of findings

### 4.1 Response Rate

The study attained an overall response rate where the questionnaires issued were 66 in total and they were filled by the respondents (Amin,2005) suggested that a high response rate also suggests more accurate results. Response rate received from the total was questionnaires distributed was 100. Therefore, the response rate was 100%.

### 4.2 Demographic Information

This information helped the research to establish the number of respondents that participated in the research.

#### 4.2.1 Gender of Respondent

**Table 4.1: Gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	25	37.9	37.9	37.9
	Male	41	62.1	62.1	100.0
	Total	66	100.0	100.0	

**Source: primary data, (2022)**

From the table 4.1 above it shows that SMEs with in Pallisa town council are dominated by males than females represented by 62.1% and 37.9% respectively. That shows gender imbalance of SMEs ownership in Pallisa town council.



#### 4.2.2 Years served in the organization

**Table 4.2 years served**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	10	15.2	15.2	15.2
	2 - 3 years	33	50.0	50.0	65.2
	3 - 5 years	20	30.3	30.3	95.5
	above 5 years	3	4.5	4.5	100.0
	Total	66	100.0	100.0	

**Source: primary data, (2022).**

The table 4.2 above shows that 15.2% of the respondents had served in the business for less than year, 50.0% had served between 2-3 years, and 30.3% had served between 3-5 years, 4.5% had served for the period of 5 years and above. This implies that the rate of growth of SMEs is still low since the biggest percentage of respondents lies between 2-3 years and does not exceed five years and above.

#### 4.2.3 Education level

**Table 4.3 Education level**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	27	40.9	40.9	40.9
	Diploma	13	19.7	19.7	60.6
	Degree	20	30.3	30.3	90.9
	Masters	6	9.1	9.1	100.0
	Total	66	100.0	100.0	

**Source: primary data, (2022)**

From the results in the table 4.3above, it shows that 40.9% of the respondents had at least acquired certificate, 19.7% had acquired diploma, 30.3% had acquired degree and 9.1% had acquired master's level of education. This implies that most of the respondents that own SMEs acquired certificate level of education; there they are less equipped with managerial skills that are needed for proper management of business enterprises.

#### 4.2.4 Position Held

**Table 4.4 position held**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	business owners	40	60.6	60.6	60.6
	Manager	5	7.6	7.6	68.2
	Customer	21	31.8	31.8	100.0
	Total	66	100.0	100.0	

**Source: primary data, (2022)**

The table 4.4 above shows that 66.6% of the respondents are owners of SMEs in Pallisa town council, 7.6% are managers and 31.8% are customers. This implies that majority of the businesses are operated by the owners. That is to say, they actively participate in the daily activities and operations of the business

#### 4.2.5 Types of business Table 4.5 Type of business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	retail shops	39	59.1	59.1	59.1
	Wholesale shops	21	31.8	31.8	90.9
	Super markets	4	6.1	6.1	97.0
	Others	2	3.0	3.0	100.0
	Total	66	100.0	100.0	

**Source: primary data, (2022)**

From the table 4.5 above, it shows that 59.1% of the SMEs are retail shops, 31.8% are wholesale shops, 6.1% are supermarkets and 3.0% are other types of businesses like mobile money and saloons. This implies that most of the SMEs in Pallisa town council are retail shops with the highest percentage of 59.1%.

### 4.3.1 Descriptive findings on conceptual skills and the growth of SMEs

**Table 4.6** Descriptive findings on conceptual skills and growth of SMEs

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Aid business owner in decision making, resource allocation and innovation	66	1.00	5.00	3.3030	1.39195
Developing conceptual skills is an important strategy for this business	66	1.00	5.00	3.8030	1.12619
The business does employ different approaches to make strategic plans and decisions	66	1.00	5.00	3.6364	1.43190
Business planning skills help to aid decision making and proper planning of business activities	66	1.00	5.00	3.9394	1.31124
They are needed by business owners to strategically plan for their enterprises	66	1.00	5.00	3.8939	1.17838
The business employs various administrative skills to control administrative challenges	66	1.00	5.00	3.5455	1.38322
Valid N (list wise)	66				

**Source: primary data, (2022)**

From the table 4.6 above, the results show that majority of the respondents agreed that business planning skills help to aid in decision making and proper planning of business activities with a mean of (3.939 and standard deviation of 1.31124), they also agreed that business owners need conceptual skills to strategically plan for their enterprises with a mean of (3.8939 and standard deviation of 1.17838), however the respondents disagreed that business does not employ various administrative skills to control administrative challenges. (Mean=3.5455 and standard deviation=1.38322), Implying that skills with highest mean greatly influence growth of SMEs

**4.4.1 Descriptive findings on human capacity on the growth of SMEs**

**Table 4.7** Descriptive findings on human capacity and growth of SMES

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Human capacity building influences business growth	66	1.00	5.00	3.2273	1.57671
Competent skills promote creativity in the business	66	1.00	5.00	3.8182	1.33485
Proper entrepreneur abilities promote business growth	66	1.00	5.00	4.1364	1.28765
High quality production is achieved as a result of training and competence	66	1.00	5.00	3.4848	1.42767
Capacity building does increase employee's dependence	66	1.00	5.00	3.1818	1.40230
Valid N (list wise)	66				

**Source: primary data, (2022)**

The results in the table 4.7 above show that there was appositve significant effect of all the test items. The majority of the respondents agreed that proper entrepreneur abilities highly promote

business growth with (mean=4.1364, standard deviation=1.28765). Also respondents agreed that competent skills promote creativity in the business with (mean=3.8182, standard deviation=1.33485). However, respondents disagreed that capacity building doesn't increase employee dependence with (mean=3.1818, standard deviation=1.40230). This therefore implies that factors with highest mean and standard deviation greatly influence growth of SMEs.

#### 4.5.1 Descriptive findings on technical skills and growth of SMEs

**Table 4.8** Descriptive findings on technical skills and growth of SMEs

Statements	N	Minimum	Maximum	Mean	Std. Deviation
My technical skills do manage business operations more efficiently and effectively	66	1.00	5.00	4.1364	1.13526
Specialised knowledge does lead to increased production of quality products and services	66	1.00	5.00	3.5909	1.25241
Operational costs in the business are minimized using analytical skills and procedures	66	1.00	5.00	3.6364	1.27263
There is more capital inflow in my business due to increased sales as a result of large market captured	66	1.00	5.00	3.8939	1.21692
Valid N (list wise)	66				

**Source: primary data, (2022)**

From the table 4.8 above, the results show that there is a positive significant effect of all the test items. The majority of the respondents agreed that their technical skills help them to manage their business operations more efficiently and effectively with (mean=4.136, standard

deviation=1.13526). Also, respondents agreed that there is more capital inflow in my business due to increased sales as a result of large market captured with (mean=3.8939, standard deviation=1.21692). However, the respondents also agreed that specialized knowledge doesn't lead to increased production of quality products and services with (mean = 3.5909, standard deviation=1.25241). This implies that technical skills greatly influence business operations.

#### 4.6 Spearman's Correlation Analysis

Spearman's correlation was computed using SPSS in order to establish if a relationship existed between managerial skills on the growth of SMEs, Correlation analysis measures the degree of relationship between the two variables and express the extent of this relationship by means of correlation. The sign of spearman's correlation shows the direction of the relationship, and its absolute value indicates the strength, with larger absolute values indicating stronger relationship. In this study, correlation coefficient represents the nature of the relationship between the variables whereby a coefficient of 0.01 represents a strong relationship.

**Table 4.9 Correlations Analysis**

		(1)	(2)	(3)	(4)
Spearman's rho	CS (1)	1			
	HC (2)	.989**	1		
	TS (3)	.991**	.993**	1	
	G (4)	.994**	.996**	.997**	1

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

**primary data, (2022)**

##### 4.6.1 Conceptual skills and growth

From the table 4.9 above, results show a positive significant effect between conceptual skills and growth ( $r= 0.994$ ,  $p<0.001$ ). This shows that an improvement in conceptual skills enhances growth.

##### 4.6.2 Human capacity and growth

From the table 4.9 above, results show a positive significant effect between human capacity and growth ( $r=0.996$ ,  $p<0.001$ ). This shows that human capacity influences business growth.

### 4.6.3 Technical skills and growth

From the table 4.9 above, results show that there is a positive significant effect between technical skills and growth ( $r=0.997$ ,  $p<0.001$ ). This shows that an improvement in technical skills is associated with growth.

### 4.7 Regression Analysis

This shows how the dependent variable is influenced by the independent variable.

The study sought to determine the effect of managerial skills on the growth of small and medium enterprises

#### 4.7.1 Regression analysis on the effect of conceptual skills on growth

**Table 4.10:** Regression analysis on the effect of conceptual skills on growth

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	3.496	1.056		3.311	.002
	Conceptual skills	3.397	.045	.994	75.211	.000
		<b>R = .994</b>	<b>R<sup>2</sup> = .989</b>	<b>Adj. R<sup>2</sup> = .989</b>	<b>F = 5656.664</b>	<b>= .000</b>

a. Dependent Variable: growth

#### Source: primary data (2022)

The table 5.0 above, shows that 9.89% change in growth is caused by conceptual skills ( $\text{Adj } R^2 = 0.989$ ,  $p<0.01$ ). These results are further supported by a positive and significant effect between conceptual skills and growth ( $F=5656.664$ :  $p<0.01$ ). The table also shows a standardised beta coefficient ( $\text{beta}=0.994$ :  $p<0.01$ ). This suggest that conceptual skills predict growth of SMEs

#### 4.7.2 Regression analysis on the effect of human capacity on growth

**Table 4.11: Regression Analysis on the effect of human capacity on growth**

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	11.364	1.539		7.385	.000
	Human capacity	3.769	.081	.986	46.744	.000
		<b>R = .986</b>	<b>R<sup>2</sup> = .972</b>	<b>Adj. R<sup>2</sup> = .971</b>	<b>F = 2185.000</b>	<b>.000</b>

a. Dependent Variable: growth

**Source: primary data, (2022)**

The table 5.1 above, shows that 9.86% change in growth is caused by human capacity (adj R<sup>2</sup> =0.972, p<0.01). These results are further supported by a significant positive effect between human capacity and growth (F=2185.000: p<0.01). The table further shows a standardised beta coefficient (beta=0.986: p<0.01). This suggest that human capacity predicts growth of SMEs

#### 4.7.3 Regression analysis on the effect of technical skills on growth

**Table 1 4.12**Regression analysis on the effect of technical skills on growth

Mode		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-4.693	1.146		-4.094	.000
	Technical skills	5.461	.072	.995	76.066	.000
		<b>R = .995</b>	<b>R<sup>2</sup> =.989</b>	<b>Adj. R<sup>2</sup> = .989</b>	<b>F = 5786.088</b>	<b>.000</b>

a. Dependent Variable: growth



**Source: primary data, (2022)**

The table 5.2 above, shows that 9.89% change in growth is caused by technical skills ( $\text{Adj } R^2 = 0.89$ ,  $p < 0.01$ ). These results are further supported by a significant positive effect between technical skills and growth ( $F = 5786.088$ ;  $p < 0.01$ ). The table further shows a standardised beta coefficient ( $\beta = 0.995$ ;  $p < 0.01$ ). This suggest that human capacity predicts growth of SMEs

## **CHAPTER FIVE: INTERPRETATION OF FINDINGS, SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.0 Introduction**

This chapter presents the interpretation of finds, summary, conclusion, recommendations and limitations of the study. The s marry of findings, conclusion and recommendations is done basing on the objectives of the study.

### **5.1 Discussion of the findings**

Based on the findings from chapter four above of the study, this chapter provides interpretation of data of these findings on the study objectives.

#### **5.1.1 Effect of conceptual skills on the growth of SMEs**

The study sought to determine the effect of conceptual skills on the growth of SMES

The study indicated positive relationship between conceptual skills and growth of SMEs ( $r=0.997$ ,  $p<0.001$ ). its therefore noted that, conceptual skills as an effective organizational business resource which have a positive influence and relationship with SMEs growth and can deal with upcoming challenges, development of organizational planning, and the firm's operations to achieve development. This thus shows that conceptual skills are important for the growth of SMEs. Consequently, improvement in conceptual skills will lead to the growth of SMEs.

#### **5.1.2 Effect of human capacity on the growth of SMEs**

The study sought to examine the effect of human capacity on the growth of SMEs

The findings show that there is appositive relationship between human capacity and growth of SMEs ( $r=0.996$ ,  $p<0.001$ ). These results are in line with Ikupolati et al (2017) who carried out studies on entrepreneurs' skills as determinants for growth of SMEs in Nigeria, a survey research design was adopted. The findings showed a positive relationship between human capacity and SMEs growth. They stated that, human capacity involves equipment of people with the knowledge, skills, information, training that makes them carry out their functions effectively in a nation. This entails the training of staff in relevant skills, competencies on general and technical know-how. Therefore, human capacity enhances growth of SMEs.

### **5.1.3 Effect of technical skills on the growth of SMEs**

The study sought to determine the effect of technical skills on the growth of SMEs

The results of the study show a positive relationship between technical skills and growth of SMEs ( $r=0.997$ ,  $p<0.001$ ). These findings are in line with Durowoju Stella T. (2021), carried out a research study on the technical competence and the growth of small medium enterprises. A descriptive survey research was applied on a sample population of 153 respondents made up of managers and owners of SMEs within Lagos metropolis. The hypothesis tested found that technical competence has a positive and significant impact on SMEs growth in Lagos state as 56.6% of the success recorded in the SMEs growth was due to technical competence. Thus, in order to achieve success in business management, technical abilities and skills, human resource, culture and innovation must be recognized and respected. This will enhance SMEs growth in both short and long run as it will prevent dubious and deviant workplace behaviors.

### **5.2 Summary of the Findings**

The main purpose of the study was to empirically examine the effect of managerial skills on the growth of small and medium enterprises. The study based on different managerial skills like conceptual skills, human capacity and technical skills as independent variables and growth of SMEs in terms of profitability, liquidity and market share as dependent variables. On determining the effect of conceptual skills on the growth of SMEs, the results show that positive significant effect between conceptual skills and the growth of SMEs and most of the respondents agreed that conceptual skills enhance business growth where business planning skills help to aid business owners in decision making and proper planning of business activities had the highest mean of (3.939 and standard deviation of 1.31124), they also agreed that business owners need conceptual skills to strategically plan for their enterprises with a mean of (3.8939 and standard deviation of 1.17838) respectively.

On determining the effect of human capacity on the growth of SMEs, results show that most of respondents agreed that human capacity influences business growth through proper entrepreneur abilities that highly promote business growth with (mean=4.1364, standard deviation=1.28765). Also, respondents agreed that competent skills promote creativity in the business with (mean=3.8182, standard deviation=1.33485).

On determining the effect of technical skills on the growth of SMEs results showed that most respondents agreed that their technical skills help them to manage their business operations more efficiently and effectively with (mean=4.136, standard deviation=1.13526). Also

respondents agreed that there is more capital inflow in my business due to increased sales as a result of large market captured with (mean=3.8939, standard deviation=1.21692).

### **5.3 Conclusion**

Based on the results of the decision described above, it can be concluded that managerial skills consisting of conceptual skills, human capacity and technical skills have great influence on the growth of small and medium enterprises.

The study found out that a positive or an increase in conceptual skills, human capacity and technical skills is likely to bring a positive or an increase in the growth of the business and vice versa. Growth of SMEs can be more predicted by conceptual and technical skills as compared to human capacity. An increase in one's technical skills possessed will bring more chances of growth as compared to an increase in human capacity. But also, an increase in one's conceptual skills will bring more chances of growth as compared to human capacity. Therefore, as technical skills and conceptual skills are in important in enhancing business growth, technical skills are more important.

### **5.4 Recommendations 5.4.1 Policy recommendations**

There is need for the Government of Uganda to promote more women entrepreneurs in Pallisa district, in order to promote gender equality in business and economic growth. This study found that men dominate women in ownership of small and medium enterprises.

The Ministry of Education and Sports (MOES) and the National Council for Higher Education (NCHE) should promote entrepreneurial skills in universities and other training institutions. This study found more certificate entrepreneurs and diploma holders; therefore, introducing entrepreneurial skills in training courses will go a long way in boosting performance of these entrepreneurs.

The attention of Non-Governmental Organizations (NGOs) and authorities responsible for promoting entrepreneurs in Uganda should be put on young entrepreneurs since they are the majority in Pallisa town council.

There is need to educate small and medium entrepreneurs in Pallisa on formation of joint ventures since most of them are still running sole proprietorship business, which are more prone to risks and can hardly get assistance from government, other organizations and loans from financial institutions. This can be done by entrepreneurs' and business associations such as

Uganda Investment Authority, private sector foundation, Uganda small-scale association and Pallisa traders association.

The government through the private sector foundation needs to devise means to ensure that Small and medium size entrepreneurs can be able to employ more workers and survive longer as this will not only uplift them, but also help to solve the high unemployment problem in the country. Policies like reducing taxes, removing some irrelevant licenses and ongoing training programs will go a long way in ensuring small and medium scale entrepreneur's survival and increasing number of people employed.

Small-scale entrepreneurs need to put much more effort on how to open up branches but must also be careful of when to do it to avoid ruining the mother branch. In all the efforts to open up another branch, the entrepreneur must consolidate the first branch or look for partners in the second branch. Kampala Small-scale entrepreneurs should also emphasize assets acquisition in their businesses as this helps in consolidating the business and increasing their wealth, other than keeping liquid cash, which can lose value and can easily be spent on less important and unplanned things. Kampala Small-scale entrepreneurs also need to look for avenues of increasing their revenue and profits. They can do this by forming strong associations through which they can collectively bargain for higher prices, look for bigger markets and advocate for reduced taxes among other things. The government however also needs to help Small-scale entrepreneurs in Kampala increase their revenue and profits, through reducing taxes and license fees.

Entrepreneurs in Pallisa need to consider employing more part time workers than full time employees, as this will reduce their costs but also increase on the number of people they employ. They also need to promote their efforts in training the workers they employ in their businesses, as this will extend more benefits to the society. They should also ensure that they keep adequate level of stock, as this will reduce out of stock claims and boost customer's confidence. Out of stock claims send a bad image to potential customers and therefore they lose their confidence in such a business, which lowers chances of success. Issues like knowing when to stock, how long does the stock take to be sold off, when to re-order, how long will the stock spend in transit and so on can help an entrepreneur solve many of these problems. This means that Small and medium entrepreneurs must strengthen their regular planning for their businesses.

Entrepreneurs in Pallisa town council can also boost their public relations by attending social functions of their customers especially the most important ones like funerals. This increases customers' attachment to the business, which increases chances of success and growth of their businesses.

To ensure growth and success of small and medium enterprise, Conceptual skills must be emphasized. For example, the ministry of education must ensure that Conceptual skills such as business plan development, goal setting, resource mobilization and allocation, team building, departmentalization and delegation skills core papers taught in schools, universities and other training institutions.

Training programs for entrepreneurs and among the courses taught at different levels, technical skills like marketing, bookkeeping, budgeting, time management and legal skills should be emphasized.

For all efforts of training small-scale entrepreneurs and reinforcing them, technical skills should be given maximum attention, since they contribute the biggest percentage of growth and success to a business. Special and refresher courses in such fields like marketing and competition techniques, bookkeeping, budgeting, time management and legal aspects need to be on going.

#### **5.4.2 Recommendations for further studies**

Based on the findings of the researcher over the research period, the study has numerous areas where further research can be carried out especially on the other factors that are limiting the growth of SMEs to enable generalization of findings.

More research should also be carried out on the other management and entrepreneurial skills that affect business growth like lack of skills on record keeping.

#### **5.5 Limitations of the study**

The study obtained data using a structured with Likert like questionnaire where the respondents only responded to specified and structured questions. Therefore, the qualitative views of the respondents on managerial skills and growth of SMEs was not obtained. The study was affected by non-response rate as a result of respondents being hesitant to give information. However, this shall be solved by having a dialogue with respondents and explaining clearly the purpose of the study.

The researcher never used any moderation and mediation variable to measure the effect of managerial skills the growth of SMEs. Therefore, mediators and moderators should be included in the further studies to come up with a model that significantly explain the growth of SMEs.

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**APPENDICES Appendix I: Letter of Introduction**



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FACULTY OF MANAGEMENT SCIENCES

**DATE.....**

**TO WHOME IT MAY CONSERN**

Dear sir/madam,

**RE: LOGOSE KEVIN**

On behalf of Busitema University, faculty of management sciences extends application to your organization for the continued support and commitment to providing services to the community.

The faculty looks forward to partnering with your organization in pursuance of excellence of our students by exposing them to practical experiences.

It's a university requirement that every student must undertake research in order to satisfy the requirement for a word of diploma, bachelors or masters.

The purpose of this latter is to humbly request you to a code the above-mentioned student of diploma in business administration the necessary assistance as he/she carries out research activities.

For any inquiries on this matter please call Mr. Esuku Joseph on 0772-181090/0701-181090 or [esuku01@gmail.com](mailto:esuku01@gmail.com)

We look forward to your supportive and positive response to our request above. Yours

faithfully

.....

Mr. Esuku Joseph

Head of department

(Economic and management)

## Appendix II questionnaire Busitema University faculty of management sciences

Dear respondent,

I am **LOGOSEKEVIN** a student of Busitema University faculty of management sciences pursuing a bachelor's degree in accounting and finance. Am carrying out a research study on. **THE EFFECT OF MANAGERIAL SKILLS ON THE GROWTH OF SMALL AND MEDIUM ENTERPRISES IN PALLISA TOWN COUNCIL.** You have been selected to participate in the study as a respondent. The information you are going to provide will be used for academic purposes and will be treated with strict confidence and your individual names will not be included and identified in the published results.

### Instructions

Please kindly tick the appreciate answers according to your anticipation from the alternatives provided

#### 1. Gender

Female

Male

#### 2. What is your highest level of education?

Certificate

Diploma

Degree

Masters

#### 3. Position held in the Business

Owner

Manager

Customer

#### 4. How long has the business been in existence?

Less than a year

Between 1\_3 years

Between 3\_5 years

Above 5 years

#### 5. Type of business

Retail shop

- Wholesale shop
- Super market
- Others

**Section B**

Kindly provide your responses regarding managerial skills in your organization using a fivepoint scale where 1=strongly disagree, 2=Disagree, 3=Not sure, 4= Agree, 5= strongly agree.

NO	STATEMENT	STRONGLY DISAGREE	DISAGREE	NOT SURE	AGREE	STRONGLY AGREE
<b>CONCEPTUAL SKILLS</b>						
C1	Aid business owner in decision making,resource allocation and innovation	1	2	3	4	5
C2	Developing conceptual skills is an important strategy for this business.	1	2	3	4	5
C3	The business does employ different approaches to make strategic plans and decisions.	1	2	3	4	5
C4	Business planning skills help to aid decision making and proper planning of business activities.	1	2	3	4	5
C5	They are needed by business owners to strategically plan for their enterprises	1	2	3	4	5
C6	The business employs various administrative skills to control administrative challenges.	1	2	3	4	5
<b>HUMAN CAPACITY</b>						
H1	Human capacity building influences business growth.	1	2	3	4	5

H2	Competent skills promotes creativity in the business.	1	2	3	4	5
H3	Proper entrepreneur abilities promotes business	1	2	3	4	5

	growth.					
H4	High quality production is achieved as a result of training and competence.	1	2	3	4	5
H5	Capacity building does increase employee dependence	1	2	3	4	5

### **TECHNICAL SKILLS**

T1	My technical skills does manage business operations more efficiently and effectively	1	2	3	4	5
T2	Specialized knowledge does lead to inscreased production of quality products and services	1	2	3	4	5
T3	Operational costs in the business are minimized using analytical skills and procedures	1	2	3	4	5
T4	There is more capital inflow in my business due to increased sales as a result of large market capactured	1	2	3	4	5

### **SECTION C; GROWTH OF SMES**

#### **LIQUIDITY**

L1	The business maintains a high degree of liquidity that enhances growth.	1	2	3	4	5
L2	Business turnover is adequate to meet short term obligations.	1	2	3	4	5
L3	High liquidity ratio indicates a business is on a strong financial footing to pay its debts.	1	2	3	4	5
L4	The business does liquidate its assets to meet its current obligation.	1	2	3	4	5

L5	Low liquidity ratio indicates that business has higher likelihood of defaulting to pay its debts.	1	2	3	4	5
L6	The business is able to meet its financial obligations through the sell of its assets.	1	2			
L7	The business is able to meet its debts in relation to its capital	1	2			
L8	Your business assets can cover your liabilities in case of liquidation	1	2			
<b>PROFITABILITY</b>						
P1	The size of the business profitability level influences its growth in terms of asset acquisition	1	2	3	4	5
P2	Profitability in your business is at an increase	1	2	3	4	5
P3	Profitability ratios allow business analysts to investigate various areas of business to spot specific problems such as rising costs of goods sold.	1	2	3	4	5
P4	Profitability ratios lets small business owners know how they measure up in terms of efficiency and profits , which is helpful	1	2	3	4	5
P5	The business expenses have been very small in the last five years.	1	2	3	4	5
P6	Profitability analysis allows businesses to maximize their profits	1	2	3	4	5
P7	The business profits have been steady in the last 5 years.	1	2	3	4	5
P8	I am sure that next year i will earn even more profits	1	2	3	4	5
<b>MARKETSHARE</b>						
M1	The business has been expanding in the last three years	1	2	3	4	5

M2	Every year, the business has been expanding in the market size.	1	2	3	4	5
M3	The business has out competed several others in the last five years.	1	2	3	4	5
M4	The business has received increase in customer size in the last five years.	1	2	3	4	5
M5	The business has more customers than its competitor	1	2	3	4	5

**THANK YOU SO MUCH FOR YOUR COOPERATION AND TIME Appendix III:  
Work Plan for 2021/2022**

ACTIVITIES	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY
Developing of chapter I	■						
Correction of chapter I		■					
Collection of data		■					
Writing of chapter ii & iii			■	■	■	■	■
Correction & submission of research report				■			

**Appendix IV: Research Budget**

ITEMS	Rates	QTY	Amount
Stationary	10,0000	4	40,000.00
Internet	5,000	5	25,000.00
Data collection	15,000	2	30,000.00
Transport	10,000	2	20,000.00
Printing	300	2(53 pages)	324,000.00
<b>GRAND TOTAL</b>			<b>439,000.00</b>