

The Effect Of Communication Skills On The Entrepreneurial Performance Of Small-Scale Enterprises In Kyengera Town Council.

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Abstract

The study aimed at the effect of communication skills on the entrepreneurial performance of small-scale enterprises in Kyengera town council. This methodology was deemed most appropriate as it facilitated gathering both numeric and narrative data to offer a holistic understanding of the complex relationship between soft skills and business outcomes. For the quantitative component, a cross-sectional survey was conducted targeting all formally registered small business owners operating in Kyengera Town Council who had been in operation for at least two years. Using records from the local business registry, a sampling frame of 320 eligible enterprises was established from various sectors including retail, services, Agro-processing and manufacturing. From the findings, the correlation between Communication skills and the performance of Small-scale enterprises was $(r) = 0.650$. This implied that there was a high positive relationship between the two variables since the p-value was 0.000 which was less than 0.01 ($p < 0.01$). This implied that a positive change in Communication skills results in a corresponding positive change in the performance of small-scale in Kyengera Town Council. and vice versa. To be effective in cross-cultural organizational settings, managers and employees need to be alert to the needs, orientations, values and aspirations of other people. Managers and employees should also be tolerant and critical to listen and observe, sensitively, and nonjudgmentally to one. The effective communication approach especially between foreign managers and the Ugandan co-worker is face-to-face conversation. This conversation when done several times can build familiarity and trust among others.

Key words: Communication Skills, Entrepreneurial Performance and Small-Scale Enterprises

Background of the study

(T. Christopher, 2022) defined communication as a purposeful exchange of meaningful information between two parties. He hypothesized that it is a process of transmitting and sharing ideas, opinions, facts and information in a sender-to-receiver manner through the use of symbols. According to management theories, communication is not one of the functions of management because it is not a separate step in the management process and also because it permeates and facilitates it (F. Christopher, Komunda, et al., 2022). This means that in order to carry out planning, the manager needs communication to facilitate it.

(Ramadhan et al., 2023) points out the importance of communication in business management, which can be illustrated by comparing it to the veins in the human body that transport blood and oxygen to all parts of the body. Without veins, the body would not function and the person would die. In the same sense, communication is very important in any organization because it is the only means by which employees in the organization send and receive information in order to fulfill their assigned duties and responsibilities (F. Christopher, Moses, Muhindo, & Muhammad, 2022).

It is a pervasive activity without which the

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organization cannot perform its functions. It connects people and parts of the organizational structure through the organizational process (Ronet et al., 2023). (Ntirandekura et al., 2022) pointed out that employees need several levels of primary level communication to understand and internalize their work information about related departments and work. Business will be affected by the lack of basic information about the work environment, safety regulations and unions and if such information exists (Akran, 2009). According to (F. Christopher, Komunda, et al., 2022) in addition to reading and writing presentations, reports and speeches in the context of business management. According to Terry (2003), it is crucial to develop communication skills in business operations and most business managers do not feel confident in presentations, but expressive skills help to successfully communicate their views to clients (audiences) through conveying feelings and thoughts. (Ntirandekura & Alex, 2022) noted that good verbal and non-verbal skills are important in business management. It is these visions that focus and solidify all the activities that the teams carry out. If one fails to communicate effectively, there is a problem that the message will be misinterpreted or misdelivered (F. Christopher, Komunda, et al., 2022). Good communication skills are important in today's highly informational and technological environment (F. Christopher, Moses, Muhindo, & Nturanabo, 2022). This is in line with Arrington (2016) who noted in a literature review that good communication skills

Problem statement

Entrepreneurship plays a key role in socio-economic growth worldwide by accelerating innovation, employment and poverty reduction (Acs et al., 2014; Fatoki, 2014). Small and medium-sized enterprises (SMEs) contribute

create scope for performance. Communication plays a vital role in creating understanding and exciting interest and desire to purchase a product/service (Low, 2005). It contributes to trademark parity by creating trademark images and embedding the brand in the consumer's memory (Nelson, Christopher, Teddy et al., 2022). Low, 2005 noted that print media, outdoor advertising, hidden advertising and surrogate advertising are used by SSE which are transmitted to inform buyers through communication. According to Warner (1996), by handling and transferring data established by companies more efficiently than their competitors, they increase their competitive advantage and thereby improve their performance (F. Christopher, Moses, Muhindo, & Muhammad, 2022). He further acknowledges that no one is perfect, but we all have skills that we can build on and improve to do our best in life, and most of these are communication skills. In addition to being a quick and decisive thinker, the perfect negotiator is also an excellent communicator and works hard to improve the necessary skills (Scheming & Mason, 2013). Taylor (1999) in agreement with (Moses et al., 2022) argues that skills should be accompanied by listening skills because listening is the primary skill in business communication so there is no need for someone to talk while no one listens. . Oral communication should be practiced and taken as important as speaking and it is well known that the consequences of careless listening affect business performance (Taylor S., 1999).

significantly to this, representing more than 90% of businesses worldwide and up to 50% of employment in some regions (Oromo et al., 2023). In low-income countries like Uganda, the informal sector, dominated by micro-enterprises, is a lifeline that provides livelihoods for millions of people (Paul & Kazaara, 2023). However, these local businesses face operational challenges that prevent them from fully optimizing their economic potential (Henneke, 2019). Effective communication skills are key to entrepreneurial success (Wegulo et al., 2023). They facilitate the identification of market opportunities, networking for acquiring knowledge and resources, as well as negotiation and persuasive skills vital in business relations, sales and marketing (Parker, 2020; Jasra et al., 2021). Despite this recognized importance, gaps in technical and “soft” skills limit performance and growth among micro-firms (Emeka-Nwokeji, 2020). Kyengera Town Council near Kampala, Uganda, like many informal centers of the sector, has seen the growth of small businesses over the past decade (Kyengera Town Council, 2019). However, a key challenge is poor communication competence (Nasser et al., 2022). Studies correlate communication skills with SME outcomes, including survival, profitability, export success and job creation (Turyatamba et al., 2022). However, little research has examined this relationship in the context of developing countries, focusing on microenterprises, which represent the majority of entrepreneurial activity and livelihoods, particularly in semi-urban communities with acute socioeconomic needs (Polycarp et al., 2023). This knowledge gap undermines the design and impact of support programs aimed at building skills and capabilities among grassroots entrepreneurs. This study therefore investigated the effect of communication skills on the performance of small businesses in Kyengera Town Council.

Methodology

To achieve the stated research objectives and investigate the effect of communication skills on entrepreneurial performance, the researcher employed a mixed methods research design incorporating both quantitative and qualitative approaches. This methodology was deemed most appropriate as it facilitated gathering both numeric and narrative data to offer a holistic understanding of the complex relationship between soft skills and business outcomes. For the quantitative component, a cross-sectional survey was conducted targeting all formally registered small business owners operating in Kyengera Town Council who had been in operation for at least two years. Using records from the local business registry, a sampling frame of 320 eligible enterprises was established from various sectors including retail, services, Agro-processing and manufacturing. Through simple random sampling, 160 businesses were selected to receive structured questionnaires. Primary data was collected utilizing self-administered questionnaires containing both closed-ended and open-ended items focusing on: background characteristics of business owners such as education level, gender and age; communication skills proficiency through measures like written/oral competency, negotiating aptitude and relationship-building abilities; entrepreneurial performance encompassing sales figures, profitability, employment growth over the past three years. The pre-tested questionnaires were distributed through personal visits between October and December 2021, resulting in a response rate of 87.5% as 140 questionnaires were received. For the qualitative component, in-depth interviews were conducted with 20 purposefully selected business owners achieving above average performance to explore their experiences. Additionally, 8 focus group discussions

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involving community leaders and local government officials were carried out to gain contextual perspectives. All interviews and discussions were audio-recorded with participants' consent, then transcribed verbatim. The analyzed quantitative data involved descriptive statistics computation and inferential analysis using Pearson's correlation and multiple regression modeling to determine relationships while controlling for confounding variables. Qualitative data underwent thematic content analysis where codes and patterns were identified to draw meaningful interpretations. Data was analyzed in form of tables, frequencies and percentages using SPSS & STATA (Nelson, Christopher, & Milton, 2022)

Results

Table 1: Correlation between Communication skills and Performance of Small-scale enterprises

		Communication skills	Performance of Small-scale enterprises
Communication skills	Pearson Correlation	1	.650**
	Sig. (2-tailed)		.000
	N	120	120
Performance of Small-scale enterprises	Pearson Correlation	.650**	1
	Sig. (2-tailed)	.000	
	N	120	120
**. Correlation is significant at the 0.01 level (2-tailed).			

Source; Primary Data, 2022

Results in table 1 above show the relationship between Communication skills (independent Variable) and the performance of small-scale enterprises (Dependent variable). It shows that through bivariate means, the correlation between Communication skills and the performance of Small-scale enterprises is $(r) = 0.650$ (Nelson et al., 2023). This implies that there is a high positive relationship between the two variables since the p-value is 0.000 which is less than 0.01 ($p < 0.01$). This implies that a positive change in Communication skills results in a corresponding positive change in the performance of small-scale in Kyengera Town Council. and vice versa. Therefore, the null hypothesis, which stated that "There is a no relationship between Communication skills and performance of Small-scale enterprises", was rejected and the Alternative hypothesis which stated that, "There is a relationship between Communication skills and performance of Small-scale enterprises in Kyengera Town Council" was accepted.

Table 2: Model summary for Communication skills and Performance of Small-scale enterprises

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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1	.650 ^a	.423	.418	.30010
a. Predictors: (Constant), Communication skills				

Source; Primary Data, 2022

The Regression results as presented in table 2 above show the adjusted R square value of 0.418, which implies that Communication skills only contribute 41.8% towards the performance of the Small-scale enterprises in Kyengera Town Council, the remaining 58.2% of the performance of Small-scale enterprises being explained by other factors which need to be investigated. This generally shows that there is a relationship between Communication skills and the performance of small-scale enterprises s in Kyengera Town Council.

Table 3: ANOVA values for Communication skills and Performance of Small-scale enterprises

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.789	1	7.789	86.479	.000 ^b
	Residual	10.627	118	.090		
	Total	18.416	119			
a. Dependent Variable: Performance of Small-scale enterprises						
b. Predictors: (Constant), Communication skills						

Source; Primary Data, 2022

Results of the study in table 3 above indicate that the regression model predicts the dependent variable significantly well. There is a statistical significance of the regression model indicated by 86.479 and Sig =0.000 which is less than 0.05. This is also supported by the regression mean square value of 7.789 compared to the residual mean square of 0.090 which is significant to zero. This, therefore, confirms that, there is a relationship between Communication skills and performance of small-scale enterprises s in Kyengera Town Council (Moses et al., 2022).

Table 4: Coefficients of Communication skills and Performance of Small-scale enterprises

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.582	.255		6.204	.000
	Communication skills	.616	.066	.650	9.299	.000
a. Dependent Variable: Performance of Small-scale enterprises						

Results from table 4 give t values and Beta. The t-values test the hypothesis that the coefficient is different from 0. To reject this, you need a t-value greater than 1.96 (for 95% confidence). The t-value for Communication skills is 9.299 which is greater than 1.96. This implies Communication skills affect the performance of small-scale enterprises s in Kyengera Town Council considering a significant factor (Sig =0.000) (Nelson et al., 2023). Also, the standardized

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beta coefficients of 0.650 imply that one unit increase in performance of Small-scale enterprises is caused by 0.650 units increase in Communication skills based on the equation $Y = \beta x + C$ where Y = Performance of Small-scale enterprises (Dependent variable), x = Communication skills (Independent variable, $\beta = 0.650$ and C = constant). This, therefore, means that there is a statistical relationship between Communication skills and business performance. This finding concurs with Lusardi and Mitchell (2007), findings which revealed that good Communication skills lead to competitiveness in a globalized economy.

Conclusion

Findings of the study indicated that management of small-scale businesses frequently initiate open communication with employees which facilitates easy sharing of information in business hence business growth and productivity. Timbamweda (2010) defined communication as a purposeful exchange of meaningful information between two parties. He argued that it's a process of conveying and sharing ideas, opinions, facts and information in manner from the sender to the receiver of the message through the use of symbols.

The findings of the study further more revealed that there is a steady flow of information within the business (manager to employees) which facilitates business growth and productivity. This finding is in line with Wool (2003), who pointed out that several levels of communication at primary level are needed by employees in order to understand and internalize their work information about related department and work. In addition, the findings of the study revealed that in SMEs in Kyengera Town Council, there is a steady flow of information between businesses and outsiders e.g., clients, suppliers, etc. According to Terry (2003) it is key to develop communication skills in business operations and most of business managers do not feel confident to make presentations yet expressive skills help to communicate their points to clients (listeners) successfully through conveying feelings and thoughts.

The results of the study show that through bivariate means, the correlation between Communication skills and the performance of Small-scale enterprises is $(r) = 0.650$. This implies that there is a high positive relationship between the two variables since the p-value is 0.000 which is less than 0.01 ($p < 0.01$). This implies that a positive change in Communication skills results in a corresponding positive change in the performance of small-scale in Kyengera Town Council therefore, it means that there is a statistical relationship between Communication skills and business performance. This finding concurs with Lusardi and Mitchell (2007), findings which revealed that good Communication skills lead to competitiveness in a globalized economy.

Recommendation

To be effective in cross-cultural organizational settings, managers and employees need to be alert to the needs, orientations, values and aspirations of other people. Managers and employees should also be tolerant and critical to listen and observe, sensitively, and nonjudgmentally to one. The effective communication approach especially between foreign managers and the Ugandan co-worker is face-to-face conversation. This conversation when done several times can build familiarity and trust among others.

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

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