

The Effect Of Technical Skills On The Entrepreneurial Performance Of Small-Scale Enterprises In Kyengera

Town Council

Nayebare Jollet

Metropolitan International University

Abstract

The study aimed at the effect of technical skills on the entrepreneurial performance of small-scale enterprises in Kyengera town council. The target population for the study included 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, the researcher was able to identify a sampling frame of 300 eligible enterprises across diverse sectors including agro-processing, garment production, furniture making and retail services. Using simple random sampling techniques involving a computerized number generator, 150 enterprises were selected and systematically contacted for participation in the study between September and December 2020. The findings shown that through bivariate means, the correlation between financial and business performance was $(r) = 0.453$. This implied that there was a weak positive relationship between the two variables since the significant value is 0.000 which was less than 0.05 ($p < 0.05$). The Ministry of Education and Sports (MOES) and the National Council for Higher Education (NCHE) should promote entrepreneurial skills in universities and other training institutions. This study found more certificate entrepreneurs and diploma holders; therefore, introducing entrepreneurial skills in training courses will go a long way in boosting the performance of these entrepreneurs.

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

Background of the study

Technical skills refer to a person's ability to understand skills in a certain type of activity (Annet et al., 2023), especially one that involves methods, processes, procedures or techniques; it includes specialized knowledge, analytical skills within that specialization, and the ability to use the tools and techniques of a particular discipline (Polycarp et al., 2023). Technical skills can also affect the business in terms of how a manager handles other technical matters such as marketing, record keeping and legal aspects of the business. For example, (Oscar et al., 2023) showed that Nelson Company's effective marketing strategy increased its sales, profitability and competitiveness in the late 1970s (Polycarp et al., 2023). Proper

management of the marketing aspect helps improve product quality and increase customer satisfaction, culminating in increased sales and profits (Price & Ferrell, 2005). (Damasus et al., 2023) found that managers who properly managed their marketing were more successful than those who did not. His findings showed that only 29% of a sample of 123 self-employed technicians in Kampala had solid marketing arrangements and 58% of them were more successful. Another cause of failure he identified was poor pricing. Ligthelm and Cant (2002) also found that inappropriate pricing negatively affects business performance (Collins et al., 2023).

Received: 20.01.2024

Accepted: 25.01.2024

Published on: 31.01.2024

Mezher et al. (2008) was a report whose interest was, among other things, to reveal the internal factors explaining success and failure among small managers in Lebanon. Their findings showed that poor product quality is among the most important failure factors. As found by Price & Ferrell (2005), product quality is a prerequisite for managers to enter the market, which is a crucial aspect of marketing (Damasus et al., 2023). Consistent with the above findings, Nieuwenhuizen & Kroon (2003) agreed with Rogerson (2000a) that technical knowledge is a key factor influencing successful business performance. In addition, Cornwall & Naughton (2003) confirmed that managers who are incompetent in technical skills cannot be successful because they cannot create superior products.

(Nelson, Christopher, Teddy, et al., 2022) investigated the effect of customer focus strategy on the performance of SMEs in Kenya. The study was a cross-sectional survey with a descriptive research design. The study considered all 181 deposit-taking SMEs in Kenya that have been operating for more than 5 years. The study was based on both primary and secondary data, with descriptive statistics and multiple regression equations used in presenting the study results (Turyatamba et al., 2022). The findings of the study indicated that there is a positive correlation between customer-centric strategy and SME performance. (Richard et al., 2022) found that SMEs have implemented risk management policies and procedures that include a policy of diversifying investments across different sectors, ensuring good corporate governance, complying with internal financial guidelines and creating a risk management

committee. The study found that SMEs consider effective technical skills to be a predictor of operational efficiency and institutional performance. For effective management and control of SMEs, the board of directors, financial manager and executive management must participate in the formulation of loan portfolio policies to enhance the financial performance of SMEs (Polycarp et al., 2023).

(Gracious, 2023) studied the effect of technical management effectiveness on the financial performance of savings and loan companies in Kenya. The study used an explanatory research design that used both primary and secondary sources of data. The study used multiple regression models to estimate the association between the independent and dependent variables. The findings showed that the effectiveness of technical management did not have a significant effect on the financial performance of SMEs (Christopher, Komunda, et al., 2022). Other studies have shown that the success of a business depends a lot on its records management (Winny et al., 2023). Proper record keeping helps a manager or founder monitor the health of the business, make critical decisions, manage cash flow, and show the financial position of the business to creditors, which can act as a tool to obtain financial support from fund providers and other financial institutions. Bekele & Worku (2008) found that failure to demonstrate standard accounting, auditing and record keeping accounted for 54% of failures in micro and small enterprises in Ethiopia.

Levi et al (2010) conducted a research study on factors affecting the growth of SMEs in Kwazulu-Natal, South Africa, a cross-sectional study was conducted

among all SMEs registered with the Durban Chamber of Commerce and the results revealed that there is a positive relationship between technical skills and the growth of small and medium enterprises (Christopher, Komunda, et al., 2022). They stated that when business owner-managers have a basic understanding of the technical processes of business, financial planning becomes easy (Polycarp et al., 2023).

However, it was found that most of the SMEs faced challenges in terms of growth as it was due to the competencies in conducting business operations and incorporating technological changes to achieve growth, hence the need for SMEs to realize the complexity of the business world in terms of business management processes to achieve growth.

Problem statement

SMEs are recognized as the main drivers of economic growth, innovation and employment in both developed and developing countries around the world (W. Paul & Kazaara, 2023). In particular, small businesses in the informal sector play a key role in alleviating poverty and accelerating development at the local level in communities across sub-Saharan Africa through the provision of goods and services as well as employment opportunities for many residents (W. Paul & Kazaara, 2023). However, the contribution and sustainability of these microenterprises remains limited by various challenges, including gaps in technical know-how and skills needed to effectively manage operations, identify market needs, and seize new opportunities (K. Paul et al., 2023).

Over the past two decades, Uganda has witnessed a significant increase in the number of small businesses operating in both rural and semi-urban areas, which account for over 80% of the industrial sector and employ a substantial portion of the population (International Finance Corporation, 2016 Kasekende & Opondo, 2003). Located approximately 15 km south of Kampala, Kyengera Town Council has experienced rapid urbanization due to the expansion of small agricultural, commercial, construction and service businesses that cater primarily to the local community (Kyengera Town Council, 2019).

Main Objectives

To determine the effect of technical skills on the entrepreneurial performance of small-scale enterprises in Kyengera town council.

Methodology

In order to achieve the stated research objectives and examine the effect of technical skills on entrepreneurial performance of small enterprises in Kyengera Town Council, the researcher employed a quantitative research design incorporating cross-sectional survey methods for data collection and analysis. This approach was most suitable as it facilitated gathering standardized data across a large sample of businesses at a single point in time to enable statistical analysis of associations and influence of variables. The target population for the study included 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, the researcher was able to identify a sampling frame of 300 eligible enterprises across diverse sectors including agro-processing, garment production, furniture making and retail services. Using

simple random sampling techniques involving a computerized number generator, 150 enterprises were selected and systematically contacted for participation in the study between September and December 2020. Primary data collection was conducted through structured self-administered questionnaires containing both open-ended and closed-ended items. The questionnaires were pre-tested and refined prior to distribution to ensure clarity and validity of elicited data. Variables of interest focused on two broad areas: entrepreneurial performance encompassing measures like annual sales, asset growth rates and employment levels; and individual technical skills including education background, vocational training undertaken, relevance of skills applied as well as utilization of technical support facilities. Additionally, copies of financial statements and business registration documents were examined to triangulate self-reported performance data. Out of the 150 questionnaires administered through personal visits and later collection, a total of 125 completed questionnaires were received translating to an 83% response rate. This satisfactory response exceeded the minimum sample size determined using Cochran's formula. The quantitative data collected was captured, cleaned and analyzed using the Statistical Package for Social Sciences (SPSS) (Nelson, Christopher, & Milton, 2022). Descriptive statistics like frequencies, percentages, means and standard deviations were generated for all variables. Further inferential analysis involving computation of Pearson's correlation coefficients and multiple regression modeling determined the nature and strength of relationships between technical skills and entrepreneurial performance indicators when controlling for additional factors.

Results

Table 1: Correlation between technical skills and performance of small-scale enterprises

		Technical skills	Performance of Small-scale enterprises
Technical skills	Pearson Correlation	1	.453**
	Sig. (2-tailed)		.000
	N	120	120
Performance of Small-scale enterprises	Pearson Correlation	.453**	1
	Sig. (2-tailed)	.000	
	N	120	120
**. Correlation is significant at the 0.01 level (2-tailed).			

Source; Primary Data, 2022

Findings of the study in table 1 above show the relationship between technical skills (independent variable) and the performance of Small-scale enterprises (dependent variable). It shows that through bivariate means, the correlation between financial and business performance is $(r) = 0.453$. This implies that there is a weak positive relationship between the two variables since the significant value is 0.000 which is less than 0.05 ($p < 0.05$) (Nelson et al., 2023). Therefore, the null hypothesis, which stated that "There is a no relationship between Technical skills behavior and performance of Small-scale enterprises", was rejected and the Alternative hypothesis which stated that, "There is a

Received: 20.01.2024

Accepted: 25.01.2024

Published on: 31.01.2024

relationship between Technical skills and performance of Small-scale enterprises in Kyengera Town Council.” was accepted.

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

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.453 ^a	.205	.198	.35227
a. Predictors: (Constant), Technical skills				

Source; Primary data, 2022

The Regression results as presented in table 2 above show the adjusted R square value of 0.198, it implies that technical skills only contribute 19.8% towards the performance of small-scale enterprises s in Kyengera Town Council. The remaining 80.2% of the performance of Small-scale enterprises is influenced by other factors. This shows that there is a relationship between technical skills and performance of Small-scale enterprises in Kyengera Town Council. .

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

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.772	1	3.772	30.399	.000 ^b
	Residual	14.643	118	.124		
	Total	18.416	119			
a. Dependent Variable: Performance of Small-scale enterprises						
b. Predictors: (Constant), Technical skills						

Source; Primary Data, 2022

Results of the study in the 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 F= 30.399 and Sig =0.000 which is less than 0.05. This is also supported by the regression mean square value of 3.772 compared to the residual mean square of 0.124 which is significant to zero. This thus confirms that, there is a relationship between technical skills and the performance of Small-scale enterprises in Kyengera Town Council (Christopher, Moses, Muhindo, & Muhammad, 2022).

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.471	.268		9.215	.000
	Technical skills	.402	.073	.453	5.514	.000
a. Dependent Variable: Performance of Small-scale enterprises						

Received: 20.01.2024

Accepted: 25.01.2024

Published on: 31.01.2024

Source; Primary Data, 2022

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 technical skills is 5.514 which is greater than 1.96. These implied technical skills influence the performance of Small-scale enterprises in Kyengera Town Council considering a significant factor (Sig =0.000). Also, the standardized beta coefficients of 0.453 imply that one unit increase in performance of Small-scale enterprises is caused by 0.453 units increase in technical skills based on the equation $Y=\beta x + C$ where Y= performance of Small-scale enterprises (Dependent variable), x = Technical skills (Independent variable, $\beta = 0.453$ and C= constant. This, therefore, means that there is a statistical relationship between technical skills and the performance of small-scale enterprises s in Kyengera Town Council.

Conclusion

The results of the study revealed that there is a low significant relationship between technical management skills and performance of Small-scale enterprises in Kyengera Town Council ($r=0.453$ and $\text{sig}=0.000$), it can be concluded that technical management skill is an influential factor of performance of Small-scale enterprises in Kyengera Town Council.

Recommendation

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

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

References

- Allan, K., Charles, N., Moses, N., Kazaara, A. G., & Nelson, K. (2023). *The Effect of Operation Wealth Creation on Youth Farmers Development : A Case Study of Labongo Layamo Sub County , Kitgum District*. 7(2), 50–63.
- Annet, N., Andrew, N., Kazaara, A. G., Christopher, F., & Moses, N. (2023). *Impact of Budgeting On the Profitability of a Manufacturing Company , a Case Study of Harris International*. 7(2), 112–126.
- Christopher, F., Komunda, T. R., & Milton, N. (2022). *The Impact of Supervision on the Quality-Of-Service Delivery at Kirima Community Secondary School in Kanungu District , South Western Uganda*. 6(5), 157–162.
- Christopher, F., Moses, N., Muhindo, M. E., & Komunda, T. R. (2022). Employee Training and Organizational Performance: A Case Study of African College of Commerce and Technology in Kabale District, South Western Uganda. *International Journal of Academic Pedagogical Research*, 6(5), 1–7.

Christopher, F., Moses, N., Muhindo, M. E., & Muhammad, M. (2022). *Rewards and Employee Performance in an Organization : A Case Study of African College of Commerce and Technology in South Western Uganda*. 6(4), 414–428.

Collins, A., Kazaara, A. G., & Kazaara, A. I. (2023). *Agricultural Loans and Farmer ' s Livelihood in Uganda a Case Study of Nyakayojo Sub County in Mbarara District*. 7(3), 40–46.

Damasus, M., William, O. J., & Sarah, A. (2023). *IMPACT OF SOCIAL MEDIA MARKETING ON THE BUSINESS PERFORMANCE A CASE*. 2(4), 203–212.

Godfrey, W., Silvia, N., Kazaara, A. G., Nelson, K., Christopher, F., Deus, T., Micheal, T., & Catherine, M. (2023). *The Effect Of Teacher ' s Instructional Methods On The Learners Academic Performance In Mathematics Subject In Secondary Schools , A Case Study Of Buwesswa Secondary School In Manafwa District*. 7(2), 100–107.

Gracious, A. (2023). *The Effects Of Electronic Banking On Customer Service Delivery , A Case Study Of Cairo Bank Uganda , Nakasero*. 7(2), 80–87.

Nelson, K., Christopher, F., & Milton, N. (2022). *Teach Yourself Spss and Stata*. 6(7), 84–122.

Nelson, K., Christopher, F., Teddy, A., & Alex, A. (2022). *Customer Care and Sales Volume of Miami Hotel in Kabale District , South Western Uganda*. 6(6), 26–33.

Nelson, K., Kazaara, A. G., & Kazaara, A. I. (2023). *Teach Yourself E-Views*. 7(3), 124–145.

Ntirandekura, M., Friday, C., & Muhammad, M. (2022). *Rewards and Staff Retention in Public Sector in Uganda: An Empirical Study from Kabale District Local Government*. *International Journal of Academic Management Science Research*, 6(7), 165–170.

Oscar, O., Kazaara, A. G., Kazaara, A. I., & Micheal, T. (2023). *Impacts of Farmer ' s Cooperative Societies in Marketing of Agricultural Produce . A Case Study of Loro Sub County , Oyam District*. 7(3), 272–278.

Paul, K., Alex, I., Kazaara, A. G., & Kazaara, A. I. (2023). *Corruption and Public Finance Management A Case Study Of Wakiso District*. 7(3), 298–306.

Paul, W., & Kazaara, A. G. (2023). *Assessing How Employee Job Rotation Affects Workers Productivity In Organizations . A Case Study of Action against Hunger , Kiryandongo District .* 7(3), 168–173.

Polycarp, K., Kazaara, A. G., Kazaara, A. I., Prudence, K., & Nicholas, K. (2023). *The effect of loan defaults on profitability of financial institutions in Uganda : a case study of post bank , Anaka branch , Nwoya district*. 7(3), 172–178.

Richard, A., B, P. I. A., & T, S. S. G. (2022). *Students ' Health Behavior and Course Completion in Public and Private Universities in Uganda*. 6(4), 354–360.

Turyatamba, C., Nelson, K., Prudence, K., & Ntirandekura, M. (2022). *The Effect of Product Quality on Competitiveness of Small Medium-Sized Enterprises (SMES) In South Western Uganda ; Reflection on Kayonza Growers Tea Factory , In Kanungu District .* 6(12), 152–159.

Winny, N. D., Kazaara, A. G., Kazaara, A. I., & Deus, T. (2023). *Effect Of Motivation On Employee*

Performance In Non- Government Organizations (NGOS): A Case Of Mbale City. 7(3), 67–71.