UGANDA MANAGEMENT INSTITUTE

INSTITUTIONAL FACTORS AND PERFORMANCE OF SMALL AND MEDIUM ENTE
RPRISES (SMEs) IN UGANDA: A CASE OF LEATHER INDUSTRIES UGANDA LTD (LIU)

BY

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DECLARATION

I, FRED BALABA, registration 15/MBA/WKD/KLA/00/0132 declare that, this dissertation is my original work. This work has not been submitted to any University, College or School for the award of a degree, diploma or any other academic qualification.

Signature: …………………………………………..   Date: ………………………………

APPROVAL

This study was conducted with our supervision and approval as the nominated supervisors.

Signature: ……………………………………………. Date: ……………………………..

SUPERVISOR'S NAME: Associate Professor Gerald Karyeija

Signature: ……………………………………………. Date: ……………………………

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DEDICATION

I dedicate this dissertation to my family. I do cherish your support for me always.

ACKNOWLEDGEMENT

ABSTRACT

This study examined institutional factors affecting performance of Small and Medium Enterprises (SMEs) in Uganda with particular focus on Leather Industries Uganda Ltd as a case. 'Institutional Factors' in this study was the independent variable, while 'performance of SMEs' the dependent The objectives of the study were: to establish the effect of entrepreneurial culture on performance of SMEs in Uganda; to assess the effect of human resource capacity on performance of SMEs in Uganda; to assess the effect of strategic planning practices on performance of SMEs in Uganda. This study was based on the Strategic Constituency Theory. The researcher adopted a cross-sectional survey. Research findings established that entrepreneurial culture does not have a statistically significant relationship on performance of SMEs in Uganda. Research findings established that human resource capacity has a statistically significant relationship with performance of SMEs in Uganda. Research findings established that strategic planning practices has a statistically significant relationship with performance of SMEs in Uganda. The study found out that entrepreneurial culture does not have significant effect on performance of SMEs in Uganda. The study also notes that human resource capacity has a significant effect on performance of SMEs in Uganda. The study points out that strategic planning practices has a significant effect on performance of SMEs in Uganda. The study recommends that leaders in SMEs should relevantly orient their staff and other stakeholders on entrepreneurial culture, and proprietors in SMEs should invest in seeking advice on growing businesses based on values and principles

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study examined institutional factors affecting performance of Small and Medium Enterprises (SMEs) in Uganda with particular focus on Leather Industries Uganda Ltd as a case. 'Institutional Factors' in this study was the independent variable, while 'performance of SMEs' the dependent variable. The key dimensions under the independent variable were; 'entrepreneurial culture', 'human resource capacity', and 'strategic planning practice'. The dimensions under the dependent variable were; 'profitability', 'sustainability', 'effectiveness', and 'efficiency'.

This chapter also presented the background to the study, statement of the problem, purpose of the study, objectives, research questions, research hypothesis, justification, significance, scope and the operational definition of key concepts used in the study.

1.2 Background to the Study

The background section gives an introduction to the historical, theoretical, conceptual, and contextual dimensions of the study.

1.2.1 Historical Background

Performance management is not a new concept. However, the way companies view performance has changed massively over the last 100 years. Performance measures were invented by WD Scott as early as World War I. By the mid-1950s, formal performance appraisals were much more

commonly known, with companies using personality-based systems for measuring performance (Barton, 2009).

Towards the end of the 1950s however, performance measurement began to do a better job of actually assessing performance, by focusing more on goals and objectives. The next 20 years saw an increase in companies focusing on employee motivation and engagement, which led to a more holistic approach to performance management and appraisals. Companies began measuring brand new metrics as part of their appraisal process, such as self-awareness, communication, teamwork, conflict reduction and the ability to handle emotions. In recent years, performance management has evolved even further, with many companies pulling down the traditional hierarchy in favor of more equal working environments.

With mobile technology giving more flexibility, and with more companies recognizing the value of a great company culture, it is believed that the definition of what good performance is will continue to shift, and that the people who drive an organization will continue to have an even greater input into how their peers are assessed.

Small and Medium enterprises data back to the 19th century, Harper (1984). The source adds that still in the 19th century, SMEs were already considered as a solution to economic problems of the time which included like mass unemployment, Harper (1984). According to Felsenstein, Small and Medium Enterprises worldwide have over the decades been recognized as engines of growth and development, Felsenstein (1990). Small scale enterprises worldwide have been recognized as engines of growth and development (Harper, 1984; et al, 1997; Ba-el and Felsenstein, 1990) and in many countries there has been some considerable effort to support them so as to create the necessary employment opportunities, incomes and productive capacity. SMEs are considered the

backbone of many economies because of ease of formation, minimal capital requirements, flexibility in nature of doing business, mobility and a variety of other factors.

Every country understands Small and Medium Enterprises differently. He adds that Small and Medium Enterprises in the United States may be a large enterprise in India and those might be very large enterprises in much smaller countries (Karlibbala, 1994). The author adds that SMEs are understood in terms of the number of people employed, the sales turnover, and the amount of capital invested. According to Stoner (1996), in the United States, small enterprises are those which employ less than 500 people, while in the UK SMEs are those that employee up to 250 people. He adds that in India, the figure of people employed by a business termed as an SMEs is between 30 - 100, while in Uganda it is between 5 - 50 people, Storner (1996). But accroding to Kibera and Kibera (1997), in Kenya business with 10 or fewer workers are called micro enterprises. Those with 11 - 50 are small enterprises and 51 - 100 are medium. Ngobo (1995).

According to a report by the International Labor Organization (2013) the present global economy offers SMEs more cross-border opportunities and they now have an increasingly important role in international markets. According to the OECD 2000, SMEs make up 25 to 35% of world export manufacturers, and about one fifth of manufacturing SMEs have become significantly internationalized and actively pursue international strategies such as foreign direct investment (FDI). The report adds that knowledge and capabilities are necessary for SMEs to compete in a global market (International Labor Organization, 2013).

However, SMEs, according to a United Nations Report (2002), lack the capacity to organize and keep business records, and this constrains their access to commercial bank credit, which limits their capacity for growth and sustainability since limited access to finance limits growth. With limited finances SMEs are further trapped in the cycle of inability to establish their performance

in terms of revenue and profitability over time, which is one of the banks' key requirements. It is thus crucial that small borrowers be sensitized about how to improve their access to business finance, particularly from banks. More emphasis should be put on controlling risk and improving repayment culture through SMEs' maintenance of sound business records (United Nations, 2002).

1.2.2 Theoretical Background

This study was based on the Strategic Constituency Theory which was developed by James E. Grunig in 1989. The Strategic Constituency Theory illustrates the effect of an enterprise/organization on the main stakeholders and their interests. The key idea in this theory is that performance, in terms of efficiency and effectiveness, is considered as the minimal satisfaction of all the strategic constituencies of the enterprise utilizing as minimal resources as possible while not compromising on quality.

Strategic constituency involves all the people that are connected to the enterprise, such as employees, managers, owners, users of the services or products, resource providers, facilitators of the enterprises' output, and supporters. Since this theory assumes an exhaustive attitude toward effectiveness and efficiency, and evaluates factors within the enterprise or company in line with the environment of the enterprise (Grunig, 1992), it was an appropriate theory to base this study.

The Strategic Constituent Theory was therefore, a useful basis for analyzing and understanding how entrepreneurial culture, human resource capacity, and planning affected performance of SMEs in Uganda. The above dimensions of the independent variable was investigated in line with profitability, sustainability, effectiveness, and efficiency, as the measures of performance.

1.2.3 Conceptual Background

Culture is a set of values, norms, guiding beliefs, and understandings that are shared by members of an organization and taught to new members as the correct way to think, feel, and behave (Daft, 2007). The visible elements of culture reflect deeper values in the minds of institutional members while underlying values, assumptions, beliefs and thought processes operate unconsciously to define the organization's true culture and are the foundation on which cohesiveness in performance in any organization is anchored (Daft, 2007).

Human resource capacity means the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organization. It is the sum total or aggregate of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the persons employed in the organization (Barton, 2009). Barton, further notes that after getting the right talent into the organization, the second traditional challenge to human resources is to align the workforce with the strategy - to constantly build the capacity of the workforce to execute the business plan.

Bartol also argued that human resource capacity development is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. It included such opportunities as: employee training, development, performance management and development, couching and mentoring, succession planning, key employee identification, tuition assistance, and organization development (Barton, 2009).

Strategic planning is concerned with identifying foreseeable thrusts and weaknesses and strengths and opportunities to pursue. Strategic planning is the effective application of the best alternative information to decisions that have to be made to ensure a secure future (Day, 1997). Strategic planning is the continuous process of making entrepreneurial decisions systematically and with

the greatest knowledge of their futurity, organizing systematically the efforts to carry out these decisions and measuring the results against the expectations through organized feedback (Ducker, 1993).

1.2.4 Contextual Background

SMEs are regarded as the 'backbone' of the economy (Kirby, 2003) employing more than 2.5m people, constitute up to 90 percent of the private sector and contribute over 70 per cent to total GDP. According to Uganda's National Development Plan 2010/11 - 2014/15 SMEs were at the forefront of policy design and implementation of socio-economic transformation, National Development Plan of Uganda 2010/2015. SME failure in Uganda is largely attributed to inability of financial managers to plan and control properly the current assets and current liabilities of their respective firms (Mbaguta, 2002).

The Uganda Investment Authority (UIA) has provided SMEs with business related information, nurtured and enhanced their growth and competitiveness. UIA provided publicity and advocated for and on behalf of SMEs as well as created sustainable partnerships with promoters of SMEs. Some of the challenges SMEs faced in Uganda included; lack of entrepreneurial skills, limited access to machinery, finance, markets, lack of business records limited. This is done through a network of SME member associations for example Uganda Small Scale Associations and Uganda Women Entrepreneurs Association Limited (UWEAL).

UIA sought to maximize the growth potential, prosperity and sustainability of small businesses through enhanced access to information and business advisory. In line with this, the SMEs division provided first-hand business information on investment opportunities in Uganda to walk-in SMEs.

SMEs usually needed business - related information on markets, prices, taxes, business management, financial management, business planning and general business advice.

UIA has continued to engage with key stakeholders to improve the investment climate for SMEs. This has been done through research and publication and active participation in the Presidential Investors Round Table. SMEs in Uganda employ about 2.5 million people, constituting 90% of the private sector and contributing over 70% to total Gross Domestic Product (GDP) of Uganda. In order to galvanize the efforts of SMEs, the Uganda Small Scale Industries Association (USSIA) came into operation (New Vision, 2012). The goal of USSIA was to promote growth and competitiveness of SMEs, with particular focus on those that add value to their products for example textiles, agro-processing, metal fabrication, carpentry and woodwork, chemicals, among others.

Leather Industries of Uganda Limited(LIU) is a private limited liability company registered in Uganda formerly known as Uganda Leather and Tanning Industry (ULATI) established in 1976 as the first tannery in the whole of the East African region under private and Government. LIU annual business turnover ranges from US$10 Million to US$50 Million and they export their products to North America, South America, Western Europe, Eastern Europe, Eastern Asia, Southeast Asia, Mid East and Africa.

Currently, LIU has an installed capacity of processing 1000 pieces of raw hides and 5000 skins per day and exports 95% of its produce to different parts of the world. LIU plays an important role in adding value to hides and supplying leather to the footwear and leather products industry. The industry employs about 90 workers directly and hundreds indirectly. According to the

financial reports for the years 2011, 2012 and 2013, as much as the industry realized continued growth in revenues, profit after tax balances reported was consistently negative.

In 2010, it was reported in the media that the company lost over four hundred and twenty million Uganda Shillings in raw hides and skins and contracts with clients in Europe, Asia and Africa all cancelled following the incident . Previously it had been closed still over the similar issues in 2008 and 2009. As a way of ensuring compliance and sustainable production the management of the Jinja-based Leather Industries of Uganda (LIU) had since upgraded its effluent treatment plant in a multi-million project that saw the tannery convert its wastewater to levels that were reusable and safe to discharge into the environment.

1.3 Statement of the Problem

Businesses globally have strived to achieve high effectiveness and efficiency as a measure of performance. SMEs especially those in the developing world where business competition and other institutional and economic factors significantly influence performance and therefore survivability (Abor & Quartey, 2010).

In Uganda specifically, it's a known fact that most SMEs do not survive their first birthdays and most are known not to perform better than their peers in the region because of institutional related factors most of which are relate to their internal structures (Tushabomwe, 2006). To explain this challenge, we draw on the Leather Industries Uganda Ltd (LIU).

LIU envisions an overall 40% improvement in performance in the next three years, according to its 2017 – 2019 business plan. LIU business plan adds that the improvements in performance are envisioned in profitability and sustainability of the business at 25% and 15%, respectively. According to the 2016 end of year report, LIU overall performance improved by 13%, with 8%

improvement in profitability and 5% improvement in sustainability. So far, LIU has an overall performance (profitability and sustainability) gap to close of 27%.

To improve its performance in terms of profitability and sustainability, LIU board of directors decided to improve the overall entrepreneurial culture by drafting and operationalizing a new policy to address issues of creativity, innovation and risk management during business processes, according to the minutes of the board of directors meeting held in August 2016. LIU has also built the capacity of its staff, especially that of senior managers. On job training and professional course trainings have been attended by four senior managers in LIU, including the operations manager, marketing manager, human resources manager, and finance and administration manager. These efforts by LIU are aimed at creating an environment where overall institutional business plan goals and targets can be achieved.

Despite all these interventions, the problems of low performance still persist. If institutional factors relating to entrepreneurial culture, human resource capacity, and strategic planning are not addressed, performance at LIU in terms of profitability and sustainability may not improve as desired. So, this study comes in to investigate the influence of institutional factors on the current state of low performance in LIU, and therefore undertaking it will assist LIU better understand and address this problem to enable LIU to achieve its business performance targets by 2019.

1.4 Purpose of the Study

To investigate the effect of institutional factors on the performance of SMEs in Uganda focusing on Leather Industries Uganda Ltd as a case.

1.5 Objectives of the Study

This study was guided by the following questions;

a) To establish the effect of the entrepreneurial culture on performance of SMEs in Uganda

b) To assess the effect of human resource capacity on performance of SMEs in Uganda

c) To assess of effect of strategic planning practices on performance of SMEs in Uganda

1.5 Research Questions

a) What is the effect of entrepreneurial culture on performance of SMEs in Uganda?

b) What is the role of human resource capital on performance of SMEs in Uganda?

c) What is the relationship between strategic planning and performance of SMEs in Uganda?

1.7 Research Hypotheses

a) Entrepreneurial culture has significant effect on performance.

b) Human resource capital has effect on towards performance.

c) There is a significant relationship between strategic planning and performance.

1.8 Conceptual Framework

Independent Variable   Dependent Variable

INSTITUTIONAL FACTORS   **PERFORMANCE OF SMEs**

CULTURE

- Creativity
- Risk management
- Accountability

HUMAN RESOURCE

- Skills
- Competencies
- Team work

PLANNING

- Goal Setting
- Supervision and Monitoring
- Reporting

- Profitability
- Sustainability
- Effectiveness
- Efficiency
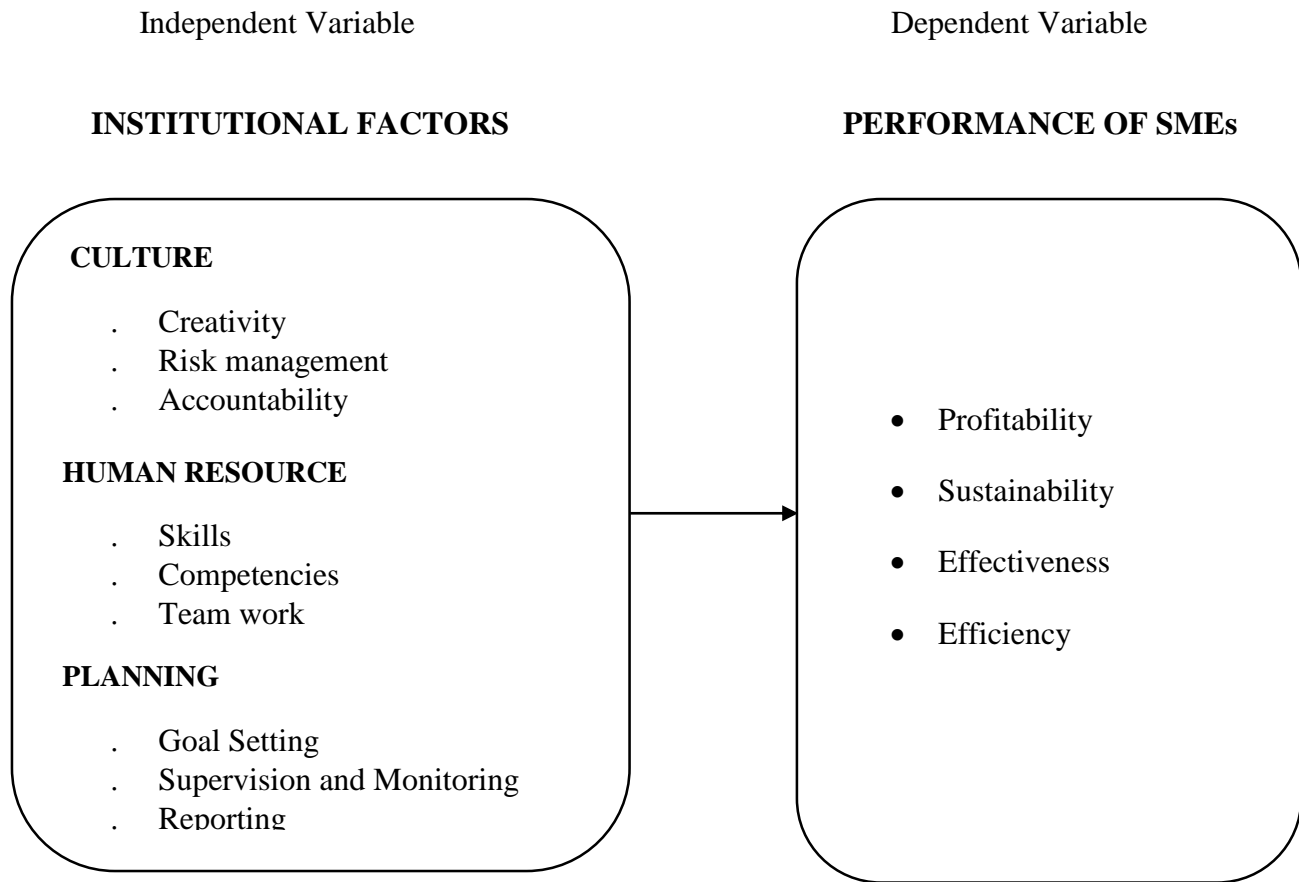
Source: Adopted from Hisrich, Peters and Shepherd (2009) and modified by the researcher

1.9 Justification of the Study

Performance in any given enterprise is paramount if it is to achieve goals efficiently and effectively to be become profitable and sustainable. Thus, understanding the factors that affect the performance of SMEs in Uganda is a necessary step for these enterprises to achieve desired performance through effectiveness and efficiency. Unless institutional factors that affect the performance of SMEs are investigated and improved, performance in these enterprises may not reach desired level, thus the need for this study.

1.10 Significance of Study

Small and medium enterprises have faced numerous challenges relating to organizational factors. It is anticipated that some of the findings, conclusions, and recommendations in this study is of significance to some of the key stakeholder in the following ways;

To the owners and operators of SMEs the study results may be used to design better strategies on improving performance of SMEs. The owners of SMEs can may also use the study results to learn lessons from past practices, which can be avoided while making future plans.

To the regulators of SMEs such as the policy makers like the parliament of Uganda, law enforcers like the Uganda police, results from the study may be useful in informing future policy proposals and modes of policy implementation. Financial bodies like banks, URA may use results from the study to better understand the circumstances under which SMEs operate, which may help them develop better ways of dealing with SMEs.

To researchers and academic students, the results from the study may add the pool of available literature for researchers to use while dealing with matters on the subject of SMEs. Specifically, the successful completion of this study will be a fulfilment that will lead to the researcher earning a master's degree in business administration.

1.11 Scope of the Study

This section describes the geographical, time, and content scope as was followed in this study.

1.11.1 Geographical Scope

The study was conducted at LIU in the Jinja municipality in the Jinja industrial area in Jinja district.

1.11.2 Time Scope

The study focused between 2015 and 2017 because it is during this time that the performance of LIU has been most prioritized by its leaders (LIU Annual General Report, 2015).

1.11.3 Content Scope

The study was restricted to the subject of institutional factors affecting performance of SMEs. Particular focus was on the dimensions of entrepreneurial culture, human resource capacity, and planning, under the independent variable. The dimensions that were focused on under the dependent variable were; profitability and sustainability.

1.12 Operational Definitions of Terms and Concepts

For the purpose of this study, the following terms and concepts was used to signify the meanings indicated below:

Factors in this study this meant things influencing the performance of LIU which are entrepreneurial culture, human resource capital and management functions.

Performance meant the observable results of LIU which are profitability and sustainability

Entrepreneurial culture is a system of values and norms at LIU that is influencing its performance namely innovativeness, risk taking behavior, and pro-activeness.

Human resource capacity meant the knowledge, experience and skills set of the employees of LIU

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature reviewed in relation to the variables of the study. It presents the theoretical review, conceptual review objective by objective, and summary of the reviewed literature and gaps identified in the literature.

2.2 Theoretical Review

The focus of the Strategic Constituency Theory is the effect an enterprise has on the main stakeholders and their interests, especially its assertion that performance, in terms of efficiency and effectiveness, is the most important form of satisfaction that strategic stakeholders of the enterprise need, gave a fitting basis to analyze and understand how institutional factors influence the performance of SMEs in Uganda, specifically, Leather Industries Ltd.

According to Cancel (1997), while in support of the Strategic Constituencies Theory argued that there are elements of the environment whose opposition or support can threaten the organization's goals or help to attain them. In a related manner, Leichty (1997) postulated that people can be identified and classified according to their problem awareness and information seeking behavior in problems solution process, this is in line with the Strategic Constituencies Theory which emphasizes that Strategic constituency involves all the people that are connected to the enterprise, such as employees, managers, owners, users of the services or products, resource providers, facilitators of the enterprises' output, and supporters. Since this theory assumes an exhaustive attitude toward effectiveness and efficiency, and evaluates factors within the enterprise or

company in line with the environment of the enterprise (Grunig, 1992), it was an appropriate theory to base this study.

The Strategic Constituency Theory has some similarities with other theories for organizational effectiveness and efficiency. Some of such theories are; the goal attainment theory, systems resource theory, etc. While these two theories describe well how performance in terms of effectiveness and efficiency can be achieved, the Strategic Constituency Theory is the most appropriate as a basis for this study.

However, while the Strategic constituency emphasizes the involvement of all the people that are connected to the enterprise, such as employees, managers, owners, users of the services or products, resource providers, facilitators of the enterprises' output, and supporters, it does not explain how the various people in the organization are linked to policies, process, and procedures in the organization yet these are vital in organizational performance. Nonetheless, this theory still remains the most appropriate upon which this report can be based.

2.3 Entrepreneurial culture and Performance of SMEs

According to a UN report (2009), one of the critical constraints facing Ugandan SMEs has been widely acknowledged to be a lack of access to credit. However, this is attributed to the kind of entrepreneurial culture that exists in most SMEs in Uganda. Organization performance, in the context of SMEs, heavily depends on entrepreneurial pro-activeness, innovative uniqueness in the creation of new product and services and the ability to take risks and bring these products to the market (Kirzner, 1997). Institutional performance cannot be dissociated from institutional culture. According to Mullins (2002) culture can be viewed as a collection of traditions, values, policies,

beliefs, and attitudes that constitute a pervasive context for everything thought and done in an organization.

Culture reflects the values, beliefs, and norms that characterize an organization as a whole. Values are guiding principles of behaviour for all members in the organization. The author adds that culture is viewed in four perspectives; culture, role culture, task culture and person culture. According this author, power culture depends on a central power source with rays of influence from the central figure throughout the organization; role culture is said to be a bureaucracy, which works by logic and rationality resting on the strengths of strong institutional pillars; task culture is job or task oriented bringing together the right resources and people and utilizes the unifying power of the group; and person culture is where the individual is the central focus and any structure exists to serve the individual within it (Mullins, 2002).

Song and Parry (1997), intimate that the importance of innovative culture on firm management has been widely acknowledged and there are even those who believe that its relevance is not limited to only firm growth but also fosters regional and local development (Song & Parry, 1997). The author adds that in order to be competitive firms need to be innovative, further indicating that innovation plays an important role in adding value to a firms' production, thus concluding that innovation is, as well, a way of becoming more competitive. Successful companies will be those that innovate products and processes, so creating new markets and reputations for themselves. Oni (2002) asserts that risk taking is another important factor, which means the willingness to take up opportunities that may either result into profits or losses but the business owner should, beforehand, calculate the risks.

In the current business environment, the term entrepreneurial has come to mean more than just the business acumen required to turn an idea into an enterprise. "Entrepreneurial" describes a skill and mind-set characterized by innovation, creativity, calculated risk-taking, and an empowered staff. The term applies to individuals, teams, and entire organizational cultures. An entrepreneurial culture is what many companies hope for. Certainly, in a fast-moving and competitive industry, an entrepreneurial culture is what most organizations strive for. An organization's culture must be deliberately cultivated through concerted action including modeling, structure, constant communication, and positive reinforcement (Cancel, 1997).

According to Nistor (2010) any economic activity is based on known and unknown factors, adding that a firm that undertakes a risk taking strategy has high chances of generating positive returns and becoming a market leader. In line with Nistor's views, the Global Entrepreneurship Monitoring (Miller, Fern & Cardinal, 2007), indicate that risk taking goes hand in hand with proactivity where being proactive means taking deliberate efforts to attain the institutional vision, mission, goals and objectives. Parker (2010) asserts that risk taking, in part, means making things happen, anticipating and seizing opportunities and preventing problems. The author adds that risk taking involves self-initiated efforts to bring about positive change in the work environment and a deliberate effort to achieve a planned future (Parker, 2010).

2.4 Human Resource Capacity and Performance of SMEs

From the perspective of Skyrme and Arnindon (1997), knowledgeable and skilled people have the ability to increase competitive advantage for enterprises. Relatedly, Tumwine, Nassima, and Kamukama (2014) reveal that human resource capital was responsible for 55.9% of the performance of medium firms in Uganda. These authors further indicate that human resources are

the most important assets a company owns since it is the only resource that is hard to copy or imitate (Kamukama, et. al., 2010).

Competent employees possess the necessary knowledge, skills, discipline, information and self-confidence to attain the necessary growth rates at their respective work places hence leading to high levels institutional performance (Cooper, 1994). To augment the above views, Maheran (2009) asserts that high performing companies tend to be those that continually put emphasis on improving employee knowledge through training and regular refresher courses (Maheran, 2009). Such employee skills, and knowledge in most cases translate into customer confidence and trust (Mavridis, 2001).

However, mere knowledge and skills may not lead to desired performance among enterprises (Bakibinga, 2008). The author further indicates that employees' work situation largely affects their performance and ultimately the performance of the organization as a whole. Poor pay, lack of vital equipment, tools and supplies, heavy workload, struggling to deal with rude or otherwise difficult clients/customers, coping with uncooperative workmates, and being distressed by overly demanding and unfair bosses are the commonest hindrances to performance. She adds that over all limited skilfulness, limited resources, and poor leadership are hindering the realization of desired performance in organizations (Bakibinga, 2008).

To build reputable organizations, Van der Sluis, Van Praag, and Vijverberg (2005), the experience of employees is significant to the overall institutional performance because it guarantees consistency in decision making. Relatedly, Shaw and Aluko (1984) further note that about 80% of all small business failures are attributable to lack of experience and inadequate knowledge and skills. Therefore, human resource capacity is critical for institutional performance.

Schultz (1963) suggested that education enhance an individual's ability to successfully deal with disequilibria in changing economic conditions. Such ability includes that of perceiving a given disequilibrium, analyzing information, and reallocating resources to act. Another argument is based on the conditions of production. Becker (1964) suggested that education or training raises the productivity of workers by imparting useful knowledge and skills, others provide different explanations for how education is related to worker productivity. One is based on the argument that the higher earnings of educated workers simply reflect their superior ability acquired during the process of education, rather than through skills and knowledge. Spencer (1973) argues that education is used as a market signal to indicate the potential productivity of workers (Yamoah, 2014).

2.5 Strategic Planning Practices and Performance of SMEs

According to Innova (2012), the organizational strategic plan and the planning process re the tools to deliver what is needed for performance management. Without a clear strategy, units of the organization will define their own agenda, there will be uncoordinated, unfocused efforts to improve, and the impact on performance will be dramatically diluted. In short, the organization's strategic plan defines both how and why they will achieve performance management goals.

The strategic assessment defines priority opportunities and threats to innovation/growth of the business. The outcome is the list of priority, executable strategies for growth. The internal assessment defines priority opportunities to improve performance through better quality, better consistency, lower cost, better fulfillment, better systems, better morale, better leadership etc. Put

together, you have your strategic or change agenda that spurs improved performance, in short, you have the change agenda for performance management (UAPME, 2011).

The component of planning exists under the broader function of management, defined as classifying objectives, planning of work, organizing the distribution of activities and tasks, directing of subordinate staff, and controlling the performance of other people's work. The concept 'planning' emerged out of the development efforts and experiences of Third World countries when they adopted planning as the major instrument in the pursuit of their economic and social development. Development planning is principally an act of deciding ahead of time the what, the how, the when, and the who of identifying and determining development goals, policies ad plans; and serious setting of alternative courses of action, procedures and strategies needed to achieve the purposes of government institutions (NEDA, 1985).

According to Day (1997), strategic planning means zeroing in on decision-making, information, and the future. The substance of strategic planning is concentrated on the consideration of current decision options based on available data and resources, and taken in the light of their possible effects and consequences over time. Strategic planning, thus, is concerned with identifying foreseeable thrusts and weaknesses to avoid, as well as strengths and opportunities to pursue. The author further intimates that strategic planning is the effective application of the best alternative information to decisions that have to be made to ensure a secure future (Day, 1997).

Similarly, Ducker (1993) refers to strategic planning as the continuous process of making entrepreneurial decisions systematically and with the greatest knowledge of their futurity, organizing systematically the efforts to carry out these decisions and measuring the results against

the expectations through organized feedback (Druker, 1993). Through strategic planning organizations are guaranteed that their actions can influence progress and effect change. Through strategic planning, an organization devises a methodology aimed at future change of a present situation. Strategic planning lays the foundation for, and supports long-term arrangements to achieve a desired vision for an enterprise, since it defines what is to be achieved (Herman and Herman, 1994). More specifically, strategic planning embodies: an external orientation, a holistic systematic approach, a process for formulating plans, objectives, strategies and programs, use of systematic methods in the analysis of strategic situation and alternatives, a commitment to action, and a knowledge of results (Herman & Herman, 1994).

Finally, strategic planning among SMEs needs to be focused on formulating business plans, identify markets, hiring skilled workers, and complying with government regulations. For more established SMEs, it may necessitate developing skills in marketing, product development, process improvement, identification and use of new technology, information and communication technologies (ICT), increasing cooperation among staff and promotional internal teamwork, enhancing networking with suppliers, client and other firms, and generally improving adaptability and flexibility to respond to changing market conditions and client needs.

2.6 Summary of the Literature Review

Literature reviewed on the effect of the entrepreneurial culture on performance of SMEs in Uganda indicated that there was consensus among most authors about the importance of entrepreneurial culture on the performance of SMEs. Most authors concurred with Mullins (2002) and Kirzner (1997) who indicated that organizational culture, which is a collection of traditions, values,

policies, beliefs, and attitudes, has a direct link to organizational performance. But while literature on organizational culture was clear about the influence it has on performance of SMEs, such available literature is old and was presented in the context of western developed countries. There is scarcity of current and relevant literature on organizational culture and the performance of SMEs in the Uganda context. This is a gap that this report will attempt to fill.

While reviewing literature on assessing the effect of human resource capacity on performance of SMEs in Uganda it was established that there are numerous relevant studies on human resource, especially in Uganda. However, most of such literature relates to other fields such as health, education, etc. but hardly on performance of SMEs. That withstanding, most authors reviewed agreed that human resource is the most determinant factor of performance in any organization. The most popular views were presented by Skyrme and Arnindon (1997), indicating that knowledgeable and skilled people have the ability to increase competitive advantage for enterprises, which was almost the same view, held by Cooper (2004).

Literature on the effect of strategic planning practices on performance presented a most interesting view that strategic planning among SMEs needs to be focused on formulating business plans identify markets, hiring skilled workers, and complying with government regulations.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the details of the methodology used in the study. Specifically, it presents the research design, study population, determination of the sample size, sampling techniques and procedures, data collection methods, data collection instruments, validity and reliability, procedure for data collection, data analysis, and measurement of variables.

3.2 Research Design

According to De Vos *et al*, (2001) research design is a blue print or a plan detailing on how research is implemented. Research design refers to a detailed explanation of how the researcher intends to conduct a study, specifically, on how the research questions are addressed. A research design shows the plan, in terms of approach and strategy, the research intends to follow while executing the study in the most effective and efficient way.

The researcher adopted a cross-sectional survey with a combination of qualitative-quantitative data collection methods for the purpose of this study (Neuman, 2011). A cross-sectional survey design was chosen because it allowed for collection of data at the time of the study (Bordens & Abbot, 2008). The cross-sectional survey design was appropriate for this study since it facilitated collection of data on various issues from a section of a population at a particular point in time, Mugenda and Mugenda (2003), and it allows the researcher to collect a vast amount of data from a sample at a relatively low cost (Sekaran, 2003). The simultaneous use of qualitative and quantitative approaches under the cross sectional survey design is

supported by Babbie (1990) for purpose of strengthening the findings. Thus, to cater for both the qualitative and quantitative data, the study gathered opinions/perceptions/viewpoints, etc., as well as figures, statistics, and numbers, respectively, to have a balanced representation of findings (Russell, 2011). The units of analysis for the study were employees, manager, board members, and funders of LIU Ltd in Jinja.

3.3 Study Population

Leather Industries Ltd has an actual population of 134 workers. These workers include factory machine operators, supervisors, managers, legal advisors, top executives, security guards, genitors, drivers, environmentalists, and marketers as well as public relations officers. However, the target population for this study was 98 people comprising board members, managers, and staff members. These were targeted because they are deemed the most relevant to the study topic in terms of expertise. Using the Krejcie and Morgan tables for sample size determination, a sample/accessible population for this study was determined to be 87 respondents as detailed in the sections below. Except staff members who were sampled using simple random sampling, board members, and managers were sampled using purposive/non probabilistic sampling.

Table 3: Population, Sample, and Sampling Techniques

Population category	Population (N)	Sample (n)	Sampling technique	Data Collection Method
Board members	7	7	Purposive	Interviewing
Managers	10	10	Purposive	Interviewing
Staff members	81	68	Simple random	Questionnaire Survey
Total	**98**	**87**		

Source: *This data was generated based on records files at LIU Ltd., also guided by Krejcie and Morgan (1970) Tables for sample size determination.*

3.4 Determination of the Sample Size

The sample size was determined using Krejcie and Morgan Table for sample size determination (1970). The population categories of board members, managers, and staff members were chosen as the target categories for this study because they are the categories best positioned to respond constructively to the research questions of the study. It is on the basis of these target categories that the number of the target population has been determined, as well as the sample size for each population category using Krejcie and Morgan (1970) tables for sample size determination.

3.5 Sampling Procedures

A sample is the subset of the Population. It comprises of some members selected from the population. It is a portion of the total population that is taken and considered for study and analysis instead of studying the entire population (it is a representation of the population) from which generalization are made about the entire population (Russell, 2011).

The study used both simple random and purposive sampling procedures in this study (Mugenda & Mugenda, 2003). The populations respective numbers have been arrived at based on the fact that those are the people who are targeted for the report and are the accessible people. The population category of staff members is bigger than the rest of the categories because this category constitutes the majority of the population at LIU. The respective samples selected were based on the accessible population but also guided by Krejcie and Morgan tables for sample selection and determination (1970).

3.5.1 Simple Random Sampling

This is where the sample is selected in such a way that every item (unit) in the population has an equal chance of being selected or included so that it is possible to confidently make estimates about the total population based on the sample results. The study used simple random sampling to target staff members. This method is selected because it gives an equal chance to each of the individuals in the sample population to be picked to take part in a study (Sarantakos, 2005). Simple random sampling is also preferred for data collection minimizes the bias on the side of the researcher while selecting respondents (Maxwell, 2005). In agreement with the above authors Babbie (2007) emphasizes that random sampling is free of bias yet meeting the needs of the researcher.

3.5.2 Purposive Sampling

Purposive sampling is the where particular portions of the population are deliberately targeted due to their expertise and resourcefulness on the matters under investigation (Neuman, 2006). Purposive sampling is when the researcher specifically targets certain people due to their knowledge about the research subject. Purposive sampling aims to ensure that the researcher finds and engages resourceful respondents to enrich the study (Berg, 2008). The study used purposive sampling to target board members and managers of LIU. In agreement, Strauss & Anselm & Corbin (2007) assert that purposive sampling is especially necessary in technical and investigative studies.

3.6 Data Collection Methods

This section presents the various methods of data collection that were used in this study including; document review analysis, interview method, and questionnaire survey.

3.6.1 Document Review analysis

Documentary review analysis involves analysis of the relevant and topical literature that is related to the study. Documentary review analysis focuses on literature that is in line with the objectives of the study. The advantages of conducting documentary review analysis is that it allows the researcher to learn more about the subject under investigation as addressed by previous researchers. It enriches the research with various points of view. Documentary review analysis secures information from text book, journals, etc., as well as reports from the organization under study, in this case Leather industries Uganda. Some of the documents and reports that were analyzed are; statement of financial position, strategic plans and employee human resource records.

3.6.2 Interview Method

Interviewing refers to verbal questioning of respondents during data collection. This can be done face to face, over the telephone, or through writing. The advantage of interviewing is that it gives the researcher an opportunity to observe respondents' feelings and address their reservations (Mugenda & Mugenda, 2003). It also allowed data to be collected faster and in a single setting as compared to questionnaires (Sarantakos, 2005). The researcher used face to face interviews to collect data from board members and managers of LIU.

3.6.3 Questionnaire Survey Method

Questionnaire survey method was used because it preserves respondent's privacy, it is also cheap and quick. The researcher formulated structured self-administered questionnaires and distribute

them to the respondents. Sensitive information not for public consumption like income levels were favorably be covered by the questionnaire method. (Mugenda & Mugenda, 2003).

3.7 Data Collection Instruments

The instruments that were used in this study include a document review guide, interview guide and questionnaires.

3.7.1 Document Review Checklist

The documentary review checklist is a list of all materials in forms of books, journals, pamphlets, reports, websites, etc. that are to be used in referencing for the study. The importance of the documentary review checklist is to ensure the researcher does not leave out any important sources of information, but also to conduct research in accordance with acceptable research standards the require acknowledgement of use of other intellectual materials. This is a pre-prepared instrument that was used to collect information from the business source records concerning its profitability, level of education of employees and business plans.

3.7.2 Interview Guide

The interview guide is a tool that contains key themes or questions that the interview is supposed to focus on. The interview guide helps the research to stick to the objectives of the research without asking questions that are not in line with the study and ensuring that all key issues about the study are responded to by respondents during interviews (Sarantakos, 2005). The items on the interview guide were developed based on the dimensions under the independent variable and those under the dependent variable. The items on the interview guide are also based on the three research questions of the study which are also generated from the conceptual framework. The questions on the

interview guide are in line with the questions on the questionnaire but these were asked in an in-depth manner that helped bring out deeper insight from board members only (Mugenda & Mugenda, 2003).

3.7.3 Questionnaire

A questionnaire is a tool that contains open-ended, closed-ended or both categories of questions intended to collected qualitative and quantitative data when it is filled by respondents, or with the help of a researcher. The questionnaire which was used in this study was generated by the researcher based on the three research objectives and the dimensions of the independent and dependent variables. A questionnaire was used because it is easy to administer and analyze. It is also economical in terms of time and money. Both closed and open ended questions were asked on the administered questionnaire (Mugenda & Mugenda, 2003). The questionnaire contained four sections; a section on the personal details about the respondent, the rest of the three sections, each, contained questions about the three research questions.

3.8 Data Quality Control

This section explains how the study ensured research instruments were valid and both qualitative and quantitative data are reliable. Validity of qualitative data was gauged by a pre-test of the interview guide.

3.8.1 Pre-testing

Pre-testing was done using 5 staff members to validate the questionnaire and interview guide for targeted respondents. The purpose of conducting a pre-test is to test the rigor of the appropriateness of the research questionnaire tool. The pre-testing ensured clarity and consistency throughout the

study (Mugenda & Mugenda, 2003). However, changes may be made to the questionnaires after pre-testing if there is need to.

3.8.2 Validity

According to Anastasi and Urbina (1997), validity suggests that a research tool measures what it is supposed to analyze. In short, validity is about the accuracy of the measurement. It is vital for a test to be valid in order for the results to be accurately applied and interpreted. To ensure validity of the research tool, the researcher aligned questions in reference to each objective. The rating of using Likert scale; strongly disagree, disagree, neither agree nor disagree, agree, and strongly agree were put clearly on top of each section of the questionnaire. A research instrument is valid if they meet all the requirements of a scientific research experiment and accurately achieve the purpose for which it is designed (Mbabazi, 2013, Patten, 2004). One needs assurance that the instrument being used results into accurate results and conclusions. In this research to ensure validity of the instruments to the expert review of the supervisors and also by computing its content validity index (CVI) using the formula below.

$$CVI = \frac{\text{Number of items declared valid}}{\text{Total number of items}} \qquad 20/22 = 0.90$$

A CVI of 0.7 and above is considered valid.

3.8.3 Reliability

According to Sekaran (2003), reliability can be referred to as whether an instrument is consistent with no error despite fluctuations of the candidate, the research conditions under which the test is administered. The research questions for each measurable variable were pre-tested for reliability and to determine coefficient of alpha above 0.70 which is always considered reliable (Cronbach,

1951). The coefficient of alpha is useful for estimating reliability in a particular and if a test has large alpha, then it can be concluded that a large portion of the variance in the test is attributable to the general and group factors. A large coefficient of alpha implies that there is very little item-specific variance. Reliability, according to Amin (2005) is the degree to which a measuring instrument is free from error or yields consistent results when used over different time periods. The Cronbach's Alpha approach was used to measure the consistency of the items corresponding to the selected variables in the questionnaire. Items with an Alpha coefficient score of less than 0.7 was considered in further analysis.

Kaplan & Saccuz's (1993) recommends that only items with a coefficient value of at least 0.7 are considered to have passed the reliability test. An instrument is reliable if it can give consistent and repeatable results when applied by different researchers but under similar conditions (Mugenda & Mugenda, 2003). The reliability of the interview guide was confirmed during the pre-test of data collection instruments. Five pre-test interviews were conducted targeting some of the respondents at LIU to gauge whether the questions and issues on the interview guide are clear and cover all the important issues of the study.

Below are the alpha Cronbach's coefficients computed using SPSS
Table 2: Reliability Analysis

Variable	*Alpha Cronbach's coefficient*	*No. items retained*
Entrepreneurial culture	0.788	5
Human resource capacity	0.841	5
Strategic planning practices	0.846	5
Performance	0.728	5
Entire data collection tool	0.875	20

Source: Primary Data

Table 2 above shows a Cronbach alpha of 0.788 for entrepreneurial culture with 5 items, 0.841 for human resource capacity with 5 items, 0.846 for strategic planning practices with 5 items, 0.728

for performance with 5 items and 0.875 for all the variables under study totalling 20 items. The tool therefore passed the test of reliability for each of the variables and for all the variables since they were all greater than 0.7, given that the level of Cronbach that is adequate is any value equal to or greater than 0.7 (Amin, 2005). The instruments were therefore suitable for data collection.

3.9 Procedure of Data collection

Successful defense of the proposal was followed by getting a letter of introduction to the field for data collection. Data collection was done over a period of one month. A team of research assistants were led by the researcher in data collection. In the first week data collection instruments were developed and pre-tested for validity and reliability before full application. Still in the first week, contacting and making appointments with respondents was done. In the second week, questionnaires were administered to selected respondents. This was done by two research assistants whose minimum qualification was a university degree. In the second week, interviews with key respondents was conducted. In the third week, all collected data was organized and sorted for correctness.

3.10 Data Analysis

According to Grbich (2007) analysis refers to breaking a whole into separate components for individual examination. Data analysis is a process for obtaining raw data and converting it into information useful for decision-making by users (Grbich, 2007).

3.10.1 Analysis of Quantitative Data

The quantitative data was analyzed using the SPSS (statistical package for social sciences) model after cleaning, editing and coding of the data. The analyzed data is presented descriptively in the form of percentages, tabulations, pie charts, histograms, means and standard deviations according to the objectives and finally the relationship between the independent and dependent variables was determined using the Pearson correlation matrix and regression analysis.

3.10.1 Analysis of Qualitative Data

Qualitative data was analyzed through comparison of the narratives, opinions, the recurrent themes, benchmarking these narratives and opinions with industry standards and other researchers so that meaningful conclusions can be drawn.

3.11 Measurement of Variables

A five point Likert scale was used to analyze the variables. Where; 1=strongly agree, 2=Agree, 3=Not sure, 4= Disagree 5= Strongly disagree. Demographic data was analyzed using ordinal and nominal scales.

3.12 Ethical Considerations

The foreseeable ethical issues that the research is likely to face concern confidentiality, informed consent, anonymity, plagiarism, etc. In order to remain ethical throughout the research process, the researcher sought informed consent of respondent before administering the questionnaires or conducting any interviews. Declaration of research purpose was properly done so that respondents are aware of what they are being asked to get into. Confidentiality of all information given by

respondents was ensured. All data and information given by respondents was presented in its truest form free from any manipulation. Names and other forms of identity of respondents were kept anonymous. Also, the research ensured that all materials used in this research are properly cited and referenced, as acknowledgement of use.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTEPRETATION OF FINDINGS

4.0 Introduction

This chapter presents data, analysis, and the interpretation of results. The analysis was guided by the objectives and the hypotheses used in the report. The presentation of results was done in three sections. The first section presents the response rate, the second section presents the demographic characteristics and the third section presents the analysis and interpretation of the study findings in relation to the study objectives.

4.1 Response Rate

A total of 87 questionnaires were distributed and 70 were properly filled and returned, while a total of 7 key informants were intended for interviews and only 2 were interviewed. The overall response rate response rate was 80% as shown in the table below

Table 3: Showing Response Rate

Population category	Sample size	Actual no of respondents	Response rate
Board members	7	2	28.5%
Managers	10	6	60.0%
Staff Members	68	62	91.2%
Total	**87**	**70**	**80.4%**

Source: Primary data

Table 3 above shows a summary of the response rate for the study. This response rate indicates that data was collected from a majority number of respondents which confirms the collected data

and the findings as reliable. According to Mugenda and Mugenda (2009) a response rate of 50% is adequate for analysis and reporting; a response rate of 60% is good and a response rate of 70% and above is excellent.

4.2 Demographic Characteristics of the Sample

In this section the demographic characteristics of the respondents are presented for only the data collected using the questionnaires. The section presents gender, age, relationship, years of relationship and education level of respondents in LIU.

Table 4: Distribution of Respondents by Gender

Gender	Frequency	Percentage
Male	48	68.6%
Female	22	31.4%
Total	70	100.0%

Source: Primary data

Table 4 above shows that the majority of the respondents, 48 (68.6%) were male compared to 22 (31.4%) who were female. Majority of the respondents were male as they make up the biggest number of staff members.

Table 5: Distribution of Respondents by Age

Age	Frequency	Percentage
Below 30 years	40	57.5%
Above 30 years	30	42.5%
Total	70	100.0%

Source: Primary data

Table 5 above shows that the majority of the respondents, 40 (57.5%) were below 30 years, while 30 (42.5%) were above 30 years. Majority of the respondents were below the age of 30 because on the overall the biggest number of stakeholders in the organization, especially staff, are younger

people. To have high response from the majority age category of stakeholders is relevant since the day to day work of the organization and future plans rotate around such younger people.

Table 6: Distribution of respondents by category

Relationship	Frequency	Percentage
Board members	2	2.9%
Manager	6	8.6%
Staff members	62	88.6%
Total	70	100.0%

Source: Primary data

Table 6 above shows that the highest numbers of respondents, (88.6%) were staff members, while the managers constituted 8.6%, compared to board members that contributed 2.9%. The high level of staff members' participation in the study is because they are the largest category of stakeholders, but also they are at the centre of the organization – so a large number of staff were selected on purpose. This was relevant to the study since the views of the majority stakeholder category were well represented. On the overall, the selection of the various categories of respondents gave the study varied viewpoints.

Table 7: Distribution of Respondents by Years of Relationship

Years of relationship	Frequency	Percentage
1 - 3 years	30	42.4%
4 - 6 years	32	45.4%
7 years and above	8	12.1%
Total	70	100.0%

Source: Primary data

Table 7 above shows that the highest number of respondents, 45.4% had between 4 - 6 years of relationship with the organization, while 42.4% had 1 – 3 years of relationship, and 12.1% had 7 and above years of relationship. Majority respondents were in the category of 4 – 6 years because most staff members (who constituted most of the respondents) were mainly enrolled four years

prior to the study. This is relevant since such respondents were more knowledgeable and acquainted with the organization so were able to give useful data.

Table 8: Showing Distribution of Respondents by Level of Education

Education level	Frequency	Percentage
Primary	3	4.5%
Secondary	38	54.6%
University	29	40.9%
Total	70	100.0%

Source: Primary data from the field

Table 8 above shows that the majority of the respondents, (54.6%) had secondary education level, compared to 40.9% who had university education level and 4.5% who had primary education level. Majority respondents were secondary level – these were deliberately selected which gave the study valid perspectives on the issues that were investigated.

4.3 To establish the effect of the entrepreneurial culture on performance of SMEs in Uganda

The empirical findings of this study are presented using descriptive statistics of frequencies, and inferential statistics of Pearson's correlation coefficient and regression analysis in relation to objectives. The purpose of the study was broken down into three objectives as follows: to establish the effect of the entrepreneurial culture on performance of SMEs in Uganda; to assess the effect of human resource capacity on performance of SMEs in Uganda; to assess of effect of strategic planning practices on performance of SMEs in Uganda

The variables were measured on a five point Likert scale ranging from; 1- Totally agree (TA), 2 - Agree (A), 3 – Not sure (NS), 4 – Disagree (D) and 5 –Totally disagree (TD). Frequencies are presented as percentages and totally agree responses and agree responses are all presented as agree,

while disagree responses and totally disagree responses are all presented as disagree while interpreting the findings.

4.3.1 Findings on performance of SMEs in Uganda

Performance of SMEs in Uganda was measured on the questionnaire using five statements, to which the respondents were required to show their level of agreement, disagreement, or indecisiveness. The quantitative findings from the 66 respondents are presented in the table below.

Table 9: Views of respondents on performance of SMEs in Uganda

Statements measuring Performance		Frequency	Percentage (%)	Mean
LIU achieves its strategic goals	Totally Agree	42	60	1.429
	Agree	26	37.1	
	Not Sure	2	2.9	
	Disagree	0	0	
	Totally Disagree	0	0	
LIU is a profitable organization	Totally Agree	42	60	1.429
	Agree	26	37.1	
	Not Sure	2	2.9	
	Disagree	0	0	
	Totally Disagree	0	0	
LIU is a sustainable organization	Totally Agree	32	45.7	1.829
	Agree	28	40	
	Not Sure	0	0	
	Disagree	10	14.3	
	Totally Disagree	0	0	
LIU is an effective organization	Totally Agree	22	31.4	2.086
	Agree	34	48.6	
	Not Sure	0	0	
	Disagree	14	20	
	Totally Disagree	0	0	
LIU is an efficient organization	Totally Agree	8	11.4	2.943
	Agree	24	34.5	
	Not Sure	6	8.6	
	Disagree	28	40	
	Totally Disagree	4	5.7	

Source: Primary data

Table 9 above shows that majority of the respondents were in agreement with all the five statements used to measure performance of SMEs in Uganda as elaborated below.

The majority of respondents (97.1%) agreed that LIU achieves its strategic goals. 2.9% disagreed. Similarly, majority (97.1%) of the respondents agreed that LIU is a profitable organization, while 2.9% disagreed. The majority of respondents (85.7%) agreed that LIU is a sustainable organization. 14.3% disagreed. Furthermore, 80.0% agreed that LIU is an effective organization, 20% disagreed. Majority of the respondents were in agreement since according to the financial reports of the organization for the periods 2015 – 2016 LIU registered growth. There were however mixed reactions on whether LIU is an efficient organization, with 45.7% of the respondents in agreement, while 45.7% were in disagreement and 8.6% not sure.

4.3.2 To establish the effect of the entrepreneurial culture on performance of SMEs in Uganda

To understand the views of the respondents on entrepreneurial culture, so as to establish whether it had any effect on performance of SMEs in Uganda, the researcher used a total of five statements on the questionnaire to which the respondents were required to show their level of agreement or disagreement. The quantitative findings from the 66 questionnaire are presented in the tables below.

Table 10: Views of Respondents on Entrepreneurial Culture

Response on Entrepreneurial Culture		frequency	Percentage (%)	Mean
LIU has a functional entrepreneurial policy	Totally Agree	42	60	1.429
	Agree	26	37.1	
	Not Sure	2	2.9	
	Disagree	0	0	
	Totally Disagree	0	0	
LIU organizational values are in line with entrepreneurship	Totally Agree	6	8.6	3.8
	Agree	12	17.1	
	Not Sure	6	8.6	
	Disagree	12	17.1	
	Totally Disagree	34	48.6	
LIU employs people that are entrepreneurial and competitive	Totally Agree	22	31.4	2.629
	Agree	16	22.9	
	Not Sure	6	8.6	
	Disagree	18	25.7	
	Totally Disagree	8	11.4	
LIU has a highly skilled team for better performance	Totally Agree	0	0	2.8
	Agree	42	60	
	Not Sure	0	0	
	Disagree	28	40	
	Totally Disagree	0	0	
LIU entrepreneurial culture has led to better performance	Totally Agree	42	60	1.429
	Agree	26	37.1	
	Not Sure	2	2.9	
	Disagree	0	0	
	Totally Disagree	0	0	

Source: Primary data

Table 10 above shows that the majority of the respondents were in agreement on all five statements

used to measure entrepreneurial culture as elaborated below.

Majority of the respondents (97.1%) agreed that LIU has a functional entrepreneurial policy, while 2.9% disagreed. Concerning whether LIU organizational values are in line with entrepreneurship, the majority (65.7%) disagreed, while 25.7% agreed and 8.6% were not sure. Majority (54.3%) agreed that LIU employs people that are entrepreneurial and competitive, 37.1% disagreed, and 8.6% were not sure. Majority agreement that leaders are democratic indicates that stakeholders have a good working relationship with the leaders. This is necessary for efficiency and effectiveness to be achieved (De Waal, 2007).

Majority (60.0%) of the respondents agreed that LIU has a highly skilled team for better performance. 40.0% disagreed while majority (97.1%) agreed that LIU entrepreneurial culture has led to better performance. Only 2.9% disagreed.

Testing Hypothesis Number 1

The researcher proceeded to statistically establish whether entrepreneurial culture has a positive significant effect on performance of SMEs in Uganda. The researcher was guided by the following hypothesis:

Null Hypothesis: Entrepreneurial culture has significant effect on performance in SMEs in Uganda

The hypothesis was preliminary tested at a 95% level of significance (two-tailed) using Pearson's product-moment correlation coefficient, which measured the degree and direction of relationship between entrepreneurial culture on performance. The results are presented in the table below.

Table 11: Correlation Matrix Entrepreneurial culture on Performance

Study variables		Entrepreneurial culture	Performance
Entrepreneurial culture	Pearson Correlation	1	.023
	Sig. (2-tailed)		.852
	N	70	70
Performance	Pearson Correlation	.023	1
	Sig. (2-tailed)	.852	
	N	70	70

Source: generated by SPSS from primary data

Table 11 above shows that there is a very weak positive relationship between entrepreneurial culture towards performance, (r= 0.023, N=70). The relationship is however not statistically significant at 95% confidence level since p-value is greater than 0.050 (=0.852).

Regression analysis was further used to establish the extent (if any) to which entrepreneurial culture affects performance. The coefficient of determination was used and the results are presented in the table below.

Table12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.023[a]	.001	-.014	.61193

a. Predictors: (Constant), Entrepreneurial culture
Source: generated by SPSS from primary data

Table 12 above shows that the coefficient of determination (Adjusted R Square) is -0.014. A negative coefficient of determination is an indicator that the regression model is not statistically significant since all square values must be positive.

To assess the overall significance of the model, analysis of variables (ANOVA) was done and the results presented in the table below.

Table 13: Analysis of Variables (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.013	1	.013	.035	.852[b]
	Residual	25.463	68	.374		
	Total	25.476	69			

a. Dependent Variable: Performance

b. Predictors: (Constant), Entrepreneurial culture

Source: generated by SPSS from primary data

In determining whether a model is significant, the decision rule is that the calculated p-value (level of significance) must be less than or equal to 0.05. Since the calculated p-value of 0.852 is greater than 0.05, the model was not found to be statistically significant (F=0.035, df = 1, p>0.05 (=0.852)). This means that under the current situation entrepreneurial culture does not have a significant effect on performance of SMEs in Uganda.

Findings on the relationship between entrepreneurial culture and performance of SMEs

Research findings established that entrepreneurial culture does not have a statistically significant relationship on performance of SMEs in Uganda. The findings further affirmed that entrepreneurial culture does not have a significant effect on performance of SMEs in Uganda. Therefore the hypothesis that stated that entrepreneurial culture has significant effect on performance in SMEs in Uganda was rejected.

4.3.2 To assess the effect of human resource capacity on performance of SMEs in Uganda

In order to understand the views of the respondents on human resource capital, so as to assess whether it influenced performance of SMEs in Uganda, the researcher used a total of five statements on the questionnaire to which the respondents were required to show their level of

agreement or disagreement. The quantitative findings from the 66 questionnaire are presented in

the tables below.

Table 14: Views of Respondents on Human resource capacity

Statements measuring Performance		frequency	Percentage (%)	Mean
LIU has a functional human resource policy	Totally Agree	10	14.3	2.657
	Agree	32	45.7	
	Not Sure	2	2.9	
	Disagree	24	34.3	
	Totally Disagree	2	2.9	
LIU builds the capacity of its staff members	Totally Agree	6	8.6	2.6
	Agree	40	57.1	
	Not Sure	2	2.9	
	Disagree	20	28.6	
	Totally Disagree	2	2.9	
LIU staff possess the skills relevant for improved performance	Totally Agree	8	11.4	2.371
	Agree	46	65.7	
	Not Sure	0	0	
	Disagree	14	20	
	Totally Disagree	2	2.9	
LIU capacity building is customized to fit organizational performance demands	Totally Agree	12	17.1	2.229
	Agree	44	62.9	
	Not Sure	2	2.9	
	Disagree	10	14.3	
	Totally Disagree	2	2.9	
LIU has enough well qualified staff to achieve long term organizational performance targets	Totally Agree	14	20	1.886
	Agree	52	74.3	
	Not Sure	2	2.9	
	Disagree	2	2.9	
	Totally Disagree	0	0	

Source: Primary data

Table 14 above shows that the majority of the respondents were in agreement on all the five statements used to measure human resource capacity, and one statement attracted mixed reactions as elaborated below.

The majority 42 (60.0%) of the respondents agreed that LIU has a functional human resource policy, 26 (37.2%) disagreed, and only 2 (2.9%) were not sure. Majority 46 (65.7%) agreed that LIU builds the capacity of its staff members, 22 (31.5%) disagreed, and only 2 (2.9%) were not sure. With majority of respondents in agreement that there was transparent budgeting in the Cocoanut Foundation is a positive sign of orderliness on how resources are attained and utilized. This is a necessary element towards the achievement of efficiency and effectiveness in organizations (Amutabi, 2006).

Majority 54 (77.1%) of the respondents agreed that LIU staff possess the skills relevant for improved performance, while 16 (22.9%) disagreed. Similarly, the majority 56 (80.0%) of the respondents agreed that LIU capacity building is customized to fit organizational performance demands, while 16 (17.2%) disagreed and only 2 (2.9%) were not sure. With majority of the respondents affirming that indeed there was an independent financial department and that staff in that department possessed the relevant financial management skills means that the organization has the potential to attain organizational effectiveness since, according to Horne (1986) one of the key influencers is proper processes and skills.

The majority 66 (94.3%) of the respondents agreed that LIU has enough well qualified staff to achieve long term organizational performance targets, while only 2 (2.9%) disagreed and a similar number were not sure.

Testing Hypothesis Number 2

The researcher proceeded to statistically assess whether human resource capacity has a positive significant influence on performance of SMEs in Uganda. The researcher was guided by the following hypothesis:

Hypothesis: Human resource capital has effect on towards performance in SMEs in Uganda

The hypothesis was preliminary tested at a 95% level of significance (two-tailed) using Pearson's product-moment correlation coefficient, which measured the degree and direction of relationship between human resource capacity and performance. The results are presented in the table below.

Table 15: Correlation matrix human resource capacity and performance

Study variables		Human resource capacity	Performance
Human resource capacity	Pearson Correlation	1	.493*
	Sig. (2-tailed)		.000
	N	70	70
Performance	Pearson Correlation	.493*	1
	Sig. (2-tailed)	.000	
	N	70	70

*. Correlation is significant at the 0.05 level (2-tailed).
Source: generated by SPSS from primary data

Table 15 above shows that there is a moderate positive relationship between human resource capacity and performance, (r= 0.493, N=70). The relationship is statistically significant at 95% confidence level since p-value is less than 0.050 (=0.000).

Regression analysis was further used to establish the extent to which human resource capacity affects performance. The coefficient of determination was used and the results are presented in the table below.

Table 16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.493[a]	.243	.232	.53253

 a. Predictors: (Constant), Human resource capacity
Source: generated by SPSS from primary data

Table 16 above shows that the coefficient of determination (Adjusted R Square) is 0.232. This

implies that human resource capacity accounts for 23.2% of the variance in performance. The other

percentage (76.8%) is catered for by other factors, other than human resource capacity.

To assess the overall significance of the model, analysis of variables (ANOVA) was done and the

results presented in the table below.

Table 17: Analysis of Variables (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	6.192	1	6.192	21.835	.000[b]
1	Residual	19.284	68	.284		
	Total	25.476	69			

 a. Dependent Variable: Performance
 b. Predictors: (Constant), Human resource capacity
Source: generated by SPSS from primary data

In determining whether a model is significant, the decision rule is that the calculated p-value (level

of significance) must be less than or equal to 0.05.   Since the calculated p-value of 0.000 is less

than 0.05, the model was found to be statistically significant (F=21.835,df = 1, p<0.05 (=0.000)).

This means that human resource capacity has a significant influence or effect on performance of

MSEs in Uganda.

Summative on relationship between human resource capacity and performance of SMEs

Research findings established that human resource capacity has a statistically significant relationship with performance of SMEs in Uganda. The findings further affirmed that human resource capacity has a significant influence or effect on performance of SMEs in Uganda. Therefore the hypothesis that stated that Human resource capital has effect on towards performance in SMEs in Uganda was accepted.

4.3.2 To assess of effect of strategic planning practices on performance of SMEs in Uganda

In order to understand the views of the respondents on strategic planning practices, so as to examine whether it has effect on performance of SMEs in Uganda, the researcher used a total of five statements on the questionnaire to which the respondents were required to show their level of agreement or disagreement. The quantitative findings from the 66 questionnaire are presented in the tables below.

Table 18: Views of Respondents on Strategic planning practices

Statements measuring Performance		frequency	Percentage (%)	Mean
LIU has a functional strategic plan	Totally Agree	20	28.6	2.086
	Agree	36	51.4	
	Not Sure	2	2.9	
	Disagree	12	17.1	
	Totally Disagree	0	0	
LIU management engages its team in periodical planning for the organization	Totally Agree	18	25.7	2.229
	Agree	34	48.6	
	Not Sure	2	2.9	
	Disagree	16	22.9	
	Totally Disagree	0	0	
LIU has clearly laid out tasks and performance targets for each of the staff members	Totally Agree	20	28.6	2.257
	Agree	30	42.9	
	Not Sure	2	2.9	
	Disagree	18	25.7	
	Totally Disagree	0	0	
LIU employees are able to perform as expected due to strategic planning	Totally Agree	14	20	2.429
	Agree	32	45.7	
	Not Sure	4	5.7	
	Disagree	20	28.6	
	Totally Disagree	0	0	
LIU bases its day to day organizational decisions based on the strategic plan	Totally Agree	10	14.3	2.457
	Agree	38	54.3	
	Not Sure	2	2.9	
	Disagree	20	28.6	
	Totally Disagree	0	0	

Source: Primary data

Table 18 above shows that the majority of the respondents were in agreement on all the statements

used to measure strategic planning practices as elaborated below.

Majority 56 (80.0%) of respondents agreed that LIU has a functional strategic plan, while 12 (17.1%) disagreed and only 2 (2.9%) were not sure. Majority 52 (74.3%) of respondents agreed that LIU management engages its team in periodical planning for the organization, while 16 (22.9%) disagreed and only 2 (2.9%) were not sure. Similarly, the majority 50 (71.5%) agreed that LIU has clearly laid out tasks and performance targets for each of the staff members, while 18 (25.7%) disagreed and only 2 (2.9%) were not sure.

The majority of the respondents 46 (65.7%) agreed that LIU employees are able to perform as expected due to strategic planning, while 20 (28.6%) disagreed and only 4 (5.7%) were not sure. Similarly, the majority 48 (68.6%) agreed that LIU bases its day to day organizational decisions based on the strategic plan, while 20 (28.6%) disagreed and only 2 (2.9%) were not sure.

4.3.2.1 Testing Hypothesis Number 3

The researcher proceeded to statistically establish whether strategic planning practices has a positive significant effect on performance of SMEs in Uganda. The researcher was guided by the following hypothesis:

Hypothesis: there is a significant relationship between strategic planning and performance in SMEs in Uganda

The hypothesis was preliminarily tested at a 95% level of significance (two-tailed) using Pearson's product-moment correlation coefficient, which measured the degree and direction of relationship between strategic planning practices and performance. The results are presented in the table below.

Table 19: Correlation matrix strategic planning practices and performance

Study variables		Strategic planning practices	Performance
Strategic planning practices	Pearson Correlation	1	.322*
	Sig. (2-tailed)		.006
	N	70	70
Performance	Pearson Correlation	.322*	1
	Sig. (2-tailed)	.006	
	N	70	70

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

Source: generated by SPSS from primary data

Table 19 above shows that there is a weak positive relationship strategic planning practices and performance, (r= 0.3223, N=70). The relationship is statistically significant at 95% confidence level since p-value is less than 0.050 (=0.006).

Further, regression analysis was used to establish the extent to which strategic planning practices affects performance. The coefficient of determination was used and the results are presented in the table below.

Table 20: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.322a	.104	.091	.57941

a. Predictors: (Constant), Strategic planning practices
Source: generated by SPSS from primary data

Table 20 above shows that the coefficient of determination (Adjusted R Square) is 0.091. This implies that strategic planning practices accounts for 9.1% of the variance in performance. The other percentage (90.9%) is catered for by other factors, not strategic planning practices.

To assess the overall significance of the model, analysis of variables (ANOVA) was done and the results presented in the table below.

Table 21: Analysis of Variables (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	2.648	1	2.648	7.886	.006[b]
1	Residual	22.829	68	.336		
	Total	25.476	69			

a. Dependent Variable: Performance
b. Predictors: (Constant), Strategic planning practices
Source: generated by SPSS from primary data

In determining whether a model is significant, the decision rule is that the calculated p-value (level of significance) must be less than or equal to 0.05. Since the calculated p-value of 0.006 is less than 0.05, the model was found to be statistically significant (F=7.886,df = 1, p<0.05 (=0.000)). This means that strategic planning practices has a significant influence or effect on performance of SMEs in Uganda.

Summative on the relationship between strategic planning practices and performance of SMEs.

Research findings established that strategic planning practices has a statistically significant relationship with performance of SMEs in Uganda. The findings further affirmed that strategic planning practices has a significant effect on performance of SMEs in Uganda. Therefore the hypothesis that stated that there is a significant relationship between strategic planning and performance in SMEs in Uganda was accepted.

4.4   Interview Responses

The researcher interviewed four of the six people that were intended for interview focusing on key issues from each of the three objectives of the study. Below are the interview responses per objective.

As far as the first objective of the study is concerned (to establish the effect of the entrepreneurial culture on performance of SMEs in Uganda), respondents were asked about the existence of, and the nature of the abusiness policy in LIU to all the four interviewees confirmed that indeed LIU has a functional business policy which was developed six years ago. The respondents added that the business policy guides especially strategic decision making. Some of the key issues indicated in LIU business policy document include investment capital sources and market development. On the issue of staff competitiveness, most of the respondents, mainly board members confirmed that LIU sources for and hires staff with the most relevant skills, especially in leather tanning, product design, and marketing. It was indicated that LIU periodically refreshes the skills of its staff members especially the machine operators and designers in order to match changes in technology. As far as strategic management is concerned, respondents indicated that senior managers in LIU are sponsored to attend refresher courses on strategic management at the international level where they are exposed to the latest strategic management approaches that ensure competitiveness and productivity.

As far as the second objective is concerned (to assess the effect of human resource capacity on performance of SMEs in Uganda), the researcher engaged respondents on the issues of staff capacity building in LIU. Most of the respondent indicated that indeed LIU has a functional policy for staff capacity building. They also added that in the past five years a total of 37 staff members'

capacity has been developed both through on-job training and off-training. However, the some of the respondents observed that, even the current staff capacity building, LIU still faces some capacity challenges especially concerning operation of modern machines. After getting trained some of the staff members leave the organizations. This, according to the respondents, leaves the organization in a state of continuous training of staff members. LIU has not been able to retain some of its best skilled staff members. This is related to the fact that staff members who leave are looking for better pay, and some are deliberately hired by LIU competitors.

As far as the third objective is concerned (to assess of effect of strategic planning practices on performance of SMEs in Uganda), the researcher engaged respondents on the existence and functionality of an organizational strategy. Most the respondents said that, indeed, LIU has an organizational strategy for the next five years focused on product development, finance and financing, marketing, and human resources. The respondents also added that the current strategic plan which lays out the financial goals, targets, and strategies is based on the organization development strategy. However, as noted by the respondents, the realization of LIU organizational strategy is not a smooth process due to financing, tax, and competition issues. On the overall, the respondents indicated that LIU is on course to achieve its performance targets, in terms of profitability and sustainability.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, discussions, conclusions and recommendations from the research findings guided by the research purpose and objectives. The objectives of the study were as follows: to establish the effect of the entrepreneurial culture on performance of SMEs in Uganda; to assess the effect of human resource capacity on performance of SMEs in Uganda; to assess of effect of strategic planning practices on performance of SMEs in Uganda.

5.1 Summary of Findings

The purpose of the study was to investigate the effect of institutional factors on the performance of SMEs in Uganda focusing on Leather Industries Uganda Ltd as a case. There were three independent variables including; entrepreneurial culture, human resources capacity, and strategic planning practices. Performance was the dependent variable. Data was analysed by use of frequencies, Pearson's product moment correlation coefficient and regression analysis. The findings from the study were based on each of the three objectives as follows.

5.1.1 To establish the effect of the entrepreneurial culture on performance of SMEs in Uganda

The findings indicated that there was a very weak positive relationship between entrepreneurial culture and performance of SMEs in Uganda. The p-value for entrepreneurial culture and performance was greater than 0.050 (=0.852), given r=0.023, the researcher therefore rejected the relationship as statistically significant. Further, findings from regression analysis revealed that entrepreneurial culture does not have a significant effect on performance of SMEs in Uganda

(F=0.035, df = 1, p>0.05 (=0.852)). This implies that under the current situation entrepreneurial culture is not significantly affecting performance of SMEs in Uganda.

5.1.2 To assess the effect of human resource capacity on performance of SMEs in Uganda

The findings indicated that there was a moderate positive relationship between human resource capacity and performance of SMEs in Uganda. The p-value for human resource capacity and performance was less than 0.050 (=0.000), given r=0.493, the researcher therefore accepted the relationship as statistically significant. Further findings from regression analysis revealed that human resource capacity has a significant influence or effect on performance of SMEs in Uganda (F=21.835, df = 1, p<0.05 (=0.000)). This implies that improvement in human resource capacity positively affects performance of SMEs in Uganda. Similarly, decline in human resource capacity negatively affects performance of SMEs in Uganda.

5.1.3 To assess of effect of strategic planning practices on performance of SMEs in Uganda

There was a weak positive relationship between strategic planning practices and performance of SMEs in Uganda. The p-value for strategic planning practices and performance of SMEs in Uganda was less than 0.050 (=0.006), given r=0.322, the researcher therefore accepted the relationship as statistically significant. Further findings from regression analysis revealed that strategic planning practices has a significant influence or effect on performance of SMEs in Uganda (F=7.886,df = 1, p<0.05 (=0.000)). This implies that improvement in strategic planning practices positively affects performance of SMEs in Uganda. Similarly, decline in strategic planning practices negatively affects performance of SMEs in Uganda.

5.2.0 Discussion of findings

In this section a discussion of the findings of the study according to the study is presented based on the objectives.

5.2.1 To establish the effect of the entrepreneurial culture on performance of SMEs in Uganda

Under objective one, the study sought to establish the effect of entrepreneurial culture on performance of SMEs in Uganda. In this study entrepreneurial culture was conceptualized into three dimensions of; creativity, risk management, and accountability. The findings of the study revealed that entrepreneurial culture does not have a significant relationship with performance of SMEs in Uganda. The findings further indicated that entrepreneurial culture does not significantly affect performance of SMEs in Uganda.

Kirzner (1997) notes that taking risks and new products is key to improved performance of SMEs. This is generally an ideal scenario that assumes proper and sound financial management but as clearly evidenced in Uganda where despite a high level of innovativeness, SMEs have still struggled to grow and build reputations, it has become apparently clear that existence of entrepreneurial skills is not determinant to how well SMEs perform in Uganda.

An innovative culture is the key to firm growth, this is pointed out by Song and Parry (1997). Despite the remarkable role innovation plays in SMEs starting out in business, the ability to manage resources such as human, financial is what enables them to grow. It is important to be innovative but better yet to have good resource management and proper planning gets you further in business.

Despite the findings of the study indicating that entrepreneurial culture does not have a significant relationship with performance of SMEs in Uganda, Mullins (2002) insists that culture reflects the

values, beliefs, and norms that characterize an organization as a whole. Values are guiding principles of behaviour for all members in the organization. The author adds that culture is viewed in four perspectives; culture, role culture, task culture and person culture. According this author, power culture depends on a central power source with rays of influence from the central figure throughout the organization; role culture is said to be a bureaucracy, which works by logic and rationality resting on the strengths of strong institutional pillars; task culture is job or task oriented bringing together the right resources and people and utilizes the unifying power of the group; and person culture is where the individual is the central focus and any structure exists to serve the individual within it (Mullins, 2002). The culture within an organisation that is created based on human resource management is what will ultimately promote entrepreneurship throughout the organisation enabling it to be better than the competition.

5.2.2 To assess the effect of human resource capacity on performance of SMEs in Uganda

Under objective two, the study sought to assess the influence of human resource capacity on performance of SMEs in Uganda. In this study human resource capacity was conceptualized mainly into three dimensions namely, skills, competencies, and team work. The findings of the study revealed that human resource capacity has a significant relationship with performance of SMEs in Uganda. The findings further indicated that human resource capacity significantly influences performance of SMEs in Uganda.

In line with the findings of the study that human resource capacity significantly influences performance, Cooper indicates that competent employees possess the necessary knowledge, skills, discipline, information and self-confidence to attain the necessary growth rates at their respective

work places hence leading to high levels institutional performance (Cooper, 1994). In agreement to the above views, Maheran (2009) asserts that high performing companies tend to be those that continually put emphasis on improving employee knowledge through training and regular refresher courses (Maheran, 2009). Such employee skills, and knowledge in most cases translate into customer confidence and trust (Mavridis, 2001). This is largely true, the study has clearly indicated that on top of knowledge, skills, discipline, information and self-confidence, employees that are have the organizational culture imprinted into their daily work activities tend to influence the overall direction of an organization. Like, Mavridis (2001) and Maheran (2009), I am convinced that a workforce with the right skills is totally important to achieve an organisations targets as well provide growth.

However, mere knowledge and skills may not lead to desired performance among enterprises (Bakibinga, 2008). The author further indicates that employees' work situation largely affects their performance and ultimately the performance of the organization as a whole. Poor pay, lack of vital equipment, tools and supplies, heavy workload, struggling to deal with rude or otherwise difficult clients/customers, coping with uncooperative workmates, and being distressed by overly demanding and unfair bosses are the commonest hindrances to performance. She adds that over all limited skilfulness, limited resources, and poor leadership are hindering the realization of desired performance in organizations (Bakibinga, 2008). This is true to a larger extent, but with poor pay, lack of equipment, tools and supplies, this largely ignores the job scarcity in the country and the available jobs that SMEs provide. People are motivated by the available environment so as to keep their jobs and thus when given the right skills will perform at the optimal standard for success.

5.2.3 To assess of effect of strategic planning practices on performance of SMEs in Uganda

Under objective three, the study sought to ascertain the effect of strategic planning practices on performance of SMEs in Uganda. In this study strategic planning practices was conceptualized into three dimensions namely, goals setting, supervision/monitoring, and reporting. The findings of the study revealed that strategic planning practices has a significant relationship with performance of SMEs in Uganda. The findings further indicated that strategic planning practices significantly influences performance of SMEs in Uganda.

In agreement with the findings of the study found that strategic planning practices significantly influences performance of SMEs in Uganda, Bartol (2011) argued that strategic planning among SMEs needs to be focused on formulating business plans, identify markets, hiring skilled workers, and complying with government regulations. For more established SMEs, it may necessitate developing skills in marketing, product development, process improvement, identification and use of new technology, information and communication technologies (ICT), increasing cooperation among staff and promotional internal teamwork, enhancing networking with suppliers, client and other firms, and generally improving adaptability and flexibility to respond to changing market conditions and client needs. The study confirms this, it is without any doubt that SMEs that plan adequately, have risk mitigation strategies thrive during periods of uncertainty due to the safety nets that they have set. I am however, inclined to note that over planning can sometimes mean fail to take sudden risks on hugely viable business ventures that can help an SME in its infancy.

5.3.0 Conclusions
The conclusions are presented objective by objective on findings of each of the dimensions under the independent variable.

5.3.1 To establish the effect of the entrepreneurial culture on performance of SMEs in Uganda

From the findings the researcher concluded that entrepreneurial culture does not have significant effect on performance of SMEs in Uganda. This implies that improvements in entrepreneurial culture, for instance, by running business based on clearly set values and aspirations shall have a significant positive effect on performance of SMEs in Uganda. If management of SMEs in Uganda improves on entrepreneurial culture, for instance, by improving on both financial management and human resources management would contribute to performance of SMEs in Uganda.

5.3.2 To assess the effect of human resource capacity on performance of SMEs in Uganda;

From the findings the study concluded that human resource capacity has a significant effect on performance of SMEs in Uganda. This implies that improvements in human resource capacity, specifically; training, provision of tools, and motivation shall have a significant positive effect on performance of SMEs in Uganda. If management of SMEs in Uganda improve on human resource capacity, for example, by refining training employees would increase performance of SMEs in Uganda.

5.3.3 To assess of effect of strategic planning practices on performance of SMEs in Uganda

From the findings the study concluded that strategic planning practices has a significant effect on performance of SMEs in Uganda. This implies that improvements in strategic planning practices such as making and sticking to budgets, conducting risk assessment, and selling moving products and services shall have a significant positive effect on performance of SMEs in Uganda.

Management of SMEs in Uganda need to improve on strategic planning practices, for instance, by designing feasible plans. This is most likely to increase performance of SMEs in Uganda.

5.4.0 Recommendations
The conclusions drawn in the previous sections of this study provided a basis for recommendations according to the study objectives.

5.4.1 To establish the effect of the entrepreneurial culture on performance of SMEs in Uganda

Leaders in SMEs should relevantly orient their staff and other stakeholders on entrepreneurial culture. This is largely important so as to enable all stakeholders come up with innovative products as well as cost cutting mechanisms that can enable an organisation improve its profitability and sustainability. This in turn will positively affect its performance.

Proprietors in SMEs should invest in seeking advice on growing businesses based on values and principles. This is largely due to the fact that every company that is built to thrive should have a clear vision of where it is and where it is headed. The business should have all the available information as it seeks new opportunities.

5.4.2 To assess the effect of human resource capacity on performance of SMEs in Uganda

SMEs should invest in capacity building to empower their staff with relevant skills on financial planning and records keeping. Financial planning is critical in order to have a firm standing. This enables a company have resources available for investment as well as to meet a wide range of potential risks when they arise. Record Keeping through having proper ledger books to record all

transactions enables proper resource utilisation thus promoting accountability which is key to success of SMEs.

SMEs should invest in setting up functional financial systems in their organizations to help improve financial management. A financial system that clearly identifies sources of revenue as well as areas where that revenue is being spent is important in order to keep day to day track of company resources which influence its performance when well utilized.

5.4.3 To assess of effect of strategic planning practices on performance of SMEs in Uganda

SMEs should also include on their staff appraisals an evaluation of how each staff member contributes to the success of the organization. Routine appraisal countered with assessing the role each employee contributes to the final output of an SME is important so as to find an optimal level at which employees should be motivated to perform at so as to help improve performance of an organisation.

5.5 Areas for further research

Further research is recommended in the following areas

- The influence of SME policy on the performance of SMEs in Uganda. This is through determining if the current available policy that is drafted and being implemented has been a key factor in the current poor performance of most SMEs in the country.
- Financial management and performance of SMEs in Uganda. This is in order to determine whether poor financial management has been a major player in poor performance of the vast amount of SMEs that do not make it past their first birthday and most certainly never make a second year in operation as they wind down due to poor financial health.

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Appendix 1: **QUESTIONNAIRE**

SECTION A: *Personal Data (circle or tick only as appropriate to you)*

1. Gender   a) Male   b) Female

2. Age   a) 21 - 30 years   b) 31 – 40 years   c) 41 – 50 years   d) 51 – 60 years

3. Your Relationship with LIU: a) Staff   b) Director   ) Board member

4. Years of relationship with LIU   a) 1-3 years   b) 4-6 years   c) 7 years and above

5. Education Level: a) Diploma   b) First Degree   c) Master's Degree   d) PhD

SECTION B:

Totally Agree	Agree	Not Sure	Disagree	Totally Disagree
1	2	3	4	5

Using the scale above, please tick the box you think is most appropriate according to you

ENTREPRENEURIAL CULTURE AND PERFORMANCE IN LIU

S/N	Parameters	1	2	3	4	5
6	LIU has a functional entrepreneurial policy					
7	LIU organizational values are in line with entrepreneurship					
8	LIU employs people that are entrepreneurial and competitive					
9	LIU has a highly skilled team for better performance					
10	LIU entrepreneurial culture has led to better performance					

HUMAN RESOURCE CAPITAL ON PERFORMANCE IN LIU

S/N	Parameters	1	2	3	4	5

S/N	Parameters	1	2	3	4	5
11	LIU has a functional human resource policy					
12	LIU builds the capacity of its staff members					
13	LIU staff possess the skills relevant for improved performance					
14	LIU capacity building is customized to fit organizational performance demands.					
15	LIU has enough well qualified staff to achieve long term organizational performance targets.					

STRATEGIC PLANNING PRACTICES ON PERFORMANCE IN LIU

S/N	Parameters	1	2	3	4	5
16	LIU has a functional strategic plan					
17	LIU management engages its team in periodical planning for the organization					
18	LIU has clearly laid out tasks and performance targets for each of the staff members.					
19	LIU employees are able to perform as expected due to strategic planning.					
20	LIU bases its day to day organizational decisions based on the strategic plan.					