

**RESOURCE AVAILABILITY, ALLOCATION, UTILISATION AND THE
PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs): A
CASE STUDY OF KAMPALA-NAKAWA DIVISION,
UGANDA**

BY

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**A DISSERTATION SUBMITTED TO THE HIGHER DEGREES DEPARTMENT IN
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DECLARATION

I Patricia Okipi, hereby declare that this dissertation: “*Resource Availability, Allocation, Utilization and Performance of Small and Medium Scale Enterprises (SMEs): A Case Study of Kampala Nakawa division*” and its content is a result of my individual efforts and to the best of my knowledge, it has never been presented to any other institution of learning for academic award, whatsoever.

.....

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Date

APPROVAL

APPROVAL

This is to certify that this dissertation: "Resource Availability, Allocation, Utilization and the Performance of Small and Medium Scale Enterprises (SMEs): A Case Study of Kampala District, Nakawa Division has been prepared under our supervision and is now submitted for examination to Uganda Management Institute with our approval:


.....
Dr. David Onen

Date 31/01/2014 Date


.....

G. K. ICAMUSA

11/02/2014

DEDICATION

This work is dedicated to the Almighty God, and my family who have greatly inspired me all my life to stretch beyond limits in this undertaking.

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LIST OF ABBREVIATIONS AND ACRONYMS

BOU	-	Bank of Uganda
CVI	-	Content Validity Index
EUg	-	Enterprise Uganda
GDP	-	Gross Domestic Product
GOU	-	Government of Uganda
IAS	-	International Accounting Standards
GEM	-	Global Entrepreneurship Monitor
KCCA	-	Kampala Capital City Authority
MPED	-	Ministry of Finance Planning and Economic Development
MSMEs	-	Micro, Small and Medium Scale Enterprises
NDP	-	National Development Plan
SIGMA	-	Sustainability Integrated Guidelines for Management
SMEs	-	Small and Medium Scale Enterprises
UIA	-	Uganda Investment Authority

UK	-	United Kingdom
UN	-	United Nations
UNDP	-	United Nations Development Program
WBCSD	-	World Business Council for Sustainable Development

ABSTRACT

The purpose of this study was to examine the effect of Resource Availability, Allocation, Utilization and Performance of SMEs in Kampala-Nakawa division. The study was prompted by the high rate of business collapse in Kampala especially in Nakawa division. The study used descriptive correlation cross-sectional survey design with both qualitative and quantitative methods of data collection employed. The accessible population of 526 respondents was identified from which a sample size of 227 respondents was obtained using Yamane (1967:886) formula. A response rate obtained was 79.3%. Key findings indicated that resource availability and SMEs performance were positively related (.334**), a positive relationship (.418**) was obtained between allocation of resources and Performance of SMEs and utilization of resources was found to have a positive relationship (.692**) with performance of SMEs. In conclusion, the researcher observed that for SMEs to perform and thrive in business, resource availability, allocation, and utilization were significant predictors of performance of SMEs. The study recommended that other than the factors studied in the model, further studies be done on

different factors that may influence performance of SMEs in Nakawa, other divisions of Kampala and the country at large.

CHAPTER ONE: INTRODUCTION

1.1 Introduction

Small and Medium enterprises (SMEs) represent one of the most viable means of promoting sustainable grass-root economic growth (MFPED, 2008). The private sector in Uganda is predominately consisted of micro, small and medium enterprises. In many economies of the world, majority of jobs are provided by SMEs. Therefore, the contribution of SMEs to the economic development of all countries, regardless of their level of development, is no longer disputable. SMEs serve as incubators for entrepreneurship, job creation and innovation (Kassami, 2001). SMEs continue to be an opportunity for accelerating the country's sustainable growth (Bank of Uganda Sector Report, 2009). The government of Uganda has put in a lot of initiative to promote the SME Sector through collaboration with Private Sector Foundation, Enterprise Uganda, Uganda Investment Authority and Ministry of Tourism, Trade and Industry as entities through which SMEs can access information and services. Recent studies show that SME development is closely linked with growth. For example, Beck et al. (2005a) find a robust, positive relationship between the relative size of the SME sector and economic growth, even when controlling for other growth determinants. Despite governments' initiative to promote the private sector, the performance of SMEs remains a challenge in many developing countries Uganda inclusive. This study was undertaken to examine the effect of resource availability, allocation, utilization on the performance of (SMEs) in Kampala-Nakawa division. This chapter presents the background to the study, statement of the problem; purpose of the study, objectives of the study, research questions, hypotheses, significance of the study, justification of the study, scope of the study and operational definitions of terms and concepts.

1.2 Background to the study

1.2.1 Historical Background

The evolution of business began in ancient times and continues to this very day. The phases of evolution of business include; feudalism, mercantilism, capitalism, commerce, property rights, and industrial revolution (Smith, 1776). SMEs as business systems are drawing attention worldwide both in developing countries, transitional countries as well as in advanced developed countries. Success stories of SMEs are talked about in many countries and play a key role in the revitalization and development of national economy in many countries and that their role has become essential, (Kasekende & Opondo, 2003).

In Uganda, SMEs face many challenges that hinder their growth or even further cause their permanent shutdown. The findings from Global Entrepreneurship Monitor Report (2004) have shown that most SMEs particularly in Uganda die within their first five years of existence. The report ranked Uganda as the second highest in terms of business start-ups and the highest in terms of business failure. While only about five to ten percent of young companies survive, thrive and grow to maturity (Balunywa, 2007, Ocici, 2010). For instance, Storey (1994) has compiled results of previous studies focused on the birth, growth and death of small business firms, on the basis of which he presents the normative ‘Dos’ and ‘Don’ts’, lessons for small firms. Many factors have been identified as likely contributing factors to the premature death of these SMEs. Key among these include insufficient capital, lack of focus, inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper book keeping, irregular power supply, infrastructural inadequacies, lack of proper records or lack of any records at all, inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right caliber staff, cut-throat competition (Basil 2005). Therefore, it is critical and

extremely important to identify and examine these factors that lead small businesses to survive, succeed or be sustainable. A tremendous challenge in studying these factors is inconsistent and variable nature and the absence of a well-defined standard set of factors across the globe (Ocici, 2010). In other words, these factors which are human, financial, and material resources could significantly vary from nation to nation and from one business environment to the other due to economical, geographical, and cultural disparities and variations.

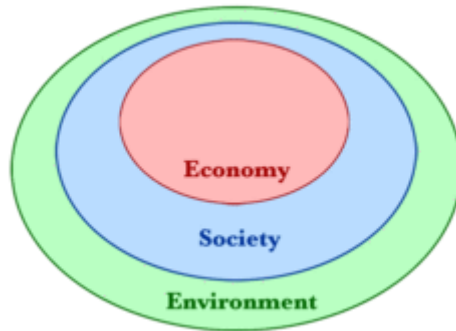
1.2.1.1 Theoretical background

The study was guided by the systems theory of organizations which emerged as part of an intellectual ferment following the World War 2. Its founder, Ludwig Von Bertalanffy in the early 1950s was concerned about the growing compartmentalization of knowledge and argued that certain general ideas could have relevance across broad spectrum of discipline, that despite obvious differences among the many kinds of organizations, they still share very general characteristics and it is important to discover what they are (Hong et al., 2004). He states that a system is an organised or complex whole or combination of units that form a complex whole. It is important to recognise the integrated nature of systems, including the fact that each system has specific inputs and outputs and can be viewed as a self-contained unit. The systems theory cuts across every organization that produces input and output in a system of some sort (Katz & Kahn, 1966). An organization, including any business entity, are in constant exchange with the larger society in terms of its stakeholders for example the relationship between the business and employees, customers, suppliers, bankers, community, government are in constant forward and backward linkage. Regardless of its size, purpose and management perspective, business systems are basically concerned with relationships, structures and interdependence rather than just constant attributes (Katz & Kahn, 1966). When a firm or business is in constant favorable interaction with both internal and external business environment, it ensures performance and

sustainability in the long run. Systems theory adequately explains how small businesses are sub-systems of larger systems like big industries, companies and society (John, Kast & Rosenweig, 1964).

SMEs or business organizations are man-made systems which have a dynamic interplay with its environment. A business organization is system of interrelated parts working together in order to accomplish a number of goals, both of the organization and of individual participants. A common analogy is the comparison of a business organization to the human body, circulatory system as the staff function, nervous system as the communication function, and brain as the top level management and the organization as the self-maintaining structure (John, Kast & Rosenweig, 1964). The system set up of these businesses; creates a conducive environment for decision making and performance of SMEs. The system theory thus emphasises the consideration of relationships between the organization and its environment, as well as what goes on in the organization (Hall, 1977). In other words, SMEs are systems that receive inputs, transform them and release them to the environment as outputs. Therefore the researcher looks at the factors studied as inputs. It is also recognised that a firmly established and properly managed business sector constitutes a catalyst for a country's' economic development process. A country's economic development is dependent on a conducive business environment and existence of a business system (Whitley, 1992). As adapted in this study, system theory holds that resource availability, allocation and utilization as a whole affects the performance of SMEs in relation to sales, profits and the number of years in business operation. However, in adopting this systems theory for the study, the researcher is not ignorant of its shortcomings. The inter-relationship among parts of the system has to be understood by all people involved. It requires a cohesive effort from all sub-systems of a business to work as a complete whole which task is not easy to achieve (Oso & Onen, 2008), diagram below shows the relationship.

Figure 1.1: Economy and Society are sub-systems of Environment



Adapted from: http://upload.wikimedia.org/wikipedia/commons/1/15/Nested_performance-v2.gif

Three circles enclosed within one another are showing how both economy and society are subsets of a system. This view is useful for correcting the misconception that, portions of social and economic systems can exist independently from the environment they operate in. This therefore implies that SMEs as sub-sets of private sector cannot work independently of its stakeholders; employees, suppliers, customers, bankers and government both in the internal and external environment.

1.2.1.2 Conceptual background

Countries do not use the same definition for classifying their SME sector. As cited, SMEs have been defined in various ways, but the most commonly used criterion is the number of employees in the enterprise (Kayanula and Quartey 2000). Definitions in many countries lack uniformity and reflect the relative development of the respective economies. However, the United Nations Conference on Trade and Development (UNCTAD) classifies firms employing 5 to 500 persons as SMEs (Neelamegham 1992). The Government of Uganda classifies SMEs as business firms employing 5-50 people [small scale] and 51-500 people [medium scale] (Kasekende and Opondo 2003; Schiffer and Wedder 2001; Uganda Bureau of Statistics 2003; Okello-Obura ... et al 2008). Whatever definition it takes, SMEs are important to socio-economic transformation of any country. However, the three parameters generally applied by

most countries, singly or in combination are; capital investment on plant and machinery; number of workers employed; and volume of production or turnover of business (Drucker, 1954). This definition where an SME is defined by size of capital investment, number of employees, turnover, management style, location and market share (Kasekende & Opondo, 2003). There is no official definition of SMEs; it is defined in terms of total revenue, number of employees as an indicator by World Business Council for Sustainable Development (WBCSD, 2007). In Uganda, SMEs are predominately owner managed or sole proprietorship. The following definitions have been adapted in the Ugandan context and recommended by the Commonwealth Secretariat, (2007). For a business to be regarded as an SME they consider: number of employees, Sales turnover, capital investment, profitability, business coverage, managerial processes, and number of years of business operation. Micro enterprise is an enterprise employing a maximum of 4 people, with annual sales turnover of Ush.12million and total asset of maximum Ush.12 million. Small enterprise is an enterprise employing a maximum of 50 people, with annual sales turnover of Ush.360 million and total asset of maximum Ush.360 million. Medium enterprise is an enterprise employing more than 50 people, with annual sales turnover of more than Ush.360 million and total asset more than Ush.360 million.

In the context of this study, availability of resources is defined as how many resources are available at any one time to do a job. Availability of human, financial and material resources is an important aspect of the performance of SMEs if they are to grow and survive. In Uganda, the economy has great potential and it is endowed with natural resources in terms raw materials, abundant labor force, although there is limited access to finance (www.bidnetwork.org). According to Kasekende & Opondo (2003), there is a direct relationship between availability of resources and performance of SMEs, but the challenges is not only accessing finance and

working capital, but also in human resource development, market access, access to raw materials, modern technology and information.

According to this study, Resource allocation in terms of human, financial, and material is the process of assigning the available resources in an economic way. It involves scheduling of activities and resources while taking into consideration resource availability and time. According to the standard economic theory, efficient allocation of resources should have the effect of maximizing utility from consumption. Drucker (1954), states that there is a direct relationship between allocation of resources and performance of SMEs. When human resources are well allocated, there is optimal use of labor and flexibility of a business firm to effectively deploy its manpower, cost efficiency in producing goods/services and increase in yield per employee in the assignment of resources. When SMEs fail to allocate resources well, they can become outdated due to technological advancement, lose its customers if it fails to meet their expectations, be unable to access raw materials and services if it ignores suppliers expectations, be subject to penalties if it does not respond to changes in the regulatory environment and incur losses if it does not continually build a competitive advantage in the face of increasing competition. It is upon this basis that the researcher investigated the effect of resource allocation on the performance of SMEs in Kampala, Nakawa division.

Resource utilization is how best company assets are used. Betancourt (1986) refers resource utilization as the duration of operations of productive processes. Bosworth & Dawkins (1984), state it as the timing of input flows and in particular to shift work and overtime. Resource utilization also refers to optimum use of resources in terms of manpower, machinery and financial assets. According to Betancourt (1986), there is a direct relationship between resource utilization and performance of SMEs

Performance of SMEs is a multi-dimensional concept, it can be financial or non-financial, since majority of these business are unable or unwilling to provide information (Griffiths, 2002), and only perceived firm/business performance is measured. Perceived firm performance can be measured by sales growth, development of new markets and products (Taglianvini et al, 2002). In this study, performance of SMEs will be measured in terms of sales, number of years of operation, succession planning.

Different authors have defined resources differently. A resource is defined as a commodity, service, or other asset used to produce goods and services that meet human needs and wants, and they are human, financial and material (Mankiw, 2008). According to the study a resource is defined as financial, human and material which are factors of production. Availability of resources is how many resources are available at any one time to do a job, Allocation of resources, as a process used to assign the available resources in an economic way, Utilization of resources as how best to use company assets like machinery, land manpower and financial resources in the most economical way to achieve business objective of increase in sales, profits, number of years of operation and business continuity or succession.

1.2.1.3 Contextual background

Many economies in the world over the past few decades reveal that countries that have achieved growth did so through diverse policies and institutional arrangements which include removal of binding constraints to economic growth. In Uganda, SMEs are increasingly taking the role of primary vehicles for creation of employment, income generation through self-employment and have been tools for promoting efficient allocation of scarce resources, poverty alleviation and equitable and sustained growth and development of the country (MFPED, 2010). SMEs in Uganda suffer from constraints that lower their resilience to risk prevent them from growing, surviving and attaining economies of scale. The challenges are not only in the areas of financing

investments and working capital, but also in human resource development, market access, access to raw materials, modern technology and information (Kasekende & Opondo, 2003).

Currently, Uganda has only one city Kampala with a population of about 1,659,600 million people which accounts for 40% of the urban population (UBOS, 2011). The primacy of Kampala city has affected the growth of other towns as it has attracted most of the investment opportunities due to availability of basic services. Kampala is an urban area with large markets where economies of scale can be exploited to enhance economic production. It is a centre of technological advancement, innovation, civilization and social-cultural change. It absorbs labor supplies as a result of economic growth to produce goods and services (outputs) that are consumed in the city and country side. On the other hand rural areas supply agricultural produce including food (inputs) to the city. Kampala provides economic opportunities to urban dwellers that improve their economic status but has also fueled rural urban migration which has led to increased number of urban poor with high level of unemployment and underemployment thus being forced into the informal private sector (SMEs) that accounts for 50% of the unskilled workforce who start up SMEs as means of survival (UBOS, 2011). These high rates of unskilled workforce, unexploited investment opportunities, failure to reap from the benefit of concentration of population in the urban area, explains the high rate of business startups and also high rates of business collapse which undermines Kampala as a business district (U.I.A, 2011) and Nakawa division in particular as a potential place and engine for economic growth.

1.3 Problem Statement

Small and medium enterprises (SMEs) contribute greatly to the economies of all countries, regardless of their level of development and their contribution is no longer disputable. Over

90% of all businesses in the world are family businesses or started as SMEs (Matama, 2008). SMEs employ approximately 1.5million people equivalent to 90% of total non-farm private workers. SMEs represent the most viable vehicle for grass root growth and they serve as incubators for entrepreneurship and innovation (Kassami, 2008). In the development of a nation and the business sector, SMEs should be considered as an appropriate means to promote growth, increase employment and incomes, improve quality of life of people. Successful performance of SMEs in this study should be reflected by increase in sales turnover, profits, and strategic leadership that is able to maximally utilize the available resources to the benefit of the business. While a considerable amount is known about the factors that affect the success of SMEs, this knowledge continues to be imperfect and a large number of questions remain unanswered about why SMEs in developing countries collapse at a high rate (Cook, 2001). There has been persistent poor performance of many SMEs in Uganda. The investment climate currently has been adversely affected by corruption, bureaucracy, inefficiencies in public institutions, raising the cost of doing business on account of high fuel prices, high transport costs, depreciating shilling, unstable supply of electricity, poor quality of infrastructure, weak institutional policies, inaccessibility to finance, high cost of production, and inaccessibility to markets. Resources have been unevenly distributed, with income inequalities being persistent and sometimes increasing over time. The numbers of the extremely poor and malnourished remain high while affluence and resources are concentrated among the few (Kassami, 2008).). If the above conditions are not addressed by government, and this trend continues it will impact negatively on performance and survival of SMEs and as result undermine performance, achievement of economic growth and development. Researchers, report that only 30% of businesses survive the transition from the founders (first generation) to the second generation of owner management. Moreover of those who do that, 15% tend to survive the transition from 2nd to 3rd generation of ownership Balunywa, (2007). This is in agreement with the GEM Report

(2004) that states that most businesses in Uganda do not live to see their first birthday, almost 35% of these businesses that close, 37% start new businesses again. It is upon this background that the researcher set out to find out the discrepancy between high rates of collapse in Kampala, Nakawa division.

1.4 Purpose of the study

The purpose of the study was to examine the effect of resource availability, allocation and utilization on the performance of SMEs by taking a case study of Kampala, Nakawa division.

1.5 Specific Objectives

The specific objectives of the study were to:

- a) Determine the effect of availability of resources on the performance of SMEs
- b) Investigate the effect of allocation of resources on the performance of SMEs
- c) Examine the effect of utilization of resources on the performance of SMEs

1.6 Research Questions

The research questions of the study were:

- a) What is the effect of availability of resources on the performance of SMEs?
- b) What is the effect of allocation of resources on performance of SMEs?
- c) To what extent does utilization of resources affect performance of SMEs?

1.7 Research Hypothesis

The research hypotheses of the study are:

- a) Availability of resources has an effect on the performance of SMEs

- b) Allocation of resources has an effect on the performance of SMEs
- c) Utilization of resources has an effect on performance of SMEs

1.8 Scope of the study

The research study aimed at covering business resources but the study was limited to availability, allocation and utilization of resources and how they affected performance of SMEs. This was due to the fact that business resources as a topic was too broad thus needed to break it down to the main resources of a business which were: financial, human, and material that run a business and whose exemption any business will not survive. The study was also limited to the geographical scope of businesses in Nakawa division because of the concentration of businesses in this areas and easy accessibility for the researcher. The study was focussed on a time scope of SMEs from 2000-2012, because these businesses had shown a level resilience in terms of increased sales and profits, the number of years of operation of more than five years and displayed level of succession in business.

1.9 Significance of the study

This study is important because it adds to the pool of knowledge of SMEs in Kampala central and Uganda at large especially at such a time as this when there is much interest in SMEs as vehicles for potential economic growth and development. Unless much attention is paid to creating conducive environment for SME performance, SMEs can fail to deliver the intended goal of producing goods and services to the public, create employment, increase incomes, improve standard of living and promote economic development. The gaps in study can be used as a basis for further research by academicians in the same area of SME Sector. The findings of this research is hoped to be helpful and useful to individual entrepreneurs as well as academicians, business sector, policy makers, development planners and government to come

up with favourable policies that will influence the performance of SMEs in the economy and most especially Kampala City, Nakawa division.

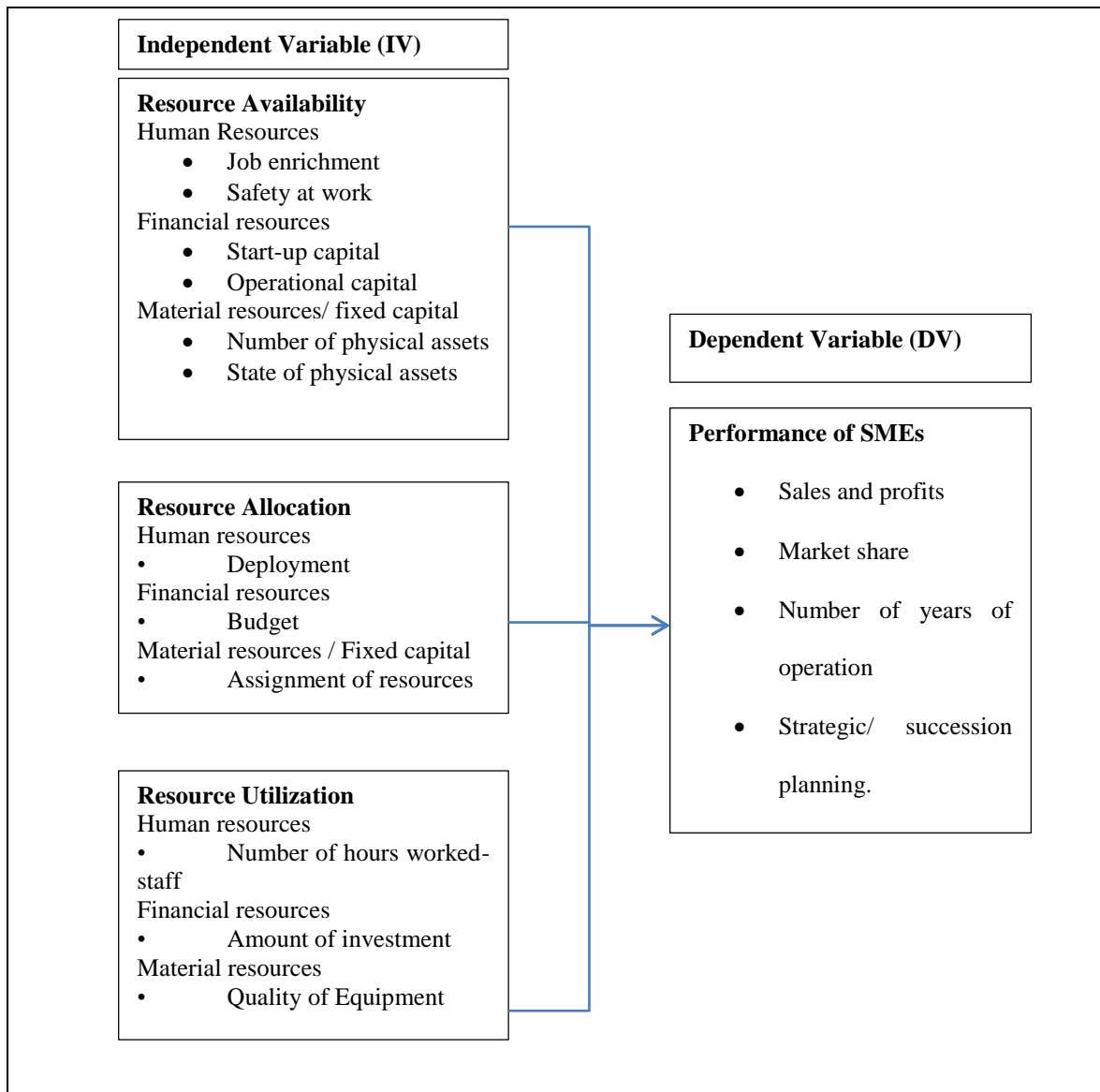
1.10 Justification of the study

At this project inception, although much has been done on SMEs generally, not much study has been done on their high rate of collapse in business operations in less than five years of business activity. New developments have come up in this sector of but scanty information is available on resource availability, allocation, utilization and performance of SMEs in Kampala city. The research was undertaken to find out if resource availability, allocation, and utilization contributed to increased performance and high growth rate of SMEs and bridge the gap that caused their high rate of collapse and permanent shutdown. The study enabled the researcher to find out the critical underlying factors that bring about sustainable performance and growth of these SMEs.

1.11 Conceptual framework

This framework is a graphical model representing the relationship between the study variables of the research and how they are linked between the independent and dependent variables.

Figure1.2: Conceptual Framework showing the relationship between resource availability allocation and utilization.



Source: Adapted and modified by the researcher from Oso & Onen (2008)

The framework in Figure 1 shows a relationship between the independent variable: availability, allocation, and utilization of resources while the dependent variable being

performance of SMEs in terms of sales turnover, level of profits, distribution of business and number of years of operation. The framework envisaged that balanced availability, allocation and utilization of human, financial, and materials resources determined performance of SMEs.

1.12 Definition of Key Terms and Operations

Entrepreneur: A person who undertakes or operates a new business venture or enterprise, while taking the risks and the responsibility for setting up a new operation. This involves planning, organizing, coordinating, managing and also taking risks of a business or enterprise.

Enterprise: The execution of various combinations and new skills in business.

SMEs: Micro, small and medium enterprises. This will consider: number of employees, Sales turnover, capital investment, profitability, business coverage, managerial processes, and number of years of business operation.

Micro enterprise: Micro enterprise is an enterprise employing a maximum of 4 people, with annual sales turnover of Ush.12million and total asset of maximum Ush.12 million.

Small enterprise: Small enterprise is an enterprise employing a maximum of 50 people, with annual sales turnover of Ush.360 million and total asset of maximum Ush.360 million.

Medium enterprises: Medium enterprise is an enterprise employing more than 50 people, with annual sales turnover of more than Ush.360 million and total asset more than Ush.360 million.

Resources: Financial, human, material resources and entrepreneurship are the four factors of production.

Availability of resources: Resource Availability specifies how many resources are available at any one time to do a job.

Allocation of resources: A process used to assign the available resources in an economic way. It involves scheduling of activities and the resources required by those activities while taking into consideration both the resource availability and time.

Utilization of resources: How best company assets are used. This includes machinery, land manpower and financial resources.

Performance: Defined in output terms as the achievement of quantified objectives. What people achieve and how they achieve them

Labor productivity: Defined as value added per worker, is the most common measure of productivity. It reflects the effectiveness and efficiency of labor in the production and sale of the output.

Financial/Capital productivity: measures the effectiveness and efficiency of capital in the generation of output.

Value added: A measure of output. It represents the wealth created through the organization's production process or provision of services.

Sales: measures the monetary value of the output generated by the organization.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter represents a review literature on Resource availability, allocation, utilization and performance of SMEs. It particularly focuses on literature related to Resource availability and performance of SMEs, Resource allocation and performance of SMEs, Resource Utilization and performance of SMEs. The review is conceptualized under the study objectives and focuses mainly on human, financial and material resources.

2.2 Theoretical review

The knowledge of resources reveals that their strategic importance is a reasonable issue to be considered. In other words the acceptance of the role of resources in the performance of SMEs implies that their strategic importance cannot be ignored. A resource is defined as a commodity, service, or other asset used to produce goods and services that meet human needs and wants, and they are human, financial and material (Mankiw, 2008). This is in agreement with the classical economist who defined a resource as land, labor, and capital (Smith, 1776). Firms' resources include all assets, capabilities, organizational processes, firms' attributes, information, knowledge etc controlled by a firm that enables it to conceive and implement strategies that improve its efficiency and effectiveness (Daft, 1983). This definition is in agreement with (Learned, Christensen, Andrews & Guth, 1969; Porter, 1981) who define firm's resources as strengths that a firm can use to conceive and implement their strategies. A variety of authors have generated a firms attributes that enable it to conceive and implement value adding strategies classified into three main categories as physical capital resources (Williamson, 1975), human capital resources(Becker, 1964), and organizational capital resources (Tomer, 1987). Physical capital resources include physical technology used in a firm,

plant and equipment, geographical location and access to raw material. Human capital resources include training, experience, intelligence, judgment, relationships and insights of individual managers and workers of a firm. Organizational capital resources include firm's formal reporting structures, its formal and informal planning, controlling and coordinating systems, as well as informal relationships among groups within a firm and between a firm and those of its environment. Other researchers believe that knowledge as a resource matters more than the conventionally tended resources (material, labor, capital), and must be managed explicitly, not left to fend for itself (Stewart, 1998). However, not all aspect of firm's physical capital resource, human capital resource and organizational capital resource are strategically relevant resources. Some of these firms attributes may prevent a firm from conceiving and implementing firm's strategies (Barney, 1986). Other firm's attributes may reduce a firm's efficiency and effectiveness others may not even have an impact on the performance of a firm (Wernerfelt, 1984).

2.3 Resources availability, allocation, Utilization and Performance of SMEs

2.3.1 Effect of resources availability on performance of SMEs

Several theories have been advanced to describe the relationship between resource availability and performance of SMEs. As noted, resource-based theory centers on the firm's diverse collection of internal resources. Wernerfelt (1984) traces the concept of organizations as sets of resources to the seminal work of Penrose in 1959. Penrose, who envisioned the firm as "a collection of productive resources," argued that resources support a business's competitive position in direct proportion to how these resources are leveraged and made available to the benefit of the firm Newbert, (2007). Although, Alvarez and Busenitz (2001) observe that scholarly work in resource- based theory recognizes that entrepreneurship is integral to the resource-based framework. Systems theory was adopted by the researcher because it best

describes the relationship between the variables under study. Systems theory looks at business organization or SMEs as systems of interrelated parts working together in order to accomplish a number of goals, both of the organization and of individual participants. Business systems have a dynamic interplay with its environment; customers, competitors, suppliers, human resource, organization and government, which have a backward and forward linkage.

Availability of resources is needed to achieve performance of SMEs. Resource availability specifies how many resources are available at any one time to do a job (Seidman, 2008). According to Drucker (1954), availability of resources (human, financial and material) is very important because of its role in the attainment of organizational or business objectives. Human resources (labor) is a unique input necessary for the overall development of skills. Labor refers to all categories of employees in the business. Labor is measured in terms of number of employees and number of hours worked. This measure reflects the actual amount of input used in the work done and its impact in the performance of a business. Financial and (capital), refers to the amount of investment in monetary terms in physical assets such as machinery and equipment, land and buildings, and inventories that are used by the business in the production of goods or provision of services. Material resources/ Capital are physical assets such as machinery and equipment, land and buildings, and inventories that can be measured in physical quantity e.g. number of machine hours, number of physical assets, land in hectares (Drucker, 1954).

Availability of human resources relates to the human capital that people bring into the firm/business system. We conceptualize human capital as consisting of education, experience and skills at a given point in time (Boxall & Steeneveld, 1999) that helps in the tasks of getting work done. Traditional human capital theory research focused on employees' human capital and its effects on earnings (Becker, 1980). Later the theory was applied to small scale

businesses as well, where human capital was conceptualized as a characteristic of the business owner (Bruederl, Preisendoefer & Ziegler, 1992). There is a positive effect of human resources on the performance and success of small business is empirically well established (Rauch & Frese, 2000). In a similar dimension, the relationship between human resources and performance in SMEs and the adoption of explicit strategic planning by the business owner has been documented (Perren, Berry & Partridge, 1999 and Georgellis, Joyce & Woods, 2000, each cited in Chan & Foster, 2001). This relationship between the variable under study should lead to improved performance and continued survival of SMEs.

Financial capital is a necessary component in business performance, Startup capital is capital used for initial setting up of the business. The entrepreneur or business owner is responsible for acquiring and maintaining these resources for business startup. The sources of this startup capital can be owners' savings, loan, grant, or credit depending on the business owner but it is advisable to use equity for small business startups because debt/loan usually erodes business capital if not managed well, Ocici (2007), of Enterprise Uganda. Operational capital is capital for the day to day running of the business. This will include raw materials, salaries, rent, electricity, water, transport, meals etc. The business owner must be accountable for his or her financial resources. He or she needs to have some means for knowing what is happening with respect to financial resources if one is to make informed management decisions and this means keeping track of how money is spent and received from the business (Balunywa, 2011). Regardless of how small the business is, some form of book keeping or records must be maintained, and should be accurate so it can act as a basis for informed decision making. Resources can be wasted if decisions are poor or are not made in a timely fashion. They are wasted if they are not used to best advantage of the business for example if more is bought than is needed or if the purchase price was not competitive. SMEs therefore, need to establish policies and procedures that determine how resources or purchases are to be made including

when, by whom, and how sales and profits, if any, are to be handled (www.luckyfamilybiz.com). Fixed capital also known as a non-current asset or as property, plant, and equipment is a term used in accounting for assets and property which cannot easily be converted into cash. Fixed assets normally include items such as land and buildings, motor vehicles, furniture, office equipment, computers, fixtures and fittings, and plant and machinery, according to International Accounting Standard (IAS) 16. When financial resources are not available to businesses or projects that can use it productively, economic activity slows as new firms are not started due to inadequate start-up capital, and existing firms postpone investments due to insufficient operating capital causing these enterprises to contract or fail, Seidman, (2008). In other words, financing becomes a constraint to business formation and growth when other factors of production are in place but appropriate financial capital is not available. Sustained availability of capital will not only boost business activity, it will affect the quality and supply of other inputs into economic development process like the development of infrastructure like roads, schools, hospitals and sanitation. Therefore, sound financial management is fundamental for business success. Poor financial management, on the other hand, often accompanies and contributes to business failure, Seidman, (2008). On the contrary, even when financial capital is available, and often its cost is unaffordable to most SMEs. Securing of capital and other resources that are necessary to keep abreast with business and the development are main obstacles facing small business enterprises. Shortage of resources severely restricts business capacity. Limited financial resources make it difficult to promote and market products and hence constraining SMEs to expand their business operations (Ocici, 2010).

2.3.2 Effect of resource Allocation on performance of SMEs

Resource allocation is a process used to assign the available resources in an economic way (Smith, 1776). It involves scheduling of activities and the resources required by those activities while taking into consideration both the resource availability and time. The allocation of scarce organizational resources such as human, financial, and material resources is essential for SMEs. From entrepreneurship theory, it is determined that the small business leader is the person who allocates resources for various uses. Decision-making theory provides intellectual space for decisions to be made within the framework of the small business leader's knowledge and experience, rather than in accordance with a rational structure only. From the economic point of view of the neoclassical economic theory, markets are presumed to be the best resource allocators and occasional correction of the market imperfection being the role of government (Toman, 1992).

Human resource planning and deployment, is the ability to secure sufficient numbers and categories of suitable employees to undertake the task of producing goods and services to the standard expected by the end user or client. To yield high levels of business performance requires having the right people with the right skills in the right places at the right time they are needed. When human resources are well allocated, there is optimal use of labor and flexibility of a business firm to effectively deploy its manpower, cost efficiency of producing goods/services and increase in yield per employee in the assignment of resources (Drucker, 1954). SMEs as business systems also focus on allocation of resources to achieve their maximum advantage of performance and growth in terms of increase in sales turn-over, profits, strategic planning and a number of years of operation which frequently leaves them to respond to external influences as they occur rather than taking a proactive approach (McAdam, 2002). On the contrary, by their nature, SMEs have limited human, material and financial resources

(McAdam 2002; Vossen 1998 as cited in Huang, Soutar & Brown, 2002). It concurs with (Honsby & Kuratko, 2003) that SMEs have limited resources and rely on fewer people in the firm or business to perform vitally all important functions that have a major impact on the current and future prospects of the firm. Hence, people while important to the business organization are important to the functioning, performance of the SME. It is also noted that progressive human resource management practices of selectivity in staffing, training, deployment and incentive compensation were found to be positively related to measures of organizational performance (Delaney & Huselid, 1996) and in relation to the systems theory, the study of how resources (inputs) are critical for successful performance (output) of small business, employee-relations factors, including training, involvement in decision making and a reward/discipline system were positively co-related to success of a firm (Gadenne 1998). On the contrary, due to resource constraints, business owners or managers tend to prioritize their business needs to what needs attention in the moment (Jawahar and McLaughlin, 2001). Therefore, until human resource issues reach potentially acute levels in SMEs, business owners tend not to devote sufficient time to them. In spite all, Human capital of employees (qualified personnel) should lead to more efficient work and this should in turn; affect business performance and its success and ability for the business to survive for generations.

SMEs as business systems are constrained by financial capital as they operate in a crowded and competitive environment. As a result, SMEs need to budget their resources in order to maximize profits. A budget is a tool of allocating financial resources, usually expressed in financial terms of the desired performance of a business or organization in the pursuit of its objectives in the short term usually one year. Budgetary control makes the targets of the desired performance as its standards, then systematically gathers information relating to actual performance and identifies the variance between target and actual performance of a business (Cole 2004). A deeper analysis of the situation indicates that SMEs tend to be cash flow trapped in terms of

start-up and operational capital because of cash locked up inventory in the supply chain as result of retailers taking advantage of their small size (Hong, 2006). It is noted that economic burden of inventory in the supply chain is the most severe hardship for an SME and the infrastructure required to trade with suppliers and customers is often a critical handicap. Therefore, challenge of budgeting, forecasting demand, achieving perfect orders, and timely and accurate delivery of products cannot be overstated. SMEs without a plan only have the option of reaction. To do nothing would in most cases be an inappropriate response because depending on the strength of the force, an SME can become outdated due to a technological advance, lose its customers if it fails to meet their expectations, be unable to access raw materials and services if it ignores suppliers expectations, be subject to penalties if it does not respond to changes in the regulatory environment and incur losses if it does not continually build a competitive advantage in the face of increasing competition (Hodges & Kent,2007). Therefore, resource allocation in actual practice is not an easy job; there are constraints in resource allocation. Many ‘budget battles’ could be avoided if targets, resource sharing, prioritization and midway revisions etc., in a business system are decided in an atmosphere of close cooperation and participation, especially at departmental, divisional or unit levels in order to enhance performance of financial resources. Allocating resources to specific divisions and departments alone does not mean successful strategy implementation; the deciding authorities should look for a suitable business plan for implementing the allocations.

Allocation of material resources involves translating customer’s requirements or work orders into production instructions, supply of raw materials, availability of work tools or machines, allocation of people or work teams, setting of production and quality targets and then market final goods or service Cole (2004). For the final product to be produced the amounts and corresponding delivery dates should be given by the customer orders and all must be delivered on time. The production of the net requirement for each main product of a customer’s order is

regarded as an activity, which is the set up and processing time for a product and components of the product, Sohner (1995). Therefore, SME as a business system needs the large enterprise sector as a source of material resources (inputs), a market for its output and also as source of individual entrepreneurial leadership. This points to the need to create a synergistic relationship between the SME and the large enterprise sectors, rather than thinking of a zero-sum environment in which the performance and success of the small can only be secured by destroying or disassembling the large. Positive and mutually reinforcing interactions can be expected to emerge if ways can be found to encourage the formation of purpose-built alliances and sub-contracting relationships in allocation of resources. In a business system relationship, SMEs also allow residents and indigenous/ the local community to participate in the economic development and, consequently, to obtain the economic benefits generated by the community (Howard & Hine, 1995). In many different historical and contemporary economic systems large firms and small firms interact in complex relationships which confer reciprocal advantages (Piore & Sabel, 1984). The operations and practises of resource-constrained SMEs can be counterproductive for those aspiring to achieve global growth (Macpherson, 2005). However, SMEs may take practical steps to implement desirable growth paths through management practices that utilize inter and intra organisational capabilities (Jin, 2007) in terms of human, financial and material resources if they are to improve on their performance and sustainability in the long run.

2.3.3 Effect of Resource Utilization and Performance of SMEs

Resource utilization can be defined in several ways; it is how best company's assets are used. Betancourt (1986) refers resource utilization as the duration of operations of productive processes. Bosworth & Dawkins (1983) refer to resource utilization as the timing of input flows and in particular to shift work and overtime. In this case, resource utilization refers to optimal

use of the available resources. It is the relationship between the quantity of output and the quantity of input used to generate that output. It is basically a measure of the effectiveness and efficiency of your organization in generating output with the resources available (Drucker, 1954). Resource utilization is measured by productivity of a particular resource. Labour can be measured in three ways, number of hours worked, it excludes hours paid but not worked, number of workers engaged, labour costs include salaries, bonuses, allowances and benefits paid to employees, this measure reflects the actual amount of input used. Material resources refer to physical assets such as machinery and equipment, land and buildings, and inventories that are used by the organization in the production of goods or provision of services. It can be measured in physical quantity as number of machine hours worked, hectares of land used, financial resources as the amount of investment capital used to produce goods and services and it is measured in monetary terms (Drucker, 1954). This definition of resource utilization is considered appropriate because it is in line with the variables under study.

Literature review concurs that human resources measure individuals' knowledge and experiences (Rauch & Frese, 2000). Human resources can determine the quality of an entrepreneur (Dollinger, 1999) and make individual more efficient in organizing processes and in attracting customers and investors Rauch & Frese, (2000). In this study, the interest is how utilization of human resources affects performance of SMEs.

African governments and Uganda in particular, need to develop the internal capacity to help potential entrepreneurs/ business owners gain the necessary entrepreneurial skills to recognize opportunities to start and operate successful business enterprises. A study by Ladzani & Van Vuuren (2002) on content and training methods of SME service providers in South Africa found that business skills were emphasized to emerging entrepreneurs rather than entrepreneurial skills. This suggests, indirectly or otherwise, that governments need to

recognize the importance of education and training in entrepreneurial leadership for successful and sustainable establishment of business enterprises; strategies must be put into place to facilitate the competitiveness of their budding entrepreneurs. In the quest to identify entrepreneurial leadership, some form of training and mentoring may be necessary. This is premised on the notion that entrepreneurship is not natural, which means people learn to be entrepreneurs. In other words, there is no such thing as 'born' entrepreneurs. As Barringer and Ireland put it: "One of the myths about entrepreneurship is that entrepreneurs are born, not made. This is based on the mistaken belief that some people are genetically predisposed to be entrepreneurs. No one is born an entrepreneur. Everyone has the potential to become one." (Barringer & Ireland, 2006)

Therefore, training for small business owners/managers as well as their subordinates allow them acquire the necessary skills to ensure the survival and success of their business, Holt (1993), Becker & Gerhart (1996). Training has been considered in many studies as a key success factor for small businesses such as Duchesneau & Gartner (1990), Storey (1994), Kent (1994), Gatewood *et al* (1995), Brown & Huang (1999), Blackwood & Mowl (2000).

Businesses systems that are sustainable attract and retain customers, workers and experience less financial and reputation risk. They use performance budgets as a tool in monitoring financial resources. Here the basic purpose of a performance budget is to focus attention on the work to be carried out, services to be rendered rather than things to be spent for or acquired. It concentrates attention on physical aspects of achievement. Here, there is not only a work plan but a work plan in terms of work done. It takes a systems view of activities to try and associate the inputs of the expenditure with the output of accomplishment in terms of services, benefits etc (Cole, 2004). On the other hand, SMEs commonly regard sales turnover and profits as a key measure of their success. A sale is an act of completion of a commercial activity which

involves selling products or services in return for money or compensation. Sales growth is a measure of performance. Assumption is made that if sales increase, cash-flow and profits will eventually follow to cover costs incurred in generation of revenue (Thomas & Mason, 2007). Therefore sale growth is a key determinant of a firm's success and survival. Using profits as a measure may seem to imply that the organization will benefit more if costs such as salaries and depreciation for capital reinvestment are reduced. However, lowering salaries to increase profits tends to lead to conflicts in the relationship between employees and management in a business system environment. Minimizing capital investment often has a negative impact on the efficiency of operations, and eventually affects profits (Drucker, 1954). Therefore, increasing profits by reducing such expenses is only a short-term measure. The only viable way to increasing profits in a sustainable manner is to increase the value added through higher productivity. This can be done with better cooperation from employees, higher investment in capital, and optimal use of capital. In return for your employees' efforts, your organization should share the additional wealth generated in the form of higher wages and improved benefits. This will reinforce and encourage them to further improve their performance which is key to sustaining profits in the long run (Drucker, 1954). On the contrary, Resource-based perspective or theory argues that traditional resources such as financial capital, materials and technology are less important because they are easier to imitate than human resources (Neal & Hesketh, 2002). In view of the issues raised there is a significant relationship between financial resources and performance of SMEs.

A number of factors must be taken into account when considering the best use of material resources. If you have expensive machinery then, on the surface, that machinery is not being used optimally when it is not in use. The utilization of machinery/facility over a given time

period can be varied along two dimensions, duration and intensity (speed) (Betancourt, 1986). Other areas of consideration involve employees as well as the hours, working conditions and productivity of those employees. Ultimately, capital utilization involves all of the assets which a company may have at its disposal and how those resources are put to work to achieve maximum productivity and return on investment.

Business organizations, whatever their products are, face the same daily practical problems, that customers want products to be available in a shorter time than it takes to make them. This means that some level of planning is required. Companies or SMEs need to control the types and quantities of materials they purchase, plan which products are to be produced and in what quantities and ensure that they are able to meet current and future customer demand, all at the lowest possible cost. Making a bad decision in any of these areas will make the company lose money (Cole, 2004). For example, if a company purchases insufficient quantity of an item used in manufacturing or the wrong item it may be unable to meet contract obligations to supply products on time. To ensure this is achieved, materials must be available for production and products are available for delivery to customers, Maintain the lowest possible material and product levels in store and plan production or manufacturing activities, delivery schedules and purchasing activities. If a company purchases excessive quantities of an item, money is wasted - the excess quantity ties up cash while it remains as stock and may never even be used at all and beginning production of an order at the wrong time can cause customer deadlines to be missed. Therefore there should be a balance between availability of materials, allocation and their utilization.

2.3.4 Performance of SMEs

Performance is simply defined in output terms as the achievement of quantified objectives. What people achieve and how they achieve them (Armstrong, 2006). The advances of theorists like Deming, Juran and Crosby have formed the basis for total quality management (TQM) movement (quest for continuous improvement and elevated customer satisfaction) that Mawson (1993) noted has tremendous relevance to the SMEs. Cameron (1994) concurred that effective organizations are responsive to and expedient in identifying and meeting the needs of their target market. Cameron (1994) defines organizational effectiveness as a process of evaluating an organization actual performance relative to predetermined standards or series of objectives. Ostroff and Schmitt (1993) noted that organizational researchers have offered a variety of models for examining organizational performance, yet there is little consensus as to what constitutes a valid set of performance criteria. Cameron (1978) stated that multiple measures of performance (effectiveness) are important to gaining a valid assessment. There are several approaches to measuring organizational effectiveness. The 'goal approach' has been the most widely used method Cameron (1978) and grounded on organizational leaders determining a set of well-defined goals for the enterprise and measuring performance relative to listed objectives on a time bound schedule (Chelladurai, 1985). The key to this approach rests in the preciseness of stating the goals in advance coupled with the need for framing the goal with deadlines for attainment. The goals can be stated like; increase in level of sales by 18%, increase in profits by 25%. At the end of the year, staff sit down to evaluate their performance relative to stated goals. The limitation with approach is that some organizations have goals that operate in opposition (Cameron, 1986) for example increase in profits while decreasing salaries of employees. Systems resource approach is another popular organizational effectiveness paradigm that measures an organizational ability to acquire scarce and valuable resources (Chellandurai, 1985). Organizations perceived to acquire more resources are viewed

more successful in this age of limited resources. Similar to problems associated with goal approach model, Cameron and Whetten (1993) suggest that the organization may have little influence on acquiring resources (unattainable regardless of the efforts to attain them). The process approach calls for effective assessment being made on basis of an organization functioning and integration. Activities that need to be carried out to make the organization successful are identified and how effectively and efficiently people in the organization carry out their assigned duties. The problem with this approach is that there is no guarantee that effectively carrying out of these duties leads to heightened organizational effectiveness. There are different parameters to measure performance of SMEs, this therefore will depend on the business owner which approach to use. Colvin & Slevin (1991), state that performance of SMEs is fundamental for their survival and sustainability. Progressive performance of SMEs has been found to spur business expansion, technological progress and wealth creation in both start up and existing businesses. Whereas SMEs found to be poor performers experienced stagnant or reducing sales and profits, market share, no strategic plan, low returns on investment, low value for money which makes them less competitive on both local and international market (SEDA Uganda, 2009). Despite government efforts to provide support to SMEs in order to attain performance and sustainability of these businesses through different programs, there has been marginal improvement in the performance of SMEs (BOU Report, 2009).

However, literature has also shown a contradictory finding on whether or not SMEs perform and survive past their fifth birthday. The lack of universally accepted standard measures or indicators makes the door open to business organizations to decide and choose their own measure that might not truly reflect their sustainable performance. Such measures include but not limited to: market share, sales volume, company reputation, number of years of operation and profitability. While some might argue that most of these measures are appropriate for large

corporations, they are not always perfectly applicable to small businesses. In all cases, regardless of what measure should be used to determine performance of small business, the literature has strongly endorsed using multiple indicators (Corchran & Wood, 1984; Hall, 1982; Ibrahim & Rue, 1998). One measure that is widely used among small businesses, as a subjective indicator of the overall business performance is the degree of owner/manager satisfaction with the business. Few researchers have consulted owner/managers about their views on success of their small business ventures (Simpson, Tuck & Bellamy, 2004). Luk (1996) identified the success of small businesses as actual performance equal to or exceeding the business owner/manager's expectations. For example, a small business with declining profits or market share could be seen as failing when in fact its owners/managers are satisfied with the overall business performance. Adequate income, job satisfaction, a happy workforce, and a stable market position are all factors that lead to small business owners'/managers' satisfaction. Another valid measure is sales turnover. Turnover growth is an objective measure that is relatively easy to get due to data availability and common use and is also a good indicator of firm size and a proxy for overall business growth. In this respect, Barkham (1996) concluded that an analysis of a company's growth should, at least in part, be based on changes in turnover. In all cases, regardless of what measure should be used, the literature has strongly endorsed using multiple performance measures. To promote performance and sustainability of SMEs, the literature review also states that, an employer has a common law duty to provide a safe place of work for his employees, and is liable for accidents caused by his employees in the course of their employment. The principle statutory duties of employers arise from the following; Health and safety at Work Act (1974), Factory Act (1961). These laws are in place to encourage safe working conditions for employees. Government should also encourage small firms by providing access to most investment incentives in order to subsidise on high rent-seeking costs that cause most of them to shut down. Secondly, financial sector interventions

should stop discriminating against SMEs. Thirdly, the problems of dealing with government regulations and tax authorities weighs more heavily on smaller firms in the shape of higher compliance costs, i.e. the fixed costs of complying with import/export and tax regulations, labour market regulations, and licensing and price control. Fourth, the countries underdeveloped physical and social infrastructures create a binding constraint to SMEs growth. Therefore, these SMEs are left to rely heavily on inefficiently provided state infrastructures such as electricity and water and cannot afford the cost of developing any alternatives. ([www.enterprisedevelop.com/.../edg%20sustainable%20enterprise%](http://www.enterprisedevelop.com/.../edg%20sustainable%20enterprise%20)). When these binding constraint are eliminated, then shall SMEs achieve sustainable businesses growth and economic development. It can be inferred from the literature so far that human, financial and material resources have positive, significant relationship with the performance of SMEs.

Strategic planning is also needed for successful performance of SMEs. It refers to the setting of long-term business goals, and the developing and implementing of formal plans to achieve these goals (O'Regan & Ghobadian, 2004; Stonehouse & Pemberton, 2002). Comprehensive reviews of the small business literature suggest that, *ceteris paribus*, strategic planning is generally more common in better performing enterprises (Hormozi, Sutton, McMinn, & Lucio, 2002; Lurie, 1987; Miller & Cardinal, 1994; Schwenk & Shrader, 1993). For example, small businesses that strategically plan (compared to those that do not) are more likely to be those that achieve higher sales growth, higher returns on assets, higher profit margins and higher employee growth (Berman, Gordon, & Sussman, 1997; Bracker, Keats, & Pearson, 1988; Carland & Carland, 2003; Gibson & Casser, 2005). Hodges and Kent (2007) are clear in their direction to small business owners, "If you want to be more successful and survive, then obtain more knowledge of the strategic planning process". Where a strategic plan is in place of allocation of resources, leadership/business owner has been able to undertake proactively an appropriate response to the forces for change. Small businesses that strategically plan are also

more likely to be those that are innovative, those that achieve international growth and also leave for generations (Beaver & Prince, 2002; Gibbons & O'Connor, 2005; Stewart, 2002; Upton, Teal, & Felan, 2001) and those less likely to fail (Gaskill, van Auken & Manning 1993; Perry 2001, Balunywa, 2012). What should be noted is that “Strategic planning is not just a one day activity, the process must begin long before the real act takes place if it is to be successful, and if it is a sustainable wealth creating succession (Matama 2012)”. AdatiaSalim (2011) of KamuKamu Plaza, who asserts that for successful business management, you will need to have a goal or vision, write it and keep reminding yourself and other family members about it, have a concentrated focus and don't lose any minute in business. Overall, the relationship between strategic planning and business Performance is best summarized by the following statement: “Of all the contrasts between the successful and the unsuccessful business, between the leader and follower, the single most important differentiating factor is strategy” (J. Thomas Canon cited in Olson & Currie, 1992).`Research into why small businesses generally do not engage in strategic planning has suggested that operators may be hindered or discouraged by ‘planning barriers’ such as a lack of time, a lack of specialized expertise, inadequate knowledge of the planning processes, or a reluctance to share strategic plans with employees and external consultants (Robinson and Pearce 1984). The reason is that many are in business primarily to pursue personal, non-financial goals (e.g. lifestyle change, the need to be independent, etc.) and consequently do not perceive a need to engage extensively in business planning activities.

CHAPTER 3: METHODOLOGY

3.1 Introduction

This chapter presents a detailed description of research methodology. Methodology is the detailed procedure used to answer research questions and it includes a description of the research design, study population, sample size and selection, sampling techniques, data collection instruments and data analysis.

3.2 Research Design

The research design used in this study was a descriptive cross-sectional survey. A descriptive study was undertaken because the researcher wanted to describe the study variables to determine the effect between the two variables under study (Amin, 2005). The cross-sectional survey was used because data was collected at one point in time which was time saving. The survey was used because the study was done on a big population, (Kampala district, Nakawa division) whose findings could be generalized to include other firms. The researcher further used the quantitative and qualitative approaches to support the collection of data from the field. Combining the qualitative and quantitative approaches enabled the researcher to gather in depth explanation in the case of qualitative approach, in addition to the statistics in terms of percentages, mean, standard deviation that was explained by the quantitative approach. The reason why a descriptive cross-sectional survey was chosen for this study is due to its intensive and descriptive analysis of the entity and it also helped to describe and explain variables more clearly rather than predicting.

3.3 Study Population

The population of the study included SME owners and in cases where the owners were not available, the in-charge (Manager) was used and workers. According to the Uganda Small Scale Industries Association (USSIA) annual report of 2010, there are over 1200 SME carrying out business in Nakawa division. In this annual report, 526 SMEs were registered. The researcher therefore took the accessible population of 526 SMEs which were studied in order to get accurate and unbiased results.

3.4 Sample Size and Sampling Techniques

The sample size of 227 respondents was obtained based on Yamane (1967:886) formula and Table, from a population of 526 respondents. The assumptions were that the sample was representative of the accessible population, the error was small, the sample was viable in the context of funds available for the research study, systematic bias was controlled in a better way and results obtained from the sample study were generalizable.

Yamane (1967:886) provides a simplified formula to calculate sample sizes. A 95% confidence level and $P = .5$ are assumed for the Equation.

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

Where n is the sample size, N is the population size, and $e = +/-5\%$ (0.05) is the level of precision. When this formula is applied to the above sample, we get Equation below.

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

$$n=526/1+526(0.05)*(0.05) =227$$

$$n=227$$

Table 3.1: Accessible population, Sample size and Techniques

Category of respondent	Accessible Population(N)	Sample Size(n)	Sampling Technique
Business Owners/Managers	50	33	Purposive sampling and cluster sampling
Workers	476	194	Simple Random Sampling
Total	526	227	

Source: Adopted and modified from USSIA annual report 2010,

Table 3.1 above reveals two categories of respondents that included business owners (50) and workers (476) who were in the researchers accessible population but the business owners (33) and workers (194) were sampled for the study, who comprised of SMEs dealing in salons, retail shops, restaurants, supermarkets and small processing industries. In the study, the main sampling techniques used included simple random sampling and purposive sampling. Simple random sampling is the process of selecting a sample in such a way that all individuals in the population have equal and independent chances to be selected. The purpose of simple random sampling was to ensure that each member of the accessible population was given equal and independent chances to be selected from the sample study (Sekaran, 2003). While purposive sampling technique involves selecting a sample that is believed to be representative of a given

population based on expert judgment. Purpose sampling was used, where the researcher decided who was to be included in the sample based on their expertise in the area of SMEs. The purpose was to collect focused information in the sector, because this enabled the researcher to gather useful data only and the technique was time and money saving.

3.5 Data Collection Methods

The study was conducted using data collection methods such as questionnaire surveys and interviews.

3.5.1 Questionnaire Survey Method

Questionnaire survey method was used because it collects a large number of data at one given point in time and it also saves time and costs. The Questionnaire had 39 close-ended statements tagged on a 5 point likert scale seeking respondents' feedback. It had four sections, the independent variable as availability of resources, allocation of resources, and utilization of resources while the dependent variable as performance of SMEs.

3.5.2 Interview Methods

Key informant interviews were administered through face to face interviews conducted by researcher who interviewed business owners/managers of sampled enterprises. This was a person to person verbal communication where the interviewer asked the interviewee questions intended to elicit information or opinions. The purpose was to collect in-depth information from the business owners and experts in the SMEs sector that could not be directly observed and further capture the meaning beyond words that a questionnaire would not be able to capture. Interviews were the best method to capture such information because it helped clarify difficult or unclear questions.

3.6 Instruments of data collection

The selection of these instruments was guided by the nature of the data to be collected, time available as well as the objectives of the study. The data collection instrument used in this study included; Structured administered questionnaire and interview guide/ check list. The researcher was mainly concerned about the perceptions, feelings, and attitudes of people owning these SMEs and such data was best collected using questionnaires and interviews (Bell, 1993; Touliatos & Compton, 1988).

3.6.1 Structured Questionnaire

A self-administered questionnaire comprising of close ended questions were delivered to respondents in each of the selected sampled categories. The likert rating scale with the five category response continuum was used. 1: Strongly disagree, 2: Disagree, 3: Undecided, 4: Agree, 5: Strongly agree. These response categories weighted 1-5 and averaged for all its items as recommended by Amin (2005). The questionnaire was used because the population under study could read and write and it enabled the researcher to administer it to large number of respondents at a given point in time. It was useful for generating data for quantitative approach.

(Appendix I)

3.6.2 Interview guide/checklist

A semi- structured interview guide was used in the study. According to Coombes (2001), while having the advantage of written questions to guide the researcher, semi-structured interview guide can allow for additional comments to be noted. According to William (2005), a semi-structured interview enables defined answers to be achieved for defined questions, while leaving time for further development of those answers and including more open ended questions. This instrument allowed the researcher the flexibility to structure questions that fit the interview while being guided by the interview guide. **(Appendix II)**

3.7 Data Quality Control

The researcher ensured that the data collection instruments accurately collected the information needed for the research by ensuring data validity and reliability. Data collection instruments were tested to ensure that they were reliable, meaning that results collected were consistently the same after repeated trials.

3.7.1 Validity

Validity is the extent to which the research results can be accurately interpreted and generalized to other populations. It is the extent to which research instrument measured what they are intended to measure (Oso & Onen, 2008). To establish validity, the instrument was given to two experts to evaluate the relevance, language clarity and comprehensiveness of the study variable and objectives. Each item in the instrument was analyzed objective by objective and rated each item on the scale of relevant (4), quite relevant (3), somewhat relevant (2), and not relevant (1). Validity was determined using the Content Validity Index (C.V.I) formula

$$\begin{aligned} \text{C.V.I} &= \frac{\text{Total Number of Questions rated relevant by Judges}}{\text{Total Number of items in Questionnaire}} \\ &= 39 / 50 \\ &= \mathbf{0.78} * 100 \end{aligned}$$

This CVI of 0.78 was considered high enough because Amin (2005) recommends for a CVI for 0.7 and above in survey studies.

3.7.2 Reliability

Reliability is the extent to which the instrument measures what it intends to measure consistently. According to Mugenda & Mugenda, (1999), reliability is a measure of the degree

to which a research instrument yields consistent results after repeated trials. The researcher used the internal consistency method to ensure reliability. To ensure reliability In this case the researcher pilot tested the instrument once but on a larger sample. Cronbach's alpha was then used to measure the internal consistency on the pilot tested respondents. This is often the case with an instrument that measures the attitudes of respondents. A computer program, SPSS was used to calculate Cronbach's alpha for scores which fall along a continuum of the Likert scale. The advantage with this method was that the researcher went to the field once and the questions were entered and run using the using SPSS. The Results of the Reliability test is presented in Table 3.2 below

Table 3.2: Reliability Results

Variable	No. of Questions	Alpha
Availability of resources	10	0.563
Allocation of resources	9	0.796
Utilization of resources	14	0.648
Performance	5	0.836
Total	39	0.7

Source: Primary data

Table 3.2 comprises of variables: availability, allocation and utilization of resources and performance; the number of questions and the alpha score. In order to obtain reliability the average score was obtained divided by the number of variables where $(0.563 + 0.796 + 0.648 + 0.836) / 4 = \mathbf{0.710}$. Amin (2005) urges that a reliability score of 0.7 and above is sufficient to explain reliability, while a score of 0.7 from the variables under study indicates a very reliable instrument.

3.8 Data collection Procedure

After proposal defense, the researcher went ahead and completed panel corrections, proceeded to Uganda Management Institute, School of Management; submitted the final copies and based on this, a letter of authorization was obtained and always presented to the key respondents and used as a basis to collect the data. With help of three research assistants, the questionnaires were administered while the researcher was in charge of all interviews the entire exercise took three months. Quantitative data was coded, presented, analyzed and interpreted while qualitative data transcribed to make meaning for analysis and interpretation.

3.9 Data Analysis

Data was analyzed both quantitatively and qualitatively.

3.9.1 Quantitative Data Analysis

Once the questionnaires were administered, the mass raw data was organized in a manner that facilitated analysis. Data collected was coded, sorted, entered and thereafter interpreted using statistical packages for Social Science Research (SPSS) to bring out the meaning of the variables under study. This was descriptively presented in tabular form and reflected graphically using frequencies, percentages, means and standard deviation while inferential statistics in Pearson product correlation moment specifically bivariate correlation was used to determine whether a relationship existed between variables while linear regression was used to determine the variations between variables.

3.9.2 Qualitative Data Analysis

Face to face sessions were conducted between the researcher and key informants. These sessions were fully written down and later analyzed. Qualitative data was analyzed with support of content analysis. Narrative statements were obtained and used to supplement quantitative data in chapter four.

3.10 Measurement of Variables

The likert scale as proposed by Amin (2005) was used to draw opinions and attitudes from respondents who we rated on a five point scale. (1: Strongly Disagree, 2: Disagree, 3: Undecided, 4: Agree, 5: Strongly Agree). This scale was used to measure both the independent and dependent variables such as pertaining to availability, allocation and utilization of resources and performance of SMEs.

CHAPTER 4: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

In this chapter the results are presented, analyzed and interpreted according to the study objectives. The study was accordingly designed to examine the effect of resource availability, allocation and utilization on the performance of SMEs in Kampala by taking a case study of Kampala district, Nakawa division. In terms of organization, the chapter first presents the response rate, followed by presentation of results of the demographic characteristics of respondents and this is followed by descriptive statistics for the various independent and dependent variables and the findings are presented based on the study objectives.

4.2 Response Rate

The researcher with the help of researcher assistants administered 194 questionnaires, out of these 150 were returned fully completed constituting 77.3% response rate. On the other hand, out of the planned 33 key informant interview sessions, only 30 were conducted constituting 90.9% response rate. The summary of the response rate is presented in Table 4.1 below;

Table 4.1: Response Rate

Instrument	Planned/administered	Actual returned/conducted	Percentage
Interview	33	30	90.9%
Questionnaire	194	150	77.3%
Total	227	180	

Source: primary data

The overall response rate obtained was **79.3%** ($180/227*100\%$) to support the finding Mugenda & Mugenda (1999) argues that a response rate above 70% is good enough to represent the research findings.

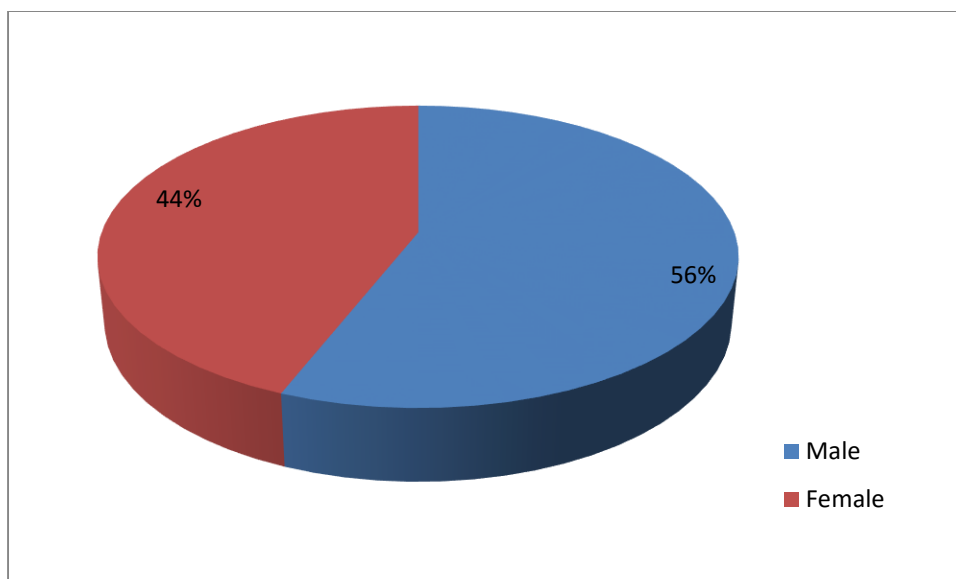
4.3 Background Information of Respondents

This section was organized according to the background characteristics of respondents based on gender, age of respondents, level of education, and experience in businesses operated. This information was presumed very vital to the study because these characteristics can influence resource availability, allocation and utilization on the performance of SMEs, the validity and reliability of the information given and gives a clear picture of respondents that participated in the study.

4.3.1 Gender of respondents

The researcher carried out a study on respondents that consisted of both male and female as shown in the Figure 4.1 below:

Figure 4.1: Distribution of respondents by Gender



Source: Primary Data

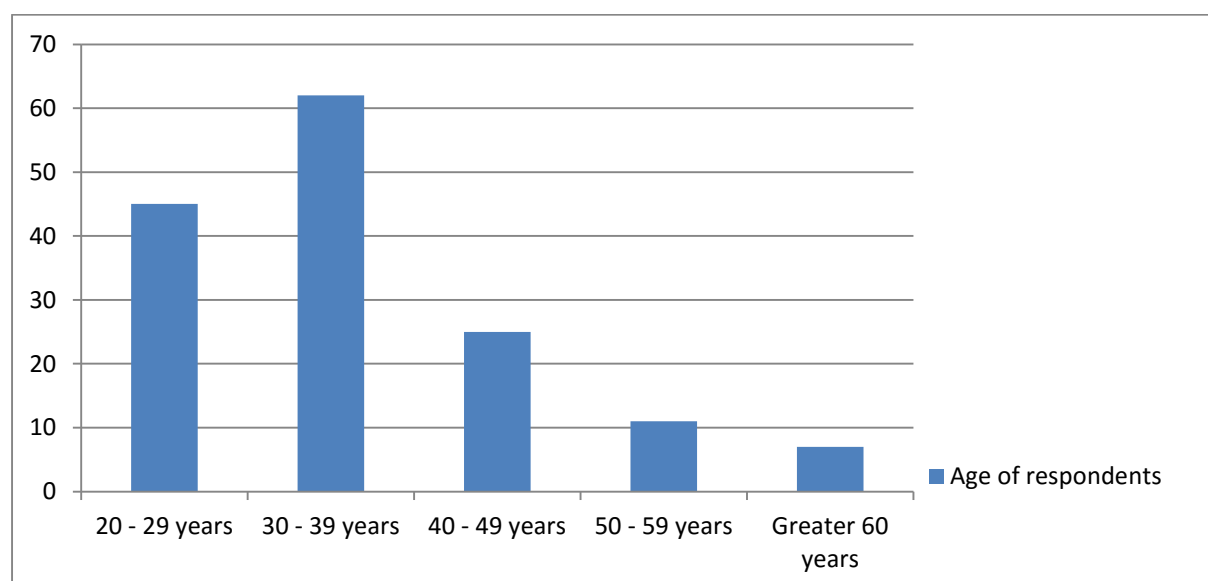
The results presented in Figure 4.1 above provide actual finding based on the genders of the respondents as attached to resource availability, allocation and utilization pertaining performance of SMEs. The percentage response for male was higher 56%, (n=84) compared to their female counter parts that constituted 44%, (n=66) meaning that the researcher obtained balanced views from the responses as they constituted both males and females. Further still from the findings, there were more males than female doing business which implies that male were more business oriented and risk takers than the female counterparts. To ensure performance and growth in these SMEs, it will involve a lot of risk taking, persistence and experience in maximizing business opportunities that come along in the process of doing business.

4.3.2 Age distribution of respondents

The researcher carried out a study on respondents whose age ranged from 20 years and above as shown in the figure below.

Looking at Figure 4.2 below, it is clear that age of the respondents was significant in the study as was conducted by the researcher.

Figure 4.2: Age of respondents



Source: Primary Data

From Figure 4.2 (Age distribution of the respondents), results reveal that majority of the respondents 71%, (n=107) were 20-39 years, while 29%, (n=43) constituted were 40 years and above meaning that, most of the SMEs in Nakawa are operated by young adults and middle age group (20- 39) who have a driving force to engage in business and are strategic planners in the active age range, still agile, ambitious, and focused. Finding respondents of this age group of 60 years and above was very small meaning that they had retired from active life or operating business.

4.3.3 Distribution of respondents by level of Education

The researcher carried out a study on business owners whose level of education ranged from no education to tertiary as shown in the table below;

Table 4.2: Distribution of students by Level of education

Level of Education	Frequency	Percent
No School	15	10.0
Primary School	50	33.0
Secondary School	75	50.0
Technical-Tertiary	8	5.0
Others	2	1.0
Total	150	100.0

Source: Primary Data

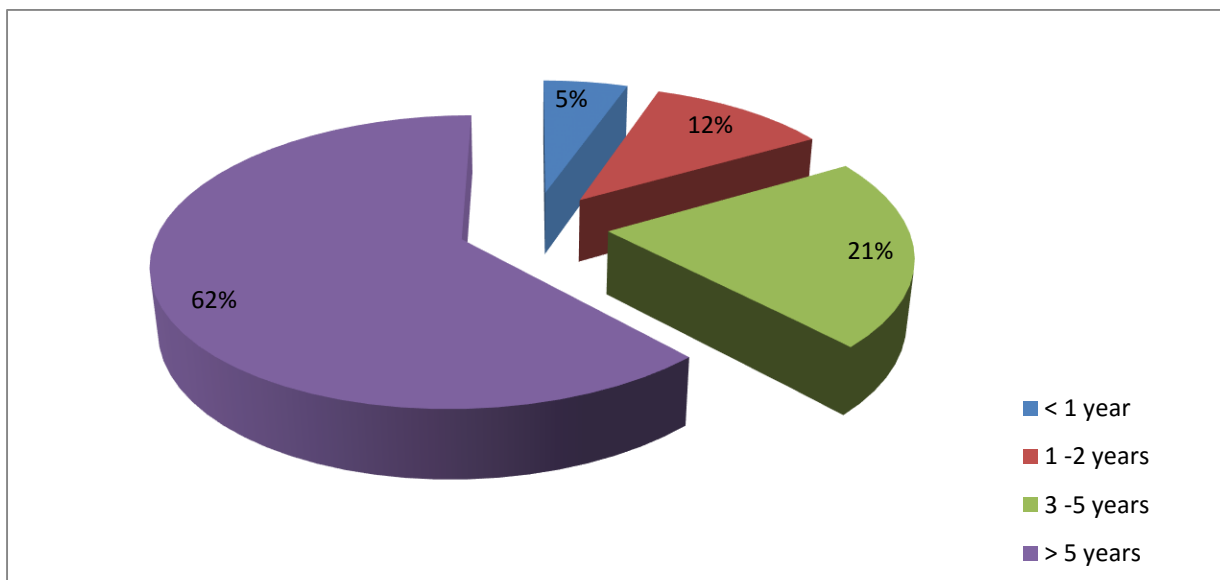
Results in Table 4.2, shows that the half of the respondents (50.0%) were secondary school leavers or dropouts. This was followed by primary level with 33.0% responses and those who never attended school were 10.0%. Respondents who attended technical-tertiary constituted 5.0% with the least 2.0% being others. The researcher dealt with majority literate (90.0%) who could read and write therefore teachable in terms of skills development although they needed more training in business management in overall because this was found to be lacking for

majority these business owners. The 10% that had no education experience could be trainable through mentorship/apprentice and knowledge sharing of their different experiences in business. This implies that to ensure performance of these SMEs, business owners needed to sharpen their business knowledge through training and skills development if they are to survive in the competitive business environment of today's global businesses.

4.3.4 Duration of Business

Respondents were requested to indicate the time they have spent while operating their business as and the results that emerged are presented in the Figure 4.3:

Figure 4.3: Time Spent Operating Business



Source: Primary Data

Figure 4.3 shows that respondents in time spent on operating business was as follows: 62.2% had spent over 5 years in business, 21.0% had spent between 3-5 years, 11% fell had spent between 1 – 2 years and 5.0% had spent less than one year in business meaning that a big portion of respondents in Nakawa that had operated their businesses for over 5 years or even below were still small in size meaning that these business were still in growth stage and

struggling to grow and survive. This implies that for these SMEs to perform, grow and become sustainable there should be access to resources and their efficient allocation and utilization.

4.4 Empirical Findings

The researcher's main objective of the study was to examine the effect of resource availability, allocation and utilization on the performance of SMEs in Kampala by taking a Case study of Nakawa division. The analysis of the findings which follow were presented according to the objectives of the study as Descriptive statistics, Correlations, regressions and the qualitative results as were obtained from the questionnaire administered and the interviews conducted with key informants.

4.4.1 Availability of resources on the performance of SMEs

The first objective of the study was to determine the effect of availability of resources on the performance of SMEs. Availability of resources was conceptualized basing on nine items which were measured on a five point Likert Scale ranging from (5) to (1) see key below. The results that emerged are shown in the Table 4.3 below.

Table 4.3: Descriptive statistics on Availability of resources

Statements on Availability of resources	Percentage Response (%)					Mean	StdDev
	SA (5)	A (4)	UD (3)	D (2)	SD (1)		
Human resources (employees) are important for the survival of the business	37.5	41.1	8.9	12.5	0.0	4.03	.990
Employing competent and qualified people to work is important for business	46.4	51.8	1.8	0.0	0.0	4.44	.536
Employing the right number of people to do the job enhances business performance	42.9	55.4	1.8	0.0	0.0	4.41	.531
Seeking opportunities to access/obtain finance for business operations is good for the business	33.9	60.7	1.8	1.8	1.8	4.23	.738
Meeting operational financial obligation is good for business survival.	57.1	42.9	0.0	0.0	0.0	4.42	.499
Monitoring and calculation of available sales and profits on daily basis enhances business performance	67.9	32.1	0.0	0.0	0.0	4.67	.471
Setting financial goals that are articulate, clear and specific are good for business in both short and long term	42.9	48.2	5.4	3.6	0.0	4.21	.966
Research on how to provide a product or service that meet the clients expectations important for business	69.6	28.6	0.0	1.8	0.0	4.64	.672
The number of assets (machines and equipment) is important to enhance performance	51.8	44.6	1.8	1.8	0.0	4.46	.631
Availability of raw materials and good location is important for business performance	82.1	17.9	0.0	0.0	0.0	4.8	.386

Source: Primary Data

SA=Strongly Agree A=Agree UD=Un Decided D=Disagree SD=Strongly Disagreed Std Dev=Standard Deviation

The results presented in Table 4.3 above show responses as provided by respondents, a high proportion of the respondents 79% said they were in agreement with the item that Human

resources (employees) are important for the survival of the business, 9% was lowest that they were undecided and 13% disagreed respectively. This means that majority of the respondents knew the value of human resources (employees) in the survival of the business. Those that were undecided or disagreed were not sure of their worth in the future of the businesses.

During an interview was conducted and a respondent had this to say *“The contribution employees make to ensure survival of this business cannot be taken for granted, the boss cannot just fire us like he wishes.* The implication here is that unless business owners start appreciating the contribution that employees make towards the existence and performance of their businesses, their businesses will not be able to survive because the human resource is the heart beat of every organization.

A high proportion of respondents 98% said employing competent and qualified people to work is important for business, only 2% were undecided, this means that for a business to succeed the right people should be recruited and placed in the right places/jobs in order to do a good job, those that were undecided either preferred to use cheap unskilled labor or relatives. This implies that unless business owners start to appreciate the value of skilled workers in the work processes, the cheap unskilled workers will compromise the performance of their SMEs.

Table 4.3, many respondents 98% agreed that they seek for the right number of people to do the job, 2% did not, meaning that majority knew the importance of having the right number of people doing a task. The other 2% that opposed did not understand the importance of placing the right number of people to do the job. This implies that for a business owner to get work done on time in order to meet deadlines, the right numbers of people have to do the job in order to maximize business opportunity, profits and hence improved performance leading to business continuity of this SME.

It is surprising that as high as 94% respondents, gave positive views about the statement that seeking opportunities to access/obtain finance for business operations is good for the business, correspondingly, 4% disagreed and 2% were neutral. Majority respondents, who acknowledged, knew the value that access to finance had on their businesses, although they admitted facing many huddles to get this finance. The 4% that disagreed claimed their operating capital was sufficient and did not want to go through the huddles of getting loans with high interest rates by money lenders or banks. Therefore, their operating capital was enough to sustain their business operations. During an interview conducted with one of the business owners had this to say *“I went to a financial institution to seek for finance for my business, I was subjected to many questions, a lengthy appraisal system and also asked if I had collateral for my business, which I did not have. Although I had the desire to seek for finance, the whole process was very discouraging”*. This implies that as much as business owners value the role finance has towards the performance of their businesses, access to this finance is a “nightmare”.

Over the issue of meeting operational financial capital or obligation is good for business survival all respondents 100% respondents agreed meaning that, business owners knew that liquidity or cash at hand facilitated their business operations. This implies that unless a business has cash at hand to meet day to day operations of the business, it may not meet the day to day demands of its customers which will hinder the performance and sustainability of these businesses.

Views were collected about statement that setting financial goals that are articulate, clear and specific are good for business in both short and long term, answers included; 91% agreed, 5% that disagreed and 4% that were neutral. This means that the 91% of the respondents operating business that agreed knew the importance of setting clear financial goals in the performance

their businesses, as opposed to the 5% that disagreed due to lack of knowledge/skills of how to set these financial goals or priorities.

During an interview one of the business owners had this to say *“What is important to me is that I am selling and making profits to earn a living for me and my family, this business of setting financial goals is timing wasting because what I get out of business is from hand to mouth”*. This implies that, unless business owners know the value of setting financial goals, and having a clear vision in mind of where they want their businesses to go, it hinders performance and achieving long term survival of these businesses.

Over the issue of availability of raw materials and good location are important for business performance, 98% agreed and 2% that disagreed. This means that, 98% of the respondents that agreed considered availability of raw material and good location as key in the performance of their businesses, the 2% that disagreed considered other factors other than availability of raw material and location to be paramount in their business performance and success. This implies to a greater extent that for businesses to succeed in their operations, access to raw material for production of goods and services and a good location is very important.

Interestingly 96% respondents said that the number of assets (machines and equipment) is important to enhance business performance, 2% disagreed and were neutral. This means that majority respondents that agreed knew the importance availability of machines and equipment had on their performance, the 2% did not bother whether they were had the right tools for work. The implication is that unless business owners acquire the right number of tools to enhance performance of workers, maximizing production of goods or services becomes a huddle thus hindering the overall performance of the business.

Lastly, views were collected about the item that they researched on how to provide a product or service that meets the clients expectations, all 100% respondents agreed, this means that for

their businesses to succeed, the business owner needed to know what clients demanded not just mass production. This implies that for business to succeed in this competitive age and era, continuous research, innovation and creativity is important for business performance.

4.4.1.1 Bivariate Correlations and linear regression results

Inferential statistics specifically the correlation and regression technique was applied to availability of resources on performance of SMEs the reason was to establish if a relationship and variation existed between the variables and the results that emerged are show in table below.

Table 4.4: Correlation and regression results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig (2-tailed)	N
1	.334 ^a	.111	.095	.40996	0.012	150

a. Predictors: (Constant), Availability of resources

Source: Primary Data

The table above shows variables; availability of resources and performance of SMEs, Pearson correlation or beta value or $R=.334^{**}$, $R^2=.111$, adjusted $R^2=.095$, $Sig=0.012$ and $N=150$. The result ($.334^{**}$) reveals a positive relationship between the two variable meaning that when resources are available in terms of finance, material and human resources there is a likelihood that performance of SMEs will improve in terms of increased levels of sales and profits, which will result into improved performance in terms of increased number of years of business operation. While the adjusted R^2 value of (.095) explains up to 9.5% ($.095*100\%$) variation availability of resources had on performance of SMEs, the remaining percentage of 90.5% was explained by other factors other than availability of resources that influenced performance of

SMEs. Thus the research hypothesis which states that availability of resources has an effect on performance of SMEs was upheld.

4.4.2 Performance of SMEs

Performance of SMEs was conceptualized basing on nine items which were measured on a five point likert Scale ranging from (5) to (1) see key below. The results that emerged are shown in the Table below.

Table 4.5: Descriptive statistics on performance of SMEs

Statements on performance of SMEs	Percentage Response (%)					Mean	StdDev
	SA (5)	A (4)	UD (3)	D (2)	SD (1)		
Monitoring daily sales and profits is good for business survival	71.4	28.6	0.0	0.0	0.0	4.71	.455
Encouraging creativity and innovation in work process improves business performance	48.2	46.4	3.6	0.0	1.8	4.3	.730
Delegating work to subordinates empowers them to perform and ensure continuity in work processes	55.4	41.1	0.0	3.6	0.0	4.4	.687
Maintaining good working relations with employees, clients, suppliers, bankers and public boosts business performance	66.1	33.9	0.0	0.0	0.0	4.6	.477
Succession/strategic planning is good for business continuity	48	46	0.0	4.0	2.0	4.3	0.818

Source: Primary Data

SA=Strongly Agree **A**=Agree **UD**=Un Decided **D**=Disagree **SD**=Strongly Disagreed **Std Dev**=Standard Deviation

Table 4.8 indicates that 100% respondents agreed that monitoring daily sales and profits is good for business survival; meaning that business owners knew the importance of monitoring

their businesses sales and profits in their operations, therefore in order to ensure improvement in performance, business owners should put in place control measures (checks and balances) that enable them to monitor sales and profits in their businesses.

When asked to provide answers to the question posed that encouraging creativity and innovation in work process improve business performance, a big portion of respondents, 94.6% agreed and were very positive to the statement, 3.6% of the respondents were undecided and only 1.8% disagreed, this means that as much they as majority respondents agreed that they encouraged creativity and innovation in their business operations, not all had innovative business. Therefore, there is need by government to support research and development of indigenous (local) products in terms of value addition, if SMEs are to break the barrier of producing sub-standard goods and services.

Further still, on the issue of the statement that delegating work to subordinates empowers them to perform and ensure continuity in work processes, a great majority of respondents 96.5% agreed; however 3.6% were negative about the statement. This means that the majority of the respondents knew the value of delegation if their businesses are to succeed, the other 3.6% that were negative wanted to retain full control of their business as they felt too much delegation would make the business collapse, as worker would exploit any opportunity to steal from the business owner. In overall, to ensure continuity in business operations, putting in place work ethics trust, responsibility, good mentorship or empowerment of workers is very important to ensure continuity of business which in the long run results into improved performance of these SMEs.

With regards to the statement that maintaining good working relations with employees, clients, suppliers, bankers and public boosts business performance all respondents' 100% agreed, meaning that business owners understood the importance of maintaining good relation with

clients, suppliers, employees and the public in general if they were to sustain their businesses in the long run. Therefore, in order to build good working relation with the different stakeholders, there is need to keep close contacts and working relations with them in order to have a synergetic benefits for the business in the long run.

Lastly, answers were got from the statement that Succession/strategic planning is good for business continuity, 94.6% agreed and 5.4% (n=3) that disagreed. This means that majority of the respondent knew the importance of succession planning. One business man had this to say *“My motto is to succeed in passing on the business to the next generation, there is need for objectivity, preparedness and not forgetting the fact that the most capable candidate (Director) is chosen in order to ensure performance of the business”*. This implies that, strategic planning is important in order to ensure business continuity, if no measures are put in place for succession; the business is bound to collapse.

4.4.3 Allocation of resources and the performance of SMEs

Objective two of the study was to investigate the effect of allocation of resources on the performance of SMEs. Allocation of resources was conceptualized basing on the nine items which were measured on a five point likert scale ranging from (5) to (1) see key below. The results that emerged are shown in the Table below.

Table 4.6: Descriptive Statistics on allocation of resources

Statements on allocation of resources	Percentage Response (%)					Mean	StdDev
	SA (5)	A (4)	UD (3)	D (2)	SD (1)		
Deploying the right number of employees to do work enhances performance	38.0	41.0	9.0	12.0	0.0	4.03	.990
Motivating employees improves production of timely goods and services	46.0	52.0	0.0	2.0	0.0	4.44	.536

Providing health and safety conditions at work encourages performance	43.0	55.0	0.0	2.0	0.0	4.41	.531
Budget formulation is good for business operations	34.0	61.0	1.0	2.0	2.0	4.23	.738
Ensuring sufficient in-flow of cash to meet on-going business demands of clients is good for business operations	57.0	43.0	0.0	0.0	0.0	4.42	.499
Setting performance targets for employees is a good practice for business operations	68.0	32.0	0.0	0.0	0.0	4.67	.471
Bulk buying of raw materials to produce goods and services is cost saving for the business	43.0	48.0	0.0	5.0	4.0	4.21	.966
Proper allocation of working tools and equipment for production of goods and services enhances performance	70.0	29.0	0.0	1.0	0.0	4.64	.672
Coming up with the best strategy of pricing and marketing of goods or services to clients is good for business performance	52.0	45.0	0.0	2.0	1.0	4.46	.631

Source: Primary Data

SA=Strongly Agree **A**=Agree **UD**=Un Decided **D**=Disagree **SD**=Strongly Disagreed **Std Dev**=Standard Deviation

Findings from the Table 4.5 above revealed that the majority of the respondents 79% agreed that deploying the right number of employees to do work enhance performance, 9% were neutral and 12% disagreed. This means that 79% business owners knew the importance of getting the job done by deploying the right number of people, and this implies that business owners that deployed the right number of workers for a particular task, got work completed on time. The other balance that was not in agreement were over straining employees and not paying well. During an interview conducted, one of the business owners had this to say “*in my business, to get the job done and meet my business targets on time, I deploy the right number of people even if it means supplementing my lean staff, by getting casual workers that I pay for the time they have worked in order not to miss the business deal at hand and the opportunity to make profits so as to sustain myself in business*”.

A good number of respondents 98% agreed to the statement that motivating employees improves production of timely goods and services, and 2% this means that the 98% majority of the business owners knew the importance of motivating their employees in order to perform, while the 2% who were not able to motivate their workers were rigid with their money or were still struggling financially. In an interview, one of the business owners asserted that *“I have been able to achieve a lot in my business by simple acts of gratitude, appreciation towards my employees and giving them small incentives like bonus, when we have met and surpassed our targets”*. This implies that businesses that motivate their workers realize increases level of performance in terms of increased production, sales and profits, business continuity as compared to those that do not motivate their staff.

On the issue of providing health and safety conditions at work encourage performance, many of the respondents 98% agreed and 2% disagreed. This means that majority of these business owners new either by practice or theory that health and safety of workers is of paramount importance, the remaining 2% that disagreed did not take health or safety to be so important in the performance of workers, thus never bothered to cause awareness among employees. If businesses owners realized the importance of health and safety at the work place, performance would tremendously improve and positively affect production of goods and services, sales and profit and business continuity of these SMEs.

A portion of respondents 95% agreed that ensuring sufficient in-flow of cash to meet on-going business demands of clients is good for business operations, 1% was undecided and 4% disagreed, this means that 95% of these businesses owners knew the importance of cash at hand in the running of their business operations. The 5% of these business owners who disagreed were crisis managers, who handled their businesses depending on the business demands of the day as they set in. This implies that to efficiently run a business, the business owner should

know the balance between the demand for liquidity (cash at hand) to maintain day to day operations and the need for profitability of the business in the long run.

Views were collected about the statement that setting performance targets for employees is a good practice for business operations, 100% respondents that agreed meaning that both business owners and employees knew the impotence of setting performance targets in order to get work done. The implication is that where performance targets are not set, it becomes difficult to attain and maximize the allocation of resources to achieve improved performance in the business.

With regard to, the statement that bulk buying of raw materials to produce goods and services are cost saving for the business, 91% agreed, while 9% disagreed. The majority that were in agreement, as business owners considered bulk buying of raw materials important and also knew the value of forecasting demand or supply of raw materials in order to remain relevant in business. The 9% that disagreed, some were producing their own raw materials and others did not have ready cash to buy raw materials in bulk. A business owner when interviewed had this to say *“My business requires bulk buying of raw materials and I exploit peak seasons of harvest to make purchases which I stock for my business, direct from farmers not middle men who add costs so as to sell”*.

This implies that unless business owners take advantage of bulk purchase of raw materials which reduces the cost production, high cost of production erodes profits and ultimately hinders performance of these SMEs.

Majority of the respondents 99% indicated positively that proper allocation of working tools and equipment for production of goods and services enhances performance, compared to 1% that disagreed meaning that majority of these business owners knew the importance of working tools if a timely and a good quality commodity are to be produced. During an interview *“one*

of the respondents put it in simple terms using an African proverb that says no one goes to the garden to dig without a hoe". This implies that, unless working tools are properly allocated for production process, it may not bring about improved performance of a business.

A good number of respondents 97% agreed to the statement that coming up with the best strategy of pricing and marketing of goods or services to clients is good for business performance and 3% disagreed, this means that to make money, 97% business owners knew the importance of pricing and marketing their products. The 3% that did not agree considered other factors other than pricing and marketing of more importance in business like monopoly of business operations and location.

During the interview, one of the business owners was asked how she marketed her products had this to say *"To get my product sold, I ensure quality is paramount and I use all possible ways to market, from good customer care to my clients, this means going an extra mile to meet their needs, word of mouth about my product to all my friends who also bring their other friends, giving out my business cards to clients who may recommend other customers, these simple ways have made my product known to many people"*. This implies that to get a product sold, the business owner needs to employ many marketing strategies so as to capture the attention of buyers in order to buy and also constantly come up with innovative and creative ways to promote the business.

4.4.4 Bivariate Correlation and linear regression results for allocation of resources and performance of SMEs

Inferential statistics specifically the correlation and regression technique was applied to allocation of resources on performance of SMEs; the reason was to establish if a relationship and variation that existed between the variables and the results that emerged are show in table below.

Table 4.7: Correlation and regression results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig (2-tailed)	N
1	.418 ^a	.175	.159	.39509	0.001	150

a. Predictors: (Constant), Allocation of resources

Source: Primary Data

The table above shows variables; allocation of resources and performance of SMEs, Pearson correlation or beta value or $R=.418^{**}$, $R^2=.175$, adjusted $R^2=.159$, $Sig=0.001$ and $N=150$. The result ($.418^{**}$) reveals a positive relationship between the two variables meaning that when allocation of resources in terms of human, financial, and material resources are addressed well and on time, there is likely to be an improved performance of SMEs, which results into business continuity. While the adjusted R^2 value of (.159) explains up to 15.9% ($.159*100\%$) variation allocation of resources has on performance of SMEs, the remaining percentage of 84.1% was explained by other factors other than allocation of resources. Thus the research hypothesis that states that allocation of resources has an effect on performance of resources was upheld.

4.4.5 Utilization of resources on the performance of SMEs

Objective three of the study was to investigate the effect of utilization of resources on the performance of SMEs. Utilization of resources was conceptualized basing on nine items which were measured on a five point likert Scale ranging from (5) to (1) see key below. The results that emerged are shown in the Table below.

Table 4.8: Descriptive statistics on Utilization of resources

Statements on Utilization of resources	Percentage Response (%)					Mean	StdDev
	SA (5)	A (4)	UD (3)	D (2)	SD (1)		
Setting goals and mission for the business improves performance	50.0	37.5	8.9	3.6	0.0	4.33	.792
Breaking down large tasks into sub-tasks improves performance	64.3	30.4	1.8	3.6	0.0	4.55	.711
Having the right skills at work enhances performance	58.9	39.3	0.0	0.0	1.8	4.55	.600
Maximum utilization of employees at work ensure business performance	53.6	42.9	0.0	1.8	1.8	4.46	.760
Keeping financial records is useful for making business decisions	46.4	50.0	0.0	1.8	1.8	4.3	.752
Time management is important for employee performance	58.9	30.4	3.6	7.1	0.0	4.41	.869
Tracking the amount of business investment is good for the performance of the business	50.0	48.2	1.8	0.0	0.0	4.41	.539
Utilizing opportunities to expand business into new products, services and areas is good for business performance	30.4	53.6	10.7	3.6	1.8	4.07	.849
Social responsibility to the community boosts business image and ensures its survival	19.6	39.3	17.9	16.1	7.1	3.4	1.19
Efficiency and effectiveness in production of goods and service delivery is important for business performance	67.9	32.1	0.0	0.0	0.0	4.67	.471
Reinvesting profits for the purpose of expansion encourages performance and growth of the business	50.0	44.6	3.6	1.8	0.0	4.42	.656
Ensuring quality standards of excellence during production process improves business performance	44.6	53.6	1.8	0.0	0.0	4.42	.534
Employee welfare improves the corporate image of the business	41.1	57.1	0.0	1.8	0.0	4.37	.589
Preventing environmental degradation during production process is good for business image	32.1	57.1	0.0	8.9	1.8	4.19	.672

Source: Primary Data

SA=Strongly Agree **A**=Agree **UD**=Un Decided **D**=Disagree **SD**=Strongly Disagreed **Std Dev**=Standard Deviation

The results of the data presented in Table 4.7 provide answers to the study questions on utilization of resources. Views were collected about how setting goals and mission for the business improves performance, majority were in agreement 89%, and 9% were neutral, 3%

disagreed, this meant that majority of the respondents knew the importance of goal setting in business and were keen to explain them to workers so that they can rally behind the goals to attain business performance. The 9% and 3% that never articulated their mission and goals to their workers meaning businesses were run with no clear direction. During an interview, one business owner had this to say *“When I recruit my staff, the first thing I do is take them through what we do as a business, where we are at the moment and where we want to go in the next five years and beyond”*. This implies that if business owners want improved performance of their businesses, missions and goal setting is important as a road map or direction of what the business wants to achieve and where it wants to go at a set time.

Majority of the respondents 94%, indicated positively that breaking down large tasks into sub-tasks improves performance, 2% were neutral and 4% disagreed, this means that for majority of the respondents valued work systems and processes, the 2% and 4% that do not value work processes, found problems in their operations. In an interview, this is what one of the team managers had to say *“In this restaurant, our job is service based and time bound, so each staff is assigned tasks that contribute to the production of the whole product if our customers or clients are to be serviced on time.”* The implication is that unless job tasks or roles are properly assigned to workers with clear expectations, confusion and poor performance is bound to arise.

On the issue of having the right skills at work enhances performance, a big margin of respondents 98% agreed to the statement, 2% disagreed. This meant that the majority of respondents the researcher approached appreciated the importance of a trained workforce in their work place. An interview conducted, one business owner had this to say *“If we concentrated in line with our businesses, if we concentrated with what we already find, if we maximize whatever knowledge and skill we obtain from our parents and colleagues, most of our businesses would be surviving. Unfortunately we do not care about how these businesses*

are managed” implying that there is need for skilled manpower if business owners want to achieve improved performance of their business.

Ninety six percent (96%) respondents believed that maximum utilization of employees at work ensures business performance, 4% disagreed. This meant that effective utilization of workers ensures business performance but unless business owners learn the importance of maximum utilization of employees, they are bound to incur high operational costs in terms of salaries, transport and feeding costs that will ultimately impact on performance of their business. The 4% that disagreed had not figured out the magnitude that redundant workforce affects performance in their businesses.

Over the statement that, Time management is important for employee performance, 96% that agreed and 4% that disagreed, meaning that majority of the respondents knew how time management in business is very paramount for their businesses performance. Those that disagreed had problems with time management and meeting of deadlines in their business operations.

One of the business owners interviewed had this to say *“One thing I notice about Ugandans is that they waste a lot of time, unlike Indians, Chinese, Japanese who works 24 hours, if we had the work ethics of Japanese and Chinese and Entrepreneurs like Karim-Hirji who wake up at 4am and by 6:30pm he has already appraised several of his firms/businesses across Entebbe and Kampala, this calls for discipline and respect for time,”*. The implication is that for SMEs in Nakawa and the country at large to achieve high level performance, there must be change in the mind set or paradigm shift of workers in terms of time management in our businesses.

Over the issues of keeping financial records is useful for making business decisions, a good number of respondents 89% agreed, 3% were undecided and 7% disagreed, this meant that many value the importance of keeping financial records enables them make informed decisions and keep track of their business operations. The 3% and 7% that did not keep records had limited knowledge of financial management, thus unable to keep financial records. This calls for training in financial management in these businesses, if they are to improve in their performance.

Table 4.7 shows that, Ninety eight percent (98%) constitute majority of the respondents who believed that tracking the amount of business investment is good for the performance of the business; two percent (2%) were undecided. The results meant that 98% considered tracking the amount of business investment important for their businesses, the 2% that were undecided said they had no significant businesses to track the amount of their investment was very small. The implication is that unless SMEs learn the value of keeping track of their business investments irrespective of the size (small or big), there is bound to be a problem with realizing improved performance.

When asked whether they reinvest profits for the purpose of expansion, performance and growth of the business, a great number of respondents 84% answered positively; 11% were not sure as 5% disagreed; this meant that as much as the 84% of respondents valued the importance of re-investing of profits back in the business for the purpose of expansion, but the constraint was the capacity to expand in terms of capital, manpower, equipment and location. The 11% that were not sure and 5% that disagreed preferred to remain small businesses so that the owners have direct control of their business as compared to expansion where the owner loses touch or control of the business, implying that for most of these businesses as much as they desired to re-invest their profits, the profits were eroded by high operational costs, limiting the capacity

to expand. The need for financial discipline and saving culture is needed if business performance of SMEs is to be achieved.

Further still, 59% agreed that Social responsibility to the community boosts business image and ensures its survival, (corporate responsibility), 18% were undecided as 23% disagreed. This meant that 59% of businesses owners knew they were not operating in a vacuum but in an open environment that interacted with the outside world, so their social responsibility ranged from community service involving garbage collection, payment of security services for the community or taking care of need orphans, as a way of promoting their business names to improve their performance and visibility in the community. Unlike the 18% and 23% that declined to participating in community service for lack of money or being misers. Therefore, unless businesses come to understand the importance of forward and backward linkage they have with the community in terms of sources for raw materials, labor, business clients, goods and services, then there is bound to a problem with performance and survival in the long run.

Overall findings show that majority of the respondents, 100% agreed that efficiency and effectiveness in production of goods and service delivery is important for business performance, this meant that as much as 100% of the respondents demanded for efficiency and quality in their business operations, not all achieved it. This calls for a change of mind set that demands excellence in all aspects of business. During an interview an entrepreneur had this to say *“in my business even if it means repeating a task to ensure efficiency, I encourage work to be thoroughly done but poor management is a major problem leading to sub-standard goods and services in East Africa”*.

Results affirm that 99% agreed that efficiency and effectiveness in production of goods and service delivery is important for business performance, they found ways to do things faster,

better, and cheaper, with only 1% disagreeing to the statement. This meant that as much 99% respondents found cheaper ways of doing things faster and better, although these innovative technologies were unaffordable to a common businessman so they were appealing to government to subsidize on such technologies and also reduce taxes levied on their commodities to enable them sustain their SMEs. The 1% was comfortable doing business in their traditional ways. Therefore, for SMEs to succeed in this competitive age, they must constantly re-innovate themselves to keep at pace with global standards.

Further still, results above clearly shows that majority ninety eight percent (98%) agreed that ensuring quality standards of excellence during production process improves business performance, however only 2% disagreed. This meant that majority of these businesses that agreed, took repeated actions to overcome obstacles in the production process, which is a true spirit of business minded people, the others who didn't agree settled for low quality goods and services as they gave an excuse of high costs involved in pursuit for quality products. Therefore unless businesses start to value quality products, fake products will continue to flood the market which will affect business reputation and ultimately failure to achieve increased performance and survival in the long run.

Lastly, statistics as presented in the Table 4.1 above in line with the last item posed that preventing environmental degradation during production process is good for business image, a good number of respondents answered; 89% agreed and 9% were neutral well as 2% disagreed. This meant that with the current sensitization by KCCA, the majority of these respondents operating businesses in Nakawa were aware of the problems and penalties that came along with environmental degradation, therefore took kin interest to ensure that their businesses complied with demands for environmental protection. The rest that that were neutral or disagreed didn't understand the impact that environmental degradation had on the environment. To ensure

compliance, KCCA should make stringent policies and follow up defaulters so as to ensure environmental protection.

4.4.5.1 Bivariate Correlation and linear regression results for Utilization of resources and Performance of SMEs

Inferential statistics specifically the correlation and regression technique was applied to utilization of resources on performance of SMEs the reason was to establish if a relationship and variation existed between the variables and the results that emerged are show in table below.

Table 4.9: Correlation and regression results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig (2-tailed)	N
1	.692 ^a	.480	.470	.31376	0.000	150

a. Predictors: (Constant), Utilization of resources

Source: Primary Data

The table above shows variables; utilization of resources and performance of SMEs, Pearson correlation or beta value or $R=.692^{**}$, $R^2=.480$, adjusted $R^2=.470$, $Sig=0.000$ and $N=150$. The result ($.692^*$) reveals a positive relationship between the two variable meaning that when utilization of resources is systematically done in terms of finance, human resource and material resource it is likely that performance would improve in terms of increased level of sales and profits and also continuity of business. While the adjusted R^2 value of (0.470) explains up to 47% ($0.470 \times 100\%$) variation utilization of resources had on performance of SMEs, the remaining percentage of 53% was explained by other factors other than utilization of resources. Thus, the researcher concludes that utilization of resources has an effect on performance of resources.

CHAPTER 5: SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter comprises of summary of the study, discussion of the findings, conclusions and recommendations. It also presents the contributions of the study and areas for further research. The discussion of the findings, conclusions and recommendations are presented according to the study objectives and discussed in relation to existing literature. This is presented under the specific headings; determine the effect of availability of resources on the performance of SMEs and investigate the effect of utilization of resources on the performance of SMEs. The findings are based on the general objective of examine the effect of resource availability, allocation and utilization on the performance of SMEs in Kampala by taking a case study of Nakawa division.

5.2 Summary of Findings

5.2.1 The effect of availability of resources on the performance of SMEs

The results revealed a positive relationship between availability of resources and performance of SMEs. Further still, there was a variation 9.5% that availability of resources had on the performance of SMEs. The following can be noted; human resource increased chances of business survival, right number of qualified workers enhanced performance, access to finance boosted business operations, setting financial goals promoted performance, research and innovation improved work processes, and access to raw material and location boosted business performance.

5.2.2 Objective Two: To investigate the effect of allocation of resources on the performance of SMEs.

Finding obtained in chapter four revealed that allocation of resources and performance of SMEs were positively related with a variation 15.9% on the performance of SMEs. The following can be summarized notably; well deployed staff increased business performance, motivated employees increased production, health and safety at work encouraged improved the working environment, budget formulation promoted business operation, setting performance targets increased business performance, bulk purchasing of raw materials saved costs of production, proper allocation of work tools and equipment enhanced performance, well planned pricing and marketing strategies increased level of sales and profits.

5.2.3 Objective Three: To examine the effect of utilization of resources on the performance of SMEs.

The results showed a positive relationship between utilisation of resources and performance of SMEs. Further still, there was a percentage effect of 47% or variation of utilization of resources on the Performance of SMEs. The following were found out; well set business goals and mission improved performance, maximum utilization of employees increased performance, well-kept financial records enhanced decision making, time management improved performance, well tracked investments increased chances of business survival, quality working standards improved work processes, corporate social responsibility of a business boosted its public image.

5.3 Discussion of Findings

The discussion of findings for the study was done according to the study objectives. Here the researcher sought support of the already existing literature on the study variable conducted other researchers to enhance the discussion of the variables under study.

5.3.1 The effect of availability of resources on the Performance of SMEs

Findings obtained in chapter four reveal that availability of human resources was positively related to performance of SMEs. This is supported by the positive responses that were given by the respondents for instance; it is surprising that respondents constituting the majority indicated positive views about the statement that availability of human resource is important for survival of the business. A big margin of respondents agreed to the statement that they had the skills and made personal sacrifices or efforts to accomplish tasks at hand or assigned to them. This is supported by many authors who state that there is a positive effect of human resources on the performance and success of small business is empirically well established (Rauch & Frese, 2000) and where human capital was conceptualized as a characteristic of the business owner (Bruederl, Preisendoefer & Ziegler, 1992). We conceptualize human capital as consisting of education, experience and skills at a given point in time (Boxall & Steeneveld, 1999) that helps in the tasks of getting work done. Therefore, training for small business owners/managers as well as their subordinates allow them acquire the necessary skills to ensure the survival and success of their business, Holt (1993), Becker & Gerhart (1996). Training has been considered in many studies as a key success factor for small businesses such as Duchesneau & Gartner (1990), Storey (1994), Kent (1994), Gatewood *et al* (1995), Brown & Huang (1999), Blackwood & Mowl (2000). What should be noted from the research finding was that those disagreed that qualifications did not matter after all they could still do the job did not have the right skills for the jobs they were performing but were either recruited by their

relatives or had minimal skills due to low levels of education. In my view as much as skills are important in business survival, on job training, mentorship/apprentice in business is also very important to ensure performance of these SMEs.

Seeking opportunities to obtain finance for their businesses but actually as much as majority respondents sought opportunities to obtain finance a small margin respondents seeking for finance got it, this is line with Rugasira (2011) who states that Banks are skeptical to lend money to SMEs due to their high mortality rate and lack of collateral. He asserts that access to affordable patient capital is the biggest hurdle to businesses yet it is the heart beat of every business, and also the need for collateral or security before accessing finance was a requirement. Ocici (2007), of Enterprise Uganda advises that startup businesses should not rush for bank credit because high bank interest rates cripple businesses but should exploit other sources of finance/capital like owners' savings, grants, or credit depending on the business owner but it is advisable to use equity for small business startups because debt/loan usually erodes business capital if not managed well. On the contrary, even when financial capital is available, and often its cost is unaffordable to most SMEs. Securing of capital and other resources that are necessary to keep abreast with business and the development are main obstacles facing small business enterprises. Shortage of resources severely restricts business capacity. Limited financial resources make it difficult to promote and market products and hence constraining SMEs to expand their business operations (Ocici, 2010). When financial resources are not available to businesses or projects that can use it productively, economic activity slows as new firms are not started due to inadequate start-up capital, and existing firms postpone investments due to insufficient operating capital causing these enterprises to contract or fail, (Seidman 2008). In other words, financing becomes a constraint to business formation and growth when other factors of production are in place but appropriate financial capital is not available. What should be noted is that, sustained availability of financial capital will not

only boost business activity, it will affect the quality and supply of other inputs into economic development process. Ocici (2007) asserts that, Government interventions to promote SMEs through providing affordable loans will go a long way to enhance their performance. However, the fewer respondents that did not agree to the statement as this reflects a loophole in the way finances were accessed or disbursed, loan requirements of collateral/ security, long loan appraisal systems, inflexible repayment deadlines, and high interest rates all compounded, hindered access and availability of finance to improve business performance.

Researching on how to provide a product or service that meets the clients expectations; majority of respondents agreed, this means that for businesses to succeed, clients demanded for quality products and services, this put pressure on the business owners to meet the quality standards, this concurs with Kyambadde (2011) who asserts that without quality, our products will not get market both regionally and internationally; quality and standards are the business languages recognized internationally if we are ensure performance of SMEs. Cameron (1994) concurred that effective organizations are responsive to and expedient in identifying and meeting the needs of their target market. For the final product to be produced, the amounts and corresponding delivery dates should be given by the customer orders and all must be delivered on time. The production of the net requirement for each main product of a customer's order is regarded as an activity, which is the set up and processing time for a product and components of the product, Sohner (1995). What should be noted is that quality and timely products will ensure that repeat customers keep bringing in continuous business thus ensuring performance of SMEs.

5.3.2 Objective Two: To investigate the effect of allocation of resources on the performance of SMEs

Findings reveal that the majority of the respondents as a business owners, say they sought and deployed the right number of employees. This means that majority business owners knew the importance of getting the job done by deploying the right number of people. In line with literature review, human resource planning and deployment, is vital effective performance of SMEs, it is the ability to secure sufficient numbers and categories of suitable employees to undertake the task of producing goods and services to the standard expected by the end user or client. To yield high levels of business performance requires having the right people with the right skills in the right places at the right time they are needed. Labor is a vital part in the production process, it means detailing the number and type of employees required before production commences and after production to ensure timely delivery of these goods or services to the clients, Drucker (1954). What should be noted is that when human resources are well allocated, there is optimal use of labor and flexibility of a business firm to effectively deploy its manpower, cost efficiency of producing goods/services and increase in yield per employee in the assignment of resources (Drucker, 1954). SMEs as business systems also focus on allocation of resources to achieve their maximum advantage of performance and growth in terms of increase in sales turn-over, profits, strategic planning and a number of years of operation which frequently leaves them to respond to external influences as they occur rather than taking a proactive approach (McAdam, 2002). On the contrary, by their nature, SMEs have limited human, material and financial resources (McAdam 2002; Vossen 1998 as cited in Huang, Soutar & Brown, 2002). It concurs with (Honsby & Kuratko, 2003) that SMEs have limited resources and rely on fewer people in the firm or business to perform vitally all important functions that have a major impact on the current and future prospects of the firm.

Hence, people while important to the business organization are important to the functioning, performance of the SME.

Findings indicated that majority of the respondents agreed that setting performance targets for employees will improve business performance. The study found out that, majority who set business targets realized increase in sales, profits, expansion, and business continuity and these targets are not made in isolation of the operational environment. This concurs with literature review where the assumption is made that if sales increase, cash-flow and profits will eventually follow to cover costs incurred in generation of revenue (Thomas & Mason, 2007). Therefore sale growth is a key determinant of a firm's success and survival. Using profits as a measure may seem to imply that the organization will benefit more if costs such as salaries and depreciation for capital reinvestment are reduced. However, lowering salaries to increase profits tends to lead to conflicts in the relationship between employees and management in a business system environment. Minimizing capital investment often has a negative impact on the efficiency of operations, and eventually affects profits (Drucker, 1954). Therefore, increasing profits by reducing such expenses is only a short-term measure. The only viable way to increasing profits in a sustainable manner is to increase the value added through higher productivity. This can be done with better cooperation from employees, higher investment in capital, and optimal use of capital. In return for your employees' efforts, your organization should share the additional wealth generated in the form of higher wages and improved benefits. This will reinforce and encourage them to further improve their performance which is key to sustaining profits in the long run (Drucker, 1954).

A good number of respondents agreed to the statement that motivating employees to produce timely goods and services improves business performance, this means that the majority of these business owners knew the importance of motivating employees in whatever way to get the job

done, if they are to produce timely goods and services so as to remain in business in order to bring about performance of SMEs. It is also noted that progressive human resource management practices of selectivity in staffing, training, deployment and incentive compensation were found to be positively related to measures of organizational performance (Delaney & Huselid, 1996) .and in relation to the systems theory, the study of how resources (inputs) are critical for successful performance (output) of small business, employee-relations factors, including training, involvement in decision making and a reward/discipline system were positively co-related to success of a firm (Gadenne 1998). On the contrary, due to resource constraints, business owners or managers tend to prioritize their business needs to what needed attention in the moment (Jawahar and McLaughlin, 2001) at the expense of motivating their employees.

Research findings show that sufficient cash to meet ongoing business demands of clients is good for business performance, which majority was in agreement with. The need for operational capital is for the day to day running of the business. This includes raw materials, salaries, rent, electricity, water, transport, meals etc. What should be noted is that business owner must be accountable for their financial resources. Literature review affirms that, there is need to have some means for knowing what is happening with respect to financial resources if one is to make informed management decisions and this means keeping track of how money is spent and received from the business (Balunywa, 2011). Regardless of how small the business is, some form of book keeping or records must be maintained, and should be accurate so it can act as a basis for informed decision making. The limitation is that financial resources can be wasted if decisions are poor or are not made in a timely fashion. Those who were neutral or disagreed claimed that high taxes and high bank interest rates had an effect on their businesses. This concurs with the literature reviewed that financial sector interventions should stop discriminating against SMEs and the problem that erodes their cash inflow is dealing with

government regulations and tax authorities who weigh more heavily on smaller firms in the shape of higher compliance costs, i.e. the fixed costs of complying with import/export and tax regulations, labour market regulations, and licensing and price control (www.enterprisedevelop.com) . When these constraining factors are compounded, it erodes cash inflow and causes businesses to collapse.

Many of the respondents agreed to the statement that providing health and safety conditions at work encouraged business performance, and the few that didn't, means that majority of these business owners knew either by practice or theory that health and safety of workers is of paramount importance if continuous production of goods and services to be realized. Research findings show that for those businesses that practiced health and safety at work realized improved performance. This is in agreement with the literature reviewed that, an employer has a common law duty to provide a safe place of work for his employees, and is liable for accidents caused by his employees in the course of their employment. The principle statutory duties of employers arise from the following; Health and safety at Work Act (1974), Factory Act (1961). The researcher noted that as much as majority business owners knew about health and safety, a few business owners implemented and caused awareness about the issues at the place of work.

Many acknowledged that Social responsibility promoted business image which confirms that, SME as a business system operate in an open environment which interacts with the external environment like large enterprise sector as a source of material resources (inputs), a market for its output and other economies of scale. This points to the need to create a synergistic relationship between the SME and the large enterprise sectors, rather than thinking of a zero-sum environment in which the performance and success of the small can only be secured by destroying or disassembling the large. Positive and mutually reinforcing interactions can be expected to emerge if ways can be found to encourage the formation of purpose-built alliances

and sub-contracting relationships in allocation of resources. In a business system relationship, SMEs also allow residents and indigenous/ the local community to participate in the economic development and, consequently, to obtain the economic benefits generated by the community (Howard & Hine, 1995). In many different historical and contemporary economic systems large firms and small firms interact in complex relationships which confer reciprocal advantages (Piore & Sabel, 1984). On the contrary findings show that business that did not engage in whatever form of social responsibility with the community tended to lose out on business because the community they operated in de-campaigned their businesses and discouraged customers from buying their products.

5.3.3 *Objective Three: To examine the effect of utilization of resources on the performance of SMEs*

The statement that, I ensure that Goals and mission of the business are well articulated for all employees, majority were in agreement, this is in line with Adatia (2011) of KamuKamu Plaza, who asserts that for successful business management, you will need to have a goal or vision, write it and keep reminding yourself, employees and other family members about it, have a concentrated focus and don't lose any minute in business, which the researcher concurs with if you are to ensure performance of these SMEs. System theory supplement by the 'goal approach' by Cameron (1978), grounded on organizational leaders determining a set of well-defined goals for the enterprise and measuring performance relative to listed objectives on a time bound schedule (Chelladurai, 1985). The key to this approach rests in the preciseness of stating the goals in advance coupled with the need for framing the goal with deadlines for attainment. For example, goals can be stated like; increase in level of sales by 18%, increase in profits by 25% by end of year. At the end of the year, staff sit down to evaluate their performance relative to stated goals. The limitation with approach is that some organizations

have goals that operate in opposition (Cameron, 1986) for example increasing and retaining profits while decreasing salaries at the expense of employees.

A high proportion of the respondents said they were in agreement with the item that as business owners, they sought unusual opportunities to expand into new business products, services and areas/location. This means that majority of the respondents desired to expand their businesses when presented with the right opportunities namely; finances, time, location and manpower, although this proved to be a big huddle for many SMEs. While, Literature review states that Systems resource approach is the organizational ability to acquire scarce and valuable resources (Chellandurai, 1985) which is in line with many respondents. Majority of the businesses expanding are perceived to acquire more resources and viewed more successful in this age of limited resources. Therefore, Process approach calls for effective assessment of the right opportunity being made on basis of an organization functioning and integration. Activities that need to be carried out to make the organization successful are identified and how effectively and efficiently people in the organization carry out their assigned duties. The problem with this approach is that there is no guarantee that effectively carrying out of these duties leads to heightened organizational effectiveness and ultimate expansion. As a result, Cameron and Whetten (1993) suggest that the organization may have little influence on acquiring resources (unattainable regardless of the efforts to attain them). Findings show that although most businesses were constrained by scarce resources, there is also a significant amount of ambiguity and anxiety in one's intention to engage in a business venture, regardless of the size. The fear of failure usually operationalized by an individual's risk aversion is a particularly critical issue for a business owner or an entrepreneur, due to the small separation between business and personal risk in a business venture, (Watson & Robinson, 2003). In this case, engaging in business can be characterized as requiring a fair degree of tolerance to ambiguity, a locus of control that is more internal than external, as well as a willingness to take

risks that are relatively well calculated (Shabbir & Di Gregorio 1996; Pitt & Kannemeyer 2000; Fielden & Dawe 2004). This indicates that willingness to take on risks by venturing into new areas in business is an important variable in determining success or performance of SMEs.

Majority of the respondents were in agreement that efficiency and effectiveness in production of goods and services improves performance of business and also ensuring that quality standard of work were met, this is in agreement with the literature review, Cameron (1994) defines organizational effectiveness as a process of evaluating an organization actual performance relative to predetermined standards or series of objectives. Drucker (1954) measure of productivity of a particular resource, like Labor can be measured in three ways, number of hours worked, it excludes hours paid but not worked, number of workers engaged, labor costs include salaries, bonuses, allowances and benefits paid to employees, this measure reflects the actual amount of input used. Cole (2004) assets that “Companies need to control the types and quantities of materials they purchase, plan which products are to be produced and in what quantities and ensure that they are able to meet current and future customer demand, all at the lowest possible cost. Making a bad decision in any of these areas will make the company lose money”. This is only possible when employees have the right mind set as stated by Balunywa (2011) who had this to say “as long as we are not in position to transform our culture of work, we shall not progress and succeed; the culture of business today is quality through timeliness, low cost and high productivity but not the opposite like what is seen in most developing economies such as Uganda”. This was actually noted from the respondents who were employees, who were neutral or in disagreement meaning they were not bothered about how the business was run as they claimed it was their boss’ business not theirs.

5.3.4 Objective Four: Performance of SMEs

The result revealed a positive relationship between monitoring of business operations through utilization of resources and performance of SMEs. This means that, when monitoring and utilization of resources is done systematically in terms of finance, material and human resources there is a likelihood that performance of SMEs will improve, in terms of increased levels of sales and profits (www.luckyfamilybiz.com). Colvin & Slevin (1991) also concur that performance of SMEs is fundamental for their survival and sustainability. Progressive performance of SMEs has been found to spur business expansion, technological progress and wealth creation in both start up and existing businesses. Whereas SMEs found to be poor performers experienced stagnant or reducing sales and profits, market share, no strategic plan, low returns on investment, low value for money which makes them less competitive on both local and international market (SEDA Uganda, 2009). SMEs, need to establish policies and procedures that determine how resources and business operations are to be made including when, by whom, and how sales and profits, if any, are to be handled. The limitation is that, despite government efforts to provide support to SMEs in order to attain performance and sustainability of these businesses through different programs, there has been marginal improvement in the performance of SMEs (BOU Report, 2009).

When asked to provide answers to the statement that creativity and innovation in work processes improves business performance, a big portion of respondents, agreed and were very positive to the statement, this means that although majority were in agreement, but actually few businesses in Nakawa had innovative ideas, the rest were in ‘copy and paste businesses’. The mentality observed in the research findings is that once a business owner is found to be successful in for example in a restaurant business, then many join in without taking a feasibility study on the business to be started, which usually leads to high rates of business collapse.

Researchers believe that knowledge as a resource matters more than the conventionally tended resources (material, labor, capital), and must be managed explicitly, not left to fend for itself (Stewart, 1998). It is also noted that Small businesses that strategically plan, carry out research and development are also more likely to be those that are innovative, those that achieve international growth and also leave for generations (Beaver & Prince, 2002; Gibbons & O'Connor, 2005; Stewart, 2002; Upton, Teal, & Felan, 2001) and those less likely to fail (Gaskill, van Auken & Manning 1993; Perry 2001, Balunywa, 2012), this because they have to be able to differentiate themselves from the rest of the similar businesses in operation. Government has to come in with innovative and creative ways to boost such businesses and not being left to fend for themselves to ensure their performance and economic growth. “Be seriously focused on leadership and innovation, the issues of innovation have been underestimated. Africans need to wake up and style up seriously, work hard, working hard and smart is key in success, Shaukat (2011)” which the researcher concurs with. Innovation requires room for entrepreneurship mindset, an open and creative environment that can be acquired through personal effort and training, a study by Ladzani & Van Vuuren (2002) on content and training methods of SME service providers in South Africa found that business skills were emphasized to emerging entrepreneurs rather than entrepreneurial skills. This suggests, indirectly or otherwise, that governments need to recognize the importance of entrepreneurial leadership for successful and sustainable establishment of business enterprises.

Lastly, answers were got for the item that, strategic planning is good for business continuity and responses included majority that agreed and a few that disagreed. This means that majority of the respondent knew the importance of strategic planning. It is in agreement with comprehensive reviews of the small business literature that suggest that, *ceteris paribus*, strategic planning is generally more common in better performing enterprises (Hormozi, Sutton, McMinn, & Lucio, 2002; Lurie, 1987; Miller & Cardinal, 1994; Schwenk & Shrader,

1993). For example, small businesses that strategically plan (compared to those that do not) are more likely to be those that achieve higher sales growth, higher returns on assets, higher profit margins and higher employee growth (Berman, Gordon, & Sussman, 1997; Bracker, Keats, & Pearson, 1988; Carland & Carland, 2003; Gibson & Casser, 2005). What should be noted is that “Strategic planning is not just a one day activity, the process must begin long before the real act takes place if it is to be successful, and if it is a sustainable wealth creating succession (Matama 2012)”. On the contrary, from the research findings those that were neutral or disagreed said they had no knowledge about strategic planning, and this is in agreement with research into why small businesses generally do not engage in strategic planning, it is suggested that operators may be hindered or discouraged by ‘planning barriers’ such as a lack of time, a lack of specialized expertise, inadequate knowledge of the planning processes, or a reluctance to share strategic plans with employees and external consultants (Robinson and Pearce 1984).

5.4 Conclusion of the Study

5.4.1 *Objective one: The effect of availability of resources on the performance of SMEs*

During the course of the study; key discussions were made and based on these findings, the following can be concluded; it can be noted that human resources was key if the business was to survive in the long run, few business owners calculated financial risk before running their business, for SMEs to grow and expand availability of raw materials and location was paramount.

5.4.2 *Objective Two: To investigate the effect of allocation of resources on the performance of SMEs*

From the key findings, SMEs need mentorship and tailor made skills training programs offered by Government agencies. There is need to improve allocation of human, financial and material

resources, if SMEs are to survive in the business age and era. Regarding financial resources of SMEs that are constrained, these businesses should be granted tax incentives (tax breaks) to help them re-invest their profits to encourage growth and performance of their businesses. For Material resources, there should be improved access to information sharing, through development of interactive mechanisms that can be used by SMEs to market their products. Encourage formation of grass root associations which have direct contact with business, and use them to communicate and provide SMEs with market information. Encourage SME associations to enable their ability to supply markets requiring huge quantities.

5.4.3 *Objective Three: To examine the effect of Utilisation of resources on the performance of SMEs*

As much as there is production of goods and services, access to markets by SMEs is fundamental for them to continue generating employment and income for majority of the population. SMEs face severe challenges in accessing both local and foreign markets and keeping pace with global competitors. In fact, they are unable to reduce the costs and risks involved in penetrating new markets. In both local and international market, SMEs are unable exploit existing lucrative market opportunities that require large volumes of production, finance and a broad product range due to low productivity and irregular supply.

The poor transport system in the country does not favour on-time delivery of products and is unfavourable to rural SMEs in terms of accessing Kampala city and Nakawa in particular which is one of the main local markets for a number of products, easily and timely.

5.5 Recommendations for the Study

5.5.1 *Objective One: To determine the effect of availability of resources on the performance of SMEs*

To improve performance of unskilled employees, tailor made training should be designed by the employer in collaboration with trainers like Enterprise Uganda, to be conducted in order to develop skills of unskilled workers. This enhances capacity of the workers to perform beyond their previous level. There is need to provide mentorship/apprentice or incubation centers by the government for start-up businesses if SMEs are to realize increased performance and growth.

5.5.2 *Objective Two: investigate the effect of allocation of resources on the performance of SMEs*

Government should encourage SMEs to form associations for better bargaining power and to be able them to provide the quantity and quality products needed in the global market and also promote standardization through patenting their innovations through UNBS (Uganda National Beaurue of Standards). Encourage SMEs to form associations that strengthen their bargaining power in marketing their goods and services locally and internationally, through Uganda Exports Promotion Board.

Government should encourage businesses to improve efficiency and productivity to meet international standards in order to increase revenues and capital for further investment, through participating in trainings conducted by Enterprise Uganda, UMA, and Private sector Foundation.

5.5.3 *Objective Three: To examine the effect of Utilisation of resources on the performance of SMEs*

Government should upgrade and provide incentives to SMEs so as to promote their growth or facilitate and provide resources to vocational and technical training colleges that train SMEs especially those that are willing to establish themselves in rural areas.

Government should encourage innovation among SMEs, government should develop industrial clusters or business incubation centres that mentor small struggling businesses and encourage industries/institutions to provide industrial attachments to start-up business in order to enhance technology transfer.

5.6 Limitations of the Study

The study was limited to Nakawa Division therefore the findings could not be generalized to other divisions. Results generated were not representative of the entire population as findings specific to Nakawa were limited that geographical scope.

Findings on resource availability, allocation, and utilization are not the only factors that determine SME performance but a range of other factors not studied in this research. The measurement scales used in this study were adopted from other studies carried out in different setting that may have not applied for the Nakawa setting.

In terms of finance, there was limited funding for the research which had an impact on the overall completion of the research project. Inability to afford research assistants caused the researcher to carry out the entire research process personally. In accessibility to afford secretarial services also caused a delay in the completion of the dissertation.

5.7 Contributions of the Study

The research has added to the pool of knowledge in terms of access to information on resource availability, allocation and utilization in relation to performance of SMEs. This knowledge can be used by academicians, policy makers and other researchers.

5.8 Areas for Further Study

The research was limited to the study of resource availability, allocation and utilization and its effect on performance of SMEs of businesses in Kampala, Nakawa division but other areas of study can be. The study model could only explain up to 72.4% variance resource availability, allocation and utilization had on performance of SMEs, the researcher recommends studies to be carried out on other factors that would affect SME performance other than availability, allocation and utilization of resources.

Effects of policy formulation and the performance of SMEs in Uganda. Uganda has no clear national policies for small and medium enterprises (SMEs), and industrial development. However, government has put in place a Poverty Eradication and Action Plan (PEAP) out of which a number of strategies have been formulated. Therefore, further research should be carried out in this area.

Effects of Legal framework and the performance of SMEs in Uganda. There is need to carry out research on analytical work to review existing legislation and practices, identify SME bottlenecks, generate strategic options for a SME support programme, and develop the training materials and other supporting documents on the operations of SMEs in Uganda.

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APPENDICES

Appendix 1: Budget

No.	Item	Description	Unit cost	Estimated Amount
1	Field Assistant	1 field assistant for 10 days	20,000/-	200,000/-
2	Travel	Transport fare per day for 10 days	5,000/-	50,000/-
3	Stationary	1 realm of photocopying paper	10,000/-	10,000/-

4	Consultancy	1 consultant for data analysis	250,000/-	250,000/-
5	Miscellaneous	1% of total cost		5,100/-
	Total		285,000/-	510,000/-

Appendix 2: Time Framework

	Phase/ Activity	Time (Months)	Dates	Dependency
A	Development of Proposal	3	March -May 2011	A
B	Development & piloting of instruments	1	June 2011	B
C	Data collection	1	July 2011	C
D	Data organization, analysis, and interpretation	3	August- October 2011	D
E	Typing/Editing/Report writing/ submission	4	October- January 2011	D,E

Questionnaire for a study on Resource availability, allocation and utilization on performance of SMEs

Dear Respondent,

This research is for study purposes at Uganda Management Institute.

This questionnaire is designed to seek your views on resource availability and utilization on performance of SMEs. Your views will be treated with the highest view of confidentiality and will be used for the purpose of this study only.

Part A: (Personal Information)

Please respond to the following questions by placing a tick in the brackets indicating your appropriate response.

- 1) Gender: Male Female
- 2) Age of respondent: 20-29 30-39 40-49 50-59 60-69
70 and above
- 3) Level of education:
No school Primary school Secondary school Technical/University
 Other (Specify): ...
- 4) Please indicate time period you have operated business
Less than 1 year 1-2 years 3-5 years
More than 5 years

Part B: (Business information)

For each of the statements below, please indicate the extent of your agreement or disagreement by placing a tick in the appropriate box.

The response scale is as follows:

SCALE	1=Strongly Disagree	2=Disagree	3=Undecided	4=Agree	5=Strongly Agree
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Part B (i) Availability of Resources

	Human resources	1	2	3	4	5
	As a business owner, I seek unusual opportunity to start a new business					
	As a business owner, I plan for competent and qualified people to work for me					
	I plan for the right number of people to do the job					

Part B (ii)

	Financial resources	1	2	3	4	5
	As a business owner, I seek opportunities to obtain finance for business					
	As a business owner, I deliberately calculate financial risks and evaluate alternatives in business decision					
	I seek information and strategies on how best to price my products or services					
	As a business owner, I set financial goals that articulate, clear and specific for both short and long term					

Part B (iii)

	Material resources	1	2	3	4	5
	As a business owner, I seek opportunity to obtain information about raw materials, equipment and good location for business					
	I personally seek information about competitors, clients and suppliers					
	As a business owner, I research on how to provide a product or service that meet the clients expectations					

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Part C (i) Allocation of resources

	Human resources	1	2	3	4	5
	As a business owner, I seek and recruit the right number of employees					
	As a business owner, I place employees in their right jobs					
	As a business owner, I motivate my employees to produce timely goods and services					
	As a business owner, I ensure health and safety conditions are adhered to at work					

Part C (ii)

	Financial resources	1	2	3	4	5
	As a business owner, I ensure sufficient cash to meet on-going business needs of my clients					
	As a business owner, I set daily sales targets for my goods or services					
	As a business owner, I find different ways to market my goods or services to customers					

Part C (iii)

	Material resources	1	2	3	4	5
	As a business owner, I take advantage of bulk buying of raw materials to produce goods and services					
	As business owner, I ensure availability of working tools and equipment for production of goods and services					
	As business owner, I ensure timely availability of goods or services to my clients					

Part D (i) Utilization of resources

	Human resources	1	2	3	4	5
	As a business owner, I ensure that Goals and mission of the business are well articulated for all employees					
	I plan my work by breaking down large tasks into sub-tasks					
	I have the skills and I make personal sacrifice or effort to complete tasks at hand or assigned to me					
	I take repeated actions to overcome obstacles or challenges and also seek information from clients or competitors					
	As a business owner I have specified Time for employee reporting to work and departure.					

Part D (ii)

	Financial resources	1	2	3	4	5
	As a business owner, I do keep financial records and use them to make business decisions					
	I always set the price of my product or services based on information seeking					
	I seek information on how to expand business into new products, services and areas					
	I use a portion of the money from business to do community work or services(corporate responsibility)					

Part D (iii)

	Material Resources	1	2	3	4	5

	As a business owner, I demand for efficiency and quality in product or service delivery and I act to do things to meet or exceed standards of excellence					
	As a business owner, I set targets for daily tasks, expectations and productions					
	I find ways to do things faster, better, and cheaper					
	As a business owner, I personally make repeated actions to overcome obstacles or challenges in production of a product or service					
	As business owner, my business is mindful of environmental degradation					

Part D (iv)

	Performance of SMEs	1	2	3	4	5
	As a business owner, I monitor daily sales and profits of my business					
	As a business owner, I encourage creativity and innovation in work process					
	As a business owner, I mentor my subordinates to work in order to ensure continuity in work processes					
	As a business owner, I maintain good working relations with clients, suppliers, suppliers, bankers and public as a means to boost business					
	As a business owner, I practice succession/strategic planning					

Appendix 4: Interview guide

Interview guide for Business Owners on resource availability, resource utilization and performance of SMEs

What is the minimum number of people who can start a business?

What is the minimum requirement in terms of education for one to start-up a business?

How many relatives are employing?

What is the number of qualified personnel in your business?

How many of these qualified personnel are placed in positions of their qualification?

How many hours of work do they operate?

Describe how availability of employees affects business success or failure?

What is the minimum amount of money that one can use to start up a business?

What are your sources of capital for business operation?

What is the amount of investment capital that you have injected into the business?

What do you do with the money generated from the business?

Do you have any physical assets used in your business operation? Please name them if any?

In what condition are these assets?

How many hours of operation are your assets like (machines, equipment) in use?

What raw materials do you use for your products?

What is the cost of these raw materials?

How do you monitor your business sales and profits?

