

**BUSINESS MODEL INNOVATION AND PERFORMANCE OF MICRO, SMALL,
AND MEDIUM-SIZED ENTERPRISES IN NAKAWA DIVISION, KAMPALA
CAPITAL CITY AUTHORITY**

BY

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DECLARATION

I **Moses Eriyau**, affirm that this report is my original research write-up, not including the recognized works of the cited authors in the reference section; consequently, this academic work has never been presented anywhere else for academic qualification award or any other purpose.

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APPROVAL

This is to affirm that the report hereby presented was done with the guidance and supervision of the undersigned after careful scrutiny that it meets the set requirements for a candidate to submit a dissertation.

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DEDICATION

Let me bestow the works in this report to my dear mother Ms. Mary Amenyó and my dear Aunt Ms. Phoebe Atungo, my dear sister Ms. Sarah Asimo and her husband Mr. Chad Silas Akita, my best friend Ms. Faridah Sebbowa as well as my colleagues in this academic journey Mr. Frank Ssewanyana, Mr. Frederick Ssekanjako and Mr. Daniel Mutyaba and everyone for the guidance and encouragements throughout this academic journey.

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LIST OF ABBREVIATIONS

BMI	Business Model Innovation
DV	Dependent Variable
FSMEU	Federation of Small and Medium Enterprises
GDP	Gross Domestic Product
IV	Independent Variable
MoFPED	Ministry of Finance, Planning, and Economic Development
MSME	Micro, Small, and Medium - Sized Enterprises
PSFU	Public Sector Foundation Uganda
RBV	Resource-based view
UBOS	Uganda Bureau of Statistics
UIA	Uganda Investment Authority
URA	Uganda Revenue Authority

ABSTRACT

Due to evolving business models in the digital economy, how value is provided is also changing quickly. This study focused on investigating the effect of business model innovation on the performance of MSMEs. It was guided by three specific objectives that included; (i) to examine the effect of value proposition on performance, to assess the effect of value creation on performance, and to establish the effect of e-business on the performance of MSMEs. The study adopted a cross-sectional survey design and applied both qualitative and quantitative approaches. Data was gathered from a sample of 130 respondents. Both questionnaire and interview methods were used to gather data from the specified respondents. In order to address the study objectives, quantitative data was analysed using regression analysis to establish how business model innovation affects the performance of MSMEs. In the process, the contribution of value proposition, value creation, and e-business on performance was established. The findings revealed that value proposition, value creation, and e-business all had a significant positive effect on the performance of MSMEs. The study, therefore, concluded that business model innovations play a vital role in driving MSMEs' performance. As a result, the study recommends managers and owners to actively manage, update and continuously monitor their business models, business models should be examined and updated in light of recent market and technology developments, MSMEs should also prioritize stakeholders' interests and determine how to strike a balance between their requirements and expectations when defining the value proposition. And MSMEs should consider the creation of value at cost-effective pricing. Owners and managers of these firms need to generate value at market-competitive pricing. Lastly, the study recommends management adopt e-business innovations such as online marketing to improve service delivery and that there should be space for feedback from customers to know where they did not do well, as it will help the organization be more effective.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The study aimed at establishing the relationship between Business model Innovation and the performance of Micro, Small, and Medium-sized Enterprises in Uganda drawing on a case of Nakawa Division, Kampala Capital City Authority . The sections that follow this chapter present the background of the study, the statement of the problem, the purpose of the study, the study objectives, the research questions, the scope of the study, the significance of the study, the conceptual framework, and the definition of key terms.

1.2 Background to the study

This background is divided into four key areas that are, Historical background, theoretical background, contextual background and conceptual background as discussed below.

1.2.1 Historical Background

Business model innovation has been intimately connected with various ways through which businesses create value to remain competitive, since the growth of the Internet in the late 1990s. The concept of business model innovation became more popular in the public domain as experienced during the dot.com period and the advent of the e-business model (Kodama, 1999).

In the current highly dynamic business operating environment technological innovation that was previously considered as the only breakthrough for the business to remain a float is no more considered as the core driver for competitiveness (Rayna & Striukova, 2016). Constantly innovating a business model that design or architectures a mechanisms for capturing value such as value proposition, value creation and e- business are enabling small firms to displace the most powerful incmbents in the industry (Rayna & Striukova, 2016). With the current advancement in technology that has rendered the whole world to become a global village, all

sectors in the business world are now experiencing tense competition coupled with the fact that the current customer is more demanding than ever before (Strakova et al., 2021). This phenomenon has rendered the traditional models like the revenue model, and pricing model obsolete and therefore demanding completely new ways of attaining competitiveness as its evident that even the traditional firms are currently experiencing disruptions in business operations resulting from the business model that they adopt (Rayna & Striukova, 2016).

Between 2001 and 2002, the idea of business model innovation began to take on a much broader meaning in management literature than the e-business that had surrounded it in its early years. Regardless of the fact that the definition of a business model is still "unclear," Joan Magretta, for example, gained significant attention by describing business models as "narratives which explain the way a firm works." (Kubzansky, 2013, Michael Porter, 2001). According to Kubzansky, (2013), business models not only demonstrated how a company generates money, however, they also provided answers to fundamental questions such as "who exactly is the customer?" and "what values " This attribute of value as viewed through the eyes of the customer had a significant influence on existing thinking (Kubzansky, 2013).

In management literature, the term "business model innovation" began to take on a considerably broader connotation in the years between 2001 and 2002 than the e-business that had initially accompanied it. Magretta (1940), for instance, attracted a lot of consideration by describing business models as a "narrative which describes how firms run," inspite of explaining the business model is still unclear (Kubzansky, 2013, Porter, 2001). Business models, according to Kubzansky (2013), answered key issues such as "who is the customer?" and "what does the customer value?" Specifically, this component of value perceived from the point of the consumer had a significant influence on the current philosophy.

The business model innovation is defined as organisations management's ability to conceptualise how an organisation will create wealth or make money for the shareholders Schneider and Spieth (2013), how firms work and the most recent definition that this study focuses on refers to the business model as a design or architecture of the firms values proposition, value creation, delivery and capture mechanism to create competitive advantage in the current highly dynamic business environment (Schneider & Spieth, 2013).

There are theories put forth by academics that describe how a business model truly seems to be, each with their own components and interpretations. A 360-degree business model paradigm will be used in this study to critically analyse the idea of a business model. This framework includes perceived value, value - creating and e-business. Furthermore, a core premise of the business model innovation notion was that it would show the organization's unique value proposition and how such a value proposition should be realized (Hong & Sullivan, 2013). Customers may associate "value creation" with addressing a challenge, increasing productivity, or lowering cost and risk. which may necessitate specific value setups such as supplier relationships, accessibility to technologies, understanding of user needs, and so on. (Hong & Sullivan, 2013).

Since e-business became a popular subject throughout the early 2000s, business model innovation are of special relevance for study and commercial practice (Morris *et al.*, 2005). From a research standpoint, the idea of business model innovation has grown into a widely used analytical framework for firm-related processes (Mangematin & Baden-Fuller, 2015).

BMI is the practice of simultaneously (and to everyone's mutual benefit) changing the value that a company offers for clients and its fundamental structure of operation in order to acquire a competitive edge and generate revenue (Foes & Seebi, 2019).

The notion of Business model innovation (BMI) has lately gained attention in company model research because business models are frequently unstable over time (Foss & Saebi, 2017). Particularly in established markets with few opportunities for novel products and methods (Foss & Saebi, 2017). It is believed that (BMI) offers a cost- and time-effective opportunity for product and process innovation to boost a firm's competitive position in a distinctive and inventive way (Morris *et al.*, 2005).

1.2.3 Theoretical Background

Business model innovation has been explained by various theories including transactional costs theory, and business model configuration theory among others but this study was anchored on on the Dynamic capabilities theory proposed by Teece, (2016) and the Resource-Based View (RBV) of the firm (Raiy *et al.*, 2014).

The dynamic capabilities theory as defined by Teece, (2016) refers to the capability of an organisation to mobilize, train, develop and modify internal and external expertise to enable an organisation to adapt to an ever-changing business environment. Other earlier studies have delivered substantial guidance on the definition of dynamic capabilities. Dynamic capabilities are the outcome of modifying the resources of resources that have been acquired, combined, and reconfigured to improve the novel formation of tactics (Raiy *et al.*, 2014).

According to RBV, firms in the same industry perform differently due to various types of resources and abilities, whereas RBV is regarded as stable in nature and inadequate to describe the firm's competitive advantage in a dynamic marketplace (Ray *et al.*, 2004). Furthermore, the resource-based view of the firm examines the firm's unique, rare, and inimitable resources, which have resulted in competitiveness and firm growth. (Ray *et al.*, 2004). Scholars have presupposed that should a firm wish to remain operational in the market, it must create unique skills and participate in ongoing learning, particularly in new or evolving market environments.

(Pedersen *et al.*, 2018). BMI can be rooted in the resource structuring theories such as the resource-based view and dynamic capabilities view (Lüdeke- Freund, 2010), The current business operating environment is ever-changing and therefore requires strategic managers to quickly adopt a business model that caters to this changes and dynamics in the market place and above theories are therefore best grounded for the study.

1.2.4 Conceptual Background

The conceptual understandings that guided this study were; business model innovation as an independent variable and the performance of MSMEs as the dependent variable. The concepts that guided this study were conceptualized and applied to earlier studies by previous scholars like Rayna & Striukova, (2016), Lüdeke- Freund, (2010), Nielsen and Lund, (2014) and tailored well into this study. A modification in a company's value generation, value appropriation, or value delivery function that significantly alters the value proposition of the company is known as a "business model innovation." (Pedersen *et al.*, 2018). Value proposition as a key element of the business model innovations provides an associated link between a firm's value, resources, and performance (Ferrer-Lorenzo *et al.*, 2019). MSMEs should therefore opt for business models that enable them to exploit their unusual resources and capabilities and adapt to the ever-changing business environment (Strakova *et al.*, 2021). BMI components such as e-business, value proposition, and value creation are recommended as alternatives that can be the best option for firms considering improving their business performance and cultivating superior and competitive offerings that capture the value and address customers' needs, especially in this current dynamic business operating environment of COVID 19 recovery and general slow down in business due to the global inflation that has hit (Ambrose, 2021) Additionally, the business model is observed as having a direct link between the firm and customers.

Performance assessment is a practice that businesses use to increase their competitiveness. Businesses now recognize the importance of monitoring and understanding their performance to manage their long-term growth and achieve high operational levels while competing in scenarios or environments that are dynamic and constantly changing (Rojas-Lema et al., 2021). This situation is the same for MSMEs, and despite some gaps between principles and application, managing and improving performance is a straightforward task (Rojas-Lema et al., 2021).

The theoretical background above offers a well-grounded basis for the study to survey the effect of BMI on the performance of micro, small, and medium-sized enterprises, and the study is centered on the following constructs; value proposition, value creation and e-business as the dependent variable and assets growth, relative market share and turn over as performance dependent variable of the study.

1.2.5 Contextual Background

The increasing relevance of Micro, Small and Medium-sized enterprises (MSMEs) in Uganda's economic system is hard to overlook due to their versatility and perseverance, as well as their ability to affect domestic demand growth. MSMEs are critical to Uganda's current economic development (Ministry of Trade Industry and Cooperatives, 2019). Based on Balunywa et al., (2020), MSMEs account for 90 % of the private sector in Uganda, with 80% operating in urban areas. According to Balunywa et al. (2020), these MSMEs, which are primarily engaged in trade, agribusiness, and modest manufacturing, generate nearly 75% of the Gross Domestic Product (GDP) (MTIC, 2015). MSMEs hire nearly 2.5 million persons in Uganda and it demonstrates that they are significant in monetary growth. In spite of MSMEs having a substantial role on different government development and economic strategies, Uganda currently ranks second globally in terms of corporate startups per year yet has one of the largest

failed business startups all over the world (Balunywa et al., 2020). This implies that Uganda's MSME development is not self-sustaining. With a 75% GDP contribution, MSMEs in Uganda face problems like low productivity and profits, limited market competitive spirit, and a minimal success rate (UBOS, 2020). There are 9,823 MSMEs in Namawa Division, Kampala Capital City Authority (UIA, 2020).

In as much as there is a significant rate of MSMEs in the Nakawa Division, the majority of MSMEs in the Namawa Division fail before the end of their 5 years of existence. According to a (UIA, 2020) study, only about 10% of SMEs in the Nakawa division, Kampala City live to see their first birthday while still in operation, and only 5% stay in existence up to the maturity stage. (Public, 2020). Although a variety of factors could be to blame for the low-performance rate like limited financing, capacity gaps demonstrated by management, low business ethics, and high taxes among other MSMEs (Okumu & Buyinza, 2020). The current highly dynamic business operating environment calls for the need to explore the value perspective of the business in terms of value proposition, value creation, and e-business for MSMEs to cope with the current business environment (Ambrose, 2021). There is a necessity to establish the connection between BMI and the performance of MSMEs in the Nakawa Division, since inadequate studies have been conducted in this area.

1.3 Statement of the problem

The performance of micro, small, and medium-sized enterprises (MSMEs) in Uganda remains a great concern (Balunywa *et al.*, 2020). Despite the high start-up rate of MSMEs in the Nakawa Division, the performance of these MSMEs remains below expected standards in form of asset growth, relative market share, and turnover (UBOS, 2020, Public, 2020). For instance, recent findings indicate that out of every ten (10) started MSMEs in the Nakawa division per month, only three (3) perform well and survive to celebrate their second birthday (Nakawa

Division MSME register, 2018). Further statistics indicate that the amount of taxes collected from MSMEs in the Nakawa division fell by 6.8% in the financial year 2020/21 up from 8% in 2019/2020 indicating a decline in the performance of MSMEs (URA, 2020, MoFPED, 2019, BOU,2020).

On the other note, whereas empirical evidence suggests that the performance of MSMEs is greatly influenced by the business model innovations (Pedersen *et al.*, 2018, Ferrer-Lorenzo *et al.*, 2019), there are limited studies especially in Uganda regarding value proposition, value creation, and e-business and performance of MSMEs, therefore, the current survey examined the influence of business model innovation on the performance of MSMEs in Nakawa Division, Kampala Capital City Authority.

1.4 Purpose of the study

The purpose of this study was to examine the influence of business model innovation and the performance of MSMEs in Nakawa Division, Kampala Capital City Authority.

1.5 Specific research objectives

This study was directed by specific objectives below:

1. To establish the effect of value proposition on the performance of MSME's in Nakawa Division, Kampala Capital City Authority.
2. To assess the influence of value creation on the performance of MSME's in Nakawa Division, Kampala Capital City Authority.
3. To examine the effect of e-business on the performance of MSME's in Nakawa Division, Kampala Capital City Authority.

1.6 Research questions

1. What is the effect of the value proposition on the performance of MSME's in Nakawa Division, Kampala Capital City Authority?
2. What is the effect of value creation on the performance MSME's in Nakawa Division, Kampala Capital City Authority?
3. What is the effect of e-business on the performance of MSME's in Nakawa Division, Kampala Capital City Authority?

1.7 Scope of the study

1.7.1 Subject scope

The study aimed at examining the Business model innovation and the performance of MSMEs in Nakawa Division, Kampala Capital City Authority focusing on identifying the business model innovations used by MSME in Nakawa Division, Kampala Capital City Authority, assessing the effectiveness of the business model innovations used by MSME's and examining the performance of MSME's in the Nakawa Division, Kampala Capital City Authority.

1.6.2 Geographical scope

The study was conducted in the Nakawa Division, located in the eastern part of Kampala Capital City in Kampala capital city. In this study, attention was drawn to investigating the influence of BMI and the performance of MSMEs in the Nakawa Division. Nakawa Division was considered an appropriate choice by the researcher for this study because the area had a vibrant MSME sector base across all industries comprising 45% of MSMEs in Kampala Capital City Authority with an overwhelming number of them closing down every year (UBOS, 2020).

1.6.3 Time scope

The study covered the period of September to December 2022. The study reviewed literature between 2015 to 2022. This literature was deemed relevant for this study since the researcher was focusing on evaluating appropriate methodologies befitting this study.

1.7 Significance of the study

The study findings would guide the top management of MSME's on an appropriate business model to adopt to create value leading to improved performance and therefore speed up the recovery process from the COVID-19 pandemic and the current economic slowdown due to high global inflation levels.

Similarly, there was limited research done on business models innovation used by MSMEs in Uganda, the study would assist the micro, small, and medium enterprises in Uganda to deliver higher value to the customer and also ensure that the business has better management strategies for both supply chain (downstream and upstream) to boost their performance most especially at this most difficult times of COVID 19 pandemic recovery and coupled by the significant scarcity of supply globally.

Besides the above, it was a great concern to the government as to what is causing the alarming rate of collapse of MSMEs in Uganda despite the financial and political support rendered to them. Therefore, this study would provide answers to government agencies on the cause of the failure of MSMEs in Uganda besides the financial problems. The study would therefore inform Business entrepreneurs and Government authorities about the business model innovations available. This was aimed at going a long way in improving the performance of the MSMEs in Uganda and increasing the tax collections by Uganda Revenue Authority.

1.8 Conceptual framework

Presented below is the highlight of the apparent relationships between a business model innovations which is an independent variable and the performance of MSMEs as a dependent variable formulated for testing. Business model innovation was conceptualized by; value proposition, value creation, and e-business (Mangematin & Baden-Fuller, 2015).

The performance of MSMEs was measured by the firm's relative market share, profit margin, and customer satisfaction (Yacob *et al.*, 2021).

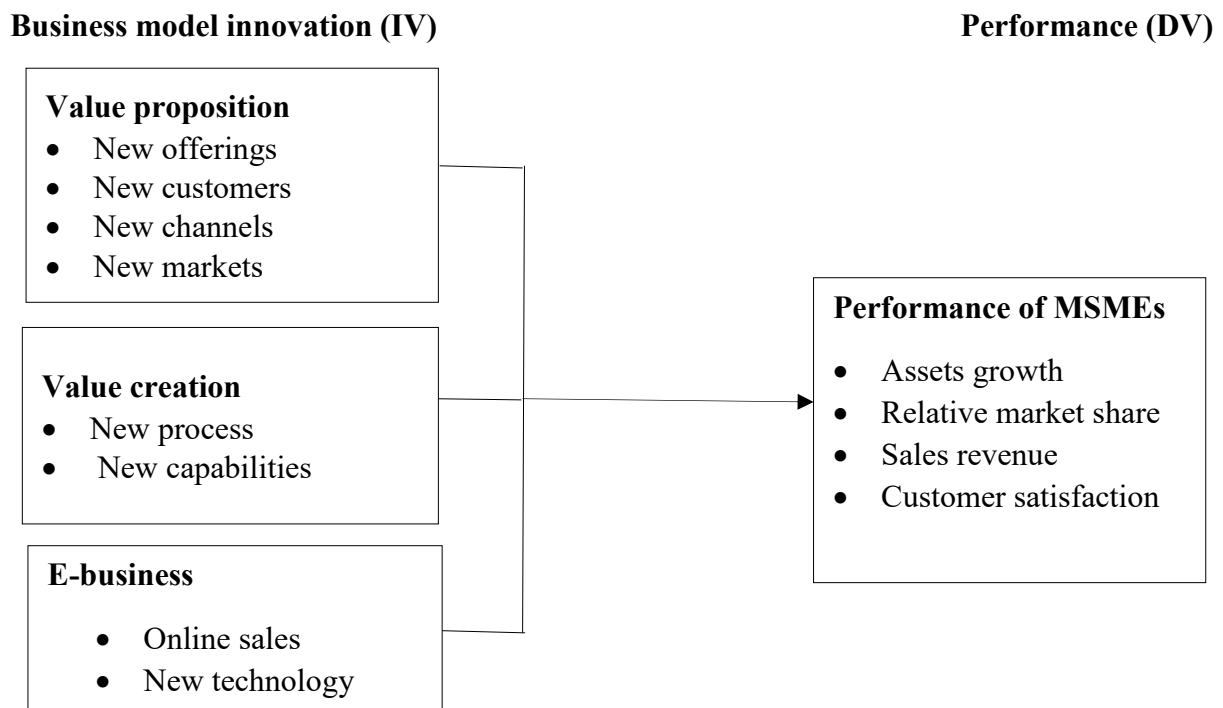


Figure 1.1: A conceptual framework of business model innovation and the performance of micro, small, and medium-sized enterprises

Source: Adopted from (Rayna & Striukova, 2016, Lüdeke- Freund, 2010, Nielsen and Lund, 2014).

The dependent variable in this study was MSME performance. MSME performance was hypothesized as the capacity of the business to endure and register sustainable growth of assets, relative market share, and turnover. The illustrated conceptual framework above adopted that

MSME performance relied on a well-organized and successful business model innovation. The model assumed that efficient value proposition, value creation, and e-business influence MSME performance (Rayna & Striukova, 2016). Although a plethora of measures or drivers of performance, this study focused on asset growth or accumulation, relative market share, and turnover of the MSME.

The conceptual framework assumed that the independent variable which is conceptualized by value proposition, value creation, and E-business would influence the performance of MSMEs.

1.9 Operational Definition of Key Terms and Concepts

Business model innovation

The conceptual framework that underpins an organization's worth generation and value capture, including its purpose, goals, and continuing plans to achieve them, is known as the business model (Cucculli & Bettinelli, 2015).

A business model innovation, is explaining the means through which an organisation achieves its value creation purpose. That business model includes all business processes and procedures (Dönmez-Turan & zevren, 2019). As a result, a business model responds to the following questions how value can be provided at a reasonably low charge? (Foss & Saebi, 2017).

A value proposition

An innovation, service, or attribute designed to make a company or product more appealing to customers.(Strakova et al., 2021).

Customer channels

Customer Channels are the foundations that explain the way a firm interconnects with its Clientele in order to capture value (Schaltegger et al., 2016).

Channels serve a variety of marketing purposes, such as making people aware of the firm's products and services.

Value adding process

The value-added process describes what activities and procedures add value to a firm's products, services, or overall business. Value-added refers to the extra attributes or financial value that a firm supplements products and services before providing them to clients. The addition of value to a product or service assists businesses in attracting more customers, which can increase revenue and profits (Strakova et al., 2021).

Value creation

This refers to the means through which products and services attain value that can be seized and communicated with the client (Rayna & Striukova, 2016).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This study aimed at establishing the relationship between BMI and the performance of micro, small, and medium-sized businesses in Nakawa Division, Kampala Capital City Authority. This chapter discusses the theoretical and linked literature on the subject under consideration. The goal was to specifically review pertinent literature on the effect of value proposition, value creation, and e-business as BMIs on the performance of MSMEs.

2.1 Theoretical Review

The theoretical background of the study was rooted in the present theoretical perspective that provides a great understanding of the link between business model innovations and the performance of MSMEs. and related literature. This study was therefore guided by two theories elucidated below.

2.1.1 The Resource-Based Theory

The resource-based theory was advanced by Barney in 1991. This theory provides a vital understanding of how firms can benefit from their strategic resources. The resource-based theory presumes that for a firm to take gain from the current and upcoming opportunities in its competitive environment, it has to vigilantly adopt an appropriate business model (Morris *et al.*, 2013). The Resource-based theory was advanced to explain how the firm can gain good performance and therefore create competitive benefit (Cucculelli & Bettinelli, 2015).

The key emphasis of this theory was that not all resources would give a firm a competitive advantage. Instead, firms should have a clear distinction between their valuable resources and adopt a good business model that will lead to greater performance levels as compared to their counterparts (Teece, 2016).

Strategic resources are defined as those resources that are treasured, uncommon, unique, and non-identical (Teece, 2016). Business rivals should find it expensive to obtain the company's strategic resources, struggle to imitate or copying, and should not find different ways to gain the competitive advantage that the firm's strategic resource gives (Teece, 2016).

The resource-based theory stresses that a strategic fit between the firm's business models and the resources that it owns facilitates the firm to define an appropriate business model(s) that will allow it to achieve maximum value and performance over its competitors (Mangematin & Baden-Fuller, 2015). The firm's business model is consequently determined by the resources in the firm's possession and the ability to deploy them in a way that is going to maximize performance (Makanyeza & Dzvuke, 2015).

The resource-based theory has been widely applied in understanding how a firm can achieve Superior performance from her choice of business model linked to value proposition, channels, and value-adding process, and e-business (Allam & Chan-Olmsted, 2021). The significance of the resource-based theory to the study topic can be credited to the works of (Teece, 2016). This theory however is limited due to the fact that it majorly emphasizes the firms success being anchored on possession of resources and yet does not take into account the fact that firms ought to have the ability to renew their dynamic capabilities that firms ought to posses.

2.1.2 Dynamic Capability Theory

The notion of dynamic capability theory was initiated by Prof. David Teece, Gary Pisano, and Amy Shuen, in 1997. The theory presupposes that firms that possess key dynamic capabilities have a greater advantage over that not in possession (Teece, 2016). Firms should possess a set of specific and unique dynamic capabilities that should be rooted in the firm's value proposition processes (Morris *et al.*, 2005).

In the current ever-changing or dynamic business operating market space or environment, firms have to stay ahead of the competition, they should have the ability to innovate and embrace the most appropriate business model that enables proper alignment as well as integrate their strength with the external opportunities (Rayna & Striukova, 2016). Scholarly study findings in the area of business models stress that the firm's choice of business model is a link between its internal dynamic capabilities with the external competencies (Pedersen et al., 2018). The results of results from studies showed that a firm's performance has a significant relationship with its dynamic capabilities (Pedersen et al., 2018). The dynamic capability theory, therefore, is relevant to this study because it underscores that for a firm to gain a strong competitive advantage, it has to shape its capability from the things it does extraordinarily (Teece, 2016). This theory also informs this study in the way that a firm's business model is a dynamic capability that enables the firm to create or modify resources and achieve better performance (Strakova et al., 2021).

From the two theories highlighted above, the study therefore will adopt both the dynamic capability theory and resource-based theory (RBT) as the theoretical base for the academic grounding of the study. The choice is grounded on several considerations. Firstly, both dynamic capability theory and resource-based theory are widely recognized by previous studies as well-established frameworks through which to study Business models (Teece, 2016). Additionally, both dynamic capability theory and resource-based theory delivered a significant linkage between a firm's performance of MSMEs i.e; asset growth, profitability, market share, and business model (Crane, 2020). On this ground therefore, the business models for this study were those related to value proposition, e-business, channels, and value-adding processes because these variables were by the researcher to be the most suitable to articulate the performance in the perspective of Ugandan micro, small and medium-sized enterprises.

2.2 Empirical review

2.2.1 Value proposition and performance of micro, small, and medium-sized enterprises

Value proposition as a key element of the business model that this study focuses on is currently being considered a core driver for competitiveness as compared to the old error where a breakthrough innovation in technology was considered a primary driver for competitiveness (Schaltegger et al., 2017). Gradually, BMI as a mechanism for capturing value from innovative technologies is enabling less technically vibrant firms to displace dominant firms (Rayna & Striukova, 2016). Above all, increasing customer demand and digital influence across many businesses have made traditional models like pricing models and revenue models outdated, and currently under tense pressure to innovate completely new models or new ways of capturing value (Schaltegger et al., 2016). As a result, even the most established businesses have faced disruption as a result of BMI. (Schaltegger et al., 2016).

Another critical component of the BMI is the value proposition, which is the means through which created value is provided to the clients (Rayna & Striukova, 2016). The value proposition stipulates whatever is provided and at what cost (the pricing model), and the model ought to be sustainable for the firm and customer-friendly. (Rayna & Striukova, 2016) . Business models for organisations change over time due to changes in the value proposition, such as introducing a "freemium," a business model, particularly via the internet in which fundamental services are given cost-free and innovative features, are provided at a cost, pricing model or shifting from product to service offerings (Liu et al., 2021).

Value delivery is the method by which value is generated and provided to clients (target market segments) via distribution networks (Rayna & Striukova, 2016). These components offer sufficient chances for BMI, such as meeting the requirements of a previously underserved market segment (for example, low-cost airlines targeting budget travelers) or the introduction

of a new method of delivering products or services, such as shifting to internet delivery or 3D printing.

The capacity of an enterprise to gain from the value generated is referred to as value capture (Schaltegger et al., 2016). As a result, it involves both the revenue model and the pricing structure utilized to create revenue flow. Profit distribution all over the value chain is also part of value capture. Profit distribution has grown more important as firms highly depend on innovation plus extra methods to expand their spread and obtain access to related assets and capabilities (Pedersen et al., 2018). As in the instance of low-cost airline companies, value proposition, and capture may also help a company to gain a leading position through cost reconfiguration (Rayna & Striukova, 2016). As evidenced by Apple's 30/70 revenue distributed on iTunes and the App Store, profit distribution could be an efficient area for profitable business models (Ferrer-Lorenzo et al., 2019). The dynamic capabilities are however limited by the fact that they need a long time to be effective, at times they embody the strategic choices of the firm Colis & David (2021). Besides, these dynamic capabilities can be substituted with strategic resources or even outsourcing them hence making them at certain times irrelevant (David et al, 2020)

2.2.2 Value creation and performance of micro, small, and medium-sized enterprises

Among the most significant basics of a business model is value creation, which is the means through which products and services attain value that can be seized and communicated with the client (Rayna & Striukova, 2016). Areas of expertise, vital resources, governance, strategic assets, and value chain all contribute to value creation (Strakova et al., 2021). Value is created by integrating key capabilities with essential assets (preferably in new ways). Strategically planning how resources and capabilities are managed can have a significant impact on value creation, for example, by increasing productivity (Kim et al., 2020). According to (Teece,

2016), complementary assets like complementary goods and services, business partnerships and alliances, and client base and character are important factors for a firm to succeed. Even though they are advantaged by technology, several firms have failed due to an inability to possess those assets. As a result, complementary assets are an important catalyst for creating value. Upstream (suppliers) and downstream (distributors, end users) value networks are equally important for the firm's improved performance (Teece, 2016). Firms have resorted to collaborative creating and funding in recent years to expand their value networks; cooperation and the communication channels utilized to narrate the story. Away from merely explaining the goods and services provided, ethos and story enable businesses to differentiate themselves from the race and inspire clients to develop a passionate attachment to the firm. Communication channels are regularly changing, most lately being the increased relevance of social media. Value communication describes how firms inform clients about their goods and services plus the value created (Crane, 2020). Value communication encompasses stories told by the firm narrates and the ethos it speaks essentials of a business model in value creation plus captures to improve the performance of the firm within the competitive business operating environment (Rayna & Striukova, 2016).

2.2.3 E-business and performance of micro, small, and medium-sized enterprises

Economic globalization is continuing to develop, which has increased competitiveness among MSMEs on both the local and international scene (Yacob et al., 2021). Therefore, the business must use unique tools and approaches to compensate for its resources, account for potential losses, and maintain its competitiveness (Yacob et al., 2021). The tactics include employing e-business, making use of quickly advancing and efficient business technology, widening its reach, outpacing the competition, and cutting operational costs (Strakova et al., 2021).

These days, internet connectivity is getting more and more affordable on a global scale. E-commerce is defined by Kodama (1999) as the purchasing, vending, or publicity of statistics, things, and amenities using computer networks from the (Business to Consumer) viewpoint. The mainstream of the literature that is presently available on the acceptance of this knowhow in MSMEs focusses on what encouragements recognition. (Okumu & Buyinza, 2020),

The success of internal company practises and the resource manacle for products grows as e-commerce adoption rises among MSMEs (Yacob et al., 2021). These companies face two major problems, as opposed to their larger rivals: scale and resource scarcity. Because engagement is now possible at any time or location (Agyapong et al., 2020), conducting online business has the possibility of assisting in finding and extending the client-base and succeed at the global scale (Strakova et al., 2021). These strategies include accumulating the world-wide perceptibility, enticing fresh consumers from different geographical positions as well as interacting properly with the existing consumers. Internet businesses are also simpler to understand and suit the needs of both present and potential customers (Agyapong et al., 2020). In addition, a study of internal and external organizational factors that may influence SME wireless connectivity and techniques to encourage self-sufficiency through mechanisms related to promotion and observed rivalry was conducted by Dönmez-Turan and Zevren (2019). These factors include value addition, niche focus, growth, malleable preservation, geographical division, superior service, connectivity creation, and knowledge of internet culture. According to Kodama (1999), internet commerce is acceptable because it benefits both consumers and business owners. Price benefit, variety of products and value, ease for customers, and knowledge access are some of these benefits. Adopting technology improves these companies' performance by allowing for more efficient management. Research shows that e-commerce significantly reduces transaction costs. (Yacob et al., 2021).

2.4 Literature gap analysis

Having reviewed relevant pubThe review of the literature cited indicates that value proposition, e-business and channels, and value addition process have a substantial effect on many business-related results like firm performance, output, and productivity amongst others.

The current literature indicates that several studies on the performance of MSMEs have been done, but only a handful of them are within the areas of business models and performance. It's also notable that these studies are majorly concentrated in developed countries where the term business model has started to gain much attention due to the current highly competitive operating environment and this has made the applicability of such study findings very difficult to developing countries like Uganda. The existing studies took place in large-sized manufacturing businesses in developed economies but didn't focus on MSMEs in first-world countries such as Uganda.

For instance, a study about "The entrepreneur's business model" by (Morris *et al.*, 2005) focused on majorly business model assessment in the Russian context rather than contracts like value proposition, creation, communication, e-business, channels, and value-adding processes that this study will emphasize.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter provides an description of the study's methods. The chapter provides information on the study's research design, sample size and selection, measurement of the study variables, data collection techniques, data collection tools, data management processes, and data analysis procedures. It also discusses the steps taken to ensure the study's validity and reliability as well as the study's ethical considerations.

3.2 Research Design

This study employed a cross-sectional survey design. In this, a survey on MSMEs was done at one point in time. The study further used a mixed approach where both qualitative and quantitative data was collected. The mixed research design was used to achieve not only the benefit of generalization but also to collect in-depth data to support more meaningful conclusions (Cresswel, 2003). In addition, a mixed approach ensured triangulation which minimized reliance on only quantitative data that only provides a snap short data that limits the capacity to offer a detailed explanation (Shi & Manning, 2009).

3.3 Study Population

The study was based on a target population of 177 MSMEs (owners and employees) that are registered in the Nakawa division (UBOS, 2020). This target population was based on several key sources that document various registered firms in Uganda that included the Uganda Investment Authority Report (2020), and Enterprise Uganda Report (2019). The unit of analysis was firm and the respondent were the managers, firm owners, and governing body officials of an MSME.

3.4 Sample Size

A sample of 120 firms used and selected in line with the Krejcie and Morgan (1970) recommendation. Besides, qualitatively, 10 key informants were interviewed (see table below for details).

Table 3.1: Recommended Sample Population

Details	Population	Sample size
Quantitative Sample—based on Krejcie and Morgan, 1970)		
MSME enterprises owners and employees.	157	120
Qualitative Sample - based on point of saturation		
Key informant- Enterprise Uganda	10	5
Key informant - FSME	5	3
Key informant – PSFU	5	2

Nakawa SME Register, 2020

3.5 Sampling Technique and Procedure

For this study, purposive sampling was utilized. A list of MSMEs that qualified for the study was purposely selected from three major MSMES sources in Uganda, that is, Enterprise Uganda, PSFU, UMA, and Federation of Small and Medium-size enterprises. Using google documents, a questionnaire was sent to a total of 177 firms but with a target of collecting information from a minimum of 120 firms from the following sectors: Horticulture, Aquaculture, Agro-processed (e.g., semi-processed and final product), and MSMEs that are in trading. Furthermore, 10 key formats based on their rich knowledge of the topic were purposively included in the study.

3.6 Data Sources and Collection Methods

3.6.1 Data Sources

The main source of data was primary sources, that is, survey data and data from the interviews.

The unit of analysis was an MSME that is in the following sectors:

The Unit of analysis were Horticulture, aquaculture, Agro-processed (e.g., semi-processed and final product), and MSMEs that are in trading (Retail and wholesale) and manufacturing (Welding and carpentry).

The unit of inquiry were business owners, middle-level managers, senior managers, employees, industry informants owners, and policy and business advisors. This was because these respondents have fast hand knowledge about the factors influencing the performance of MSME.

3.7 Measurement of Variables

The measures of the study variables were based on previous studies such as Rayna and Striukova (2016), Yacob et al. (2021). This was intended to ensure valid and reliable findings.

3.7.1 Dependent Variable

Performance was measured based on both financial and non-financial constructs. The financial measures included asset growth, relative market share, and turnover as adapted from Rayna and Striukova (2016). The non-financial measures included relative market share and customer satisfaction as adapted from Yacob et al. (2021).

3.7.2 Independent Variables

BMI comprised of value proposition, value creation, and e-business. The value proposition in this study was operationalized with measures of new offerings, new customers, channels, and markets (Rayna & Striukova, 2016). Value creation was operationalized with new processes and capabilities and new technology (Ludeke-Freund, 2010). E-business on the other hand was operationalized with the measures of online sales and online marketing (Nelson & Lund, 2014).

3.8 Data Collection Methods

3.8.1 Questionnaire Survey Method

Given that the goal of the study was to evaluate the effect of business model innovation and the performance of MSMEs, the use of a survey in this study was considered crucial. A survey was used, which made it simple to correlate and extrapolate the respondents' attitudes toward the independent and dependent variables.

3.8.2 Interview Method

In-depth information was collected via interviews to attain more data on the business model innovation and performance of MSMEs from the key informants at the agencies closely working to develop MSMEs in the country, that is, e PSFU, Enterprise Uganda and FSME, owners of MSMEs, managers and policy analysts.

3.9 Data Collection Instrument

3.9.1 Questionnaire

The study used a closed-ended questionnaire to collect data from the respondents. The questionnaire made it easier for classification for later analysis, which assisted to reduce the error gap while analysing data based on Sekaran (2003).

3.9.2 Interview Guide

The study used an unstructured interview guide to support the process of gathering qualitative data from the key informants, it consisted of various questions as per the study objectives, which supported the researcher to probe for further information from the respondents as guided by (Wells, 2021).

3.10 Reliability and Validity of the Research Instruments

3.10.1 Validity

This study used factor analysis to evaluate the validity of the instrument. Confirmatory factor analysis was used to evaluate construct validity. For further analysis, all factor loadings that exceeded 0.50 were acceptable and kept (Wells, 2021). Additionally, the input of the supervisors was relied on to ensure the face validity of the instruments.

3.10.2 Reliability

To guarantee reliability, the research tool was pre-tested on five (05) MSMEs in the Nakawa Division that was not part of the study. Data was cleansed to reduce outlier inconsistencies. To ensure the correctness and comprehensiveness of the responses, all missing values were removed. The study's variables' Cronbach alpha coefficients were computed and all variables met the cut-off point of 0.7 (Field, 2009). Table 3.2 displays the results for Cronbach alpha.

Table 3.2: Summary of Reliability Tests

Reliability Statistics		
Variables	Cronbach's Alpha	No. of Items
Value proposition	0.72	6
Value creation	0.71	6
E-business	0.70	5

Source: Primary Data 2023

3.11 Procedures of Data Collection

The researcher obtained approval from the Directorate of Research and Graduate Training of Kyambogo University to enforce ethical guidelines and foster the confidence of the respondents during the process of data collection. Every questionnaire was attached with a cover letter which introduced the researcher to the respondent and secured cooperation during the exercise of data collection. The researcher prepared an interview guide that was pre-tested and face-to-face interviews were conducted to gather information from the respondents like

policy analysts, managers, and Executive Directors. Questionnaires were distributed physically to the respondents and for those that were not reachable, their consent was sought for them to respond to the online questionnaire.

3.12 Data Analysis

Data analysis was conducted with the help of SPSS. The data collected was edited and checked for normality using a normality Q-Q plot and Shapiro-Wilk and KS tests. Furthermore, descriptive statistics were used to explain the different sample characteristics of the MSME through computing mean, standard deviation, and frequencies. Pearson's correlation coefficient was run to establish the strength of the relationships and linear regression was also utilized to determine the effect of the independent variable and the performance of the MSME in the study context.

3.13 Ethical Considerations

First and foremost, a letter of introduction was obtained upon completion of the requirements for submission of the proposal. This letter was presented to firms to give confidence to the respondents. Before data collection commenced, the consent of the respondents was sought. Additionally, respondents were assured that their responses were purely for academic purposes and would be kept confidential.

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter gives the presentation, analysis, and interpretation of the study findings. The chapter starts with the response rate followed by descriptive statistics and the regression results.

4.2 Response Rate

In this study, the response rate was 86% for questionnaires. The complete valid questionnaires was 103 out of the 120 distributed. This was sufficient enough to enable this study draw conclusions since to (Lindner & Wingenbach, 2002) provides that the response rate of greater than 50% is sufficient for survey research. For interviews, the target was 20 key informants. However, only 12 were interviewed and the point of saturation was reached which gave a response rate of 60%.

4.3 Characteristics of Respondents

The study sought information from a variety of MSMEs located in the Nakawa Division which was involved in trading, Agro-processing, manufacturing, and horticulture. The respondents were owners, middle-level managers, and senior managers of the MSMEs, and the table below gives a detailed description of the respondents and MSMEs in the study.

Table 4. 1: Respondent Characteristics

Designation of the respondents	Category	Frequency	Percent
	Owner	37	35.9
	Middle-level manager	21	20.4
	Senior manager	13	12.6
	Others	32	31.1
	Subtotal	103	100.0
Gender of respondents			
	Male	49	47.6
	Female	54	52.4
	Subtotal	103	100.0
Age category of respondents			
	Below 25 years	9	8.7
	25-35 years	64	62.1
	36-45 years	23	22.3
	46-55 years	7	6.8
	Subtotal	103	100.0
Education level of respondents			
	Secondary level	1	1.0
	Tertiary	12	11.7
	University	90	87.4
	Subtotal	103	100.0

Source: Primary Data 2023

Regarding the designation of the respondents, the owners constituted the highest proportion of 35.9%, middle-level managers constituted 20.4%, senior managers constituted 12.6% and others such as accountants constituted 31.1% of the total respondents. Given the profile of the respondents, the information collected for this study came from respondents with the right knowledge since they are the major strategic decision-makers of their businesses and are more informed about the business environment.

Secondly, in the category of gender, the biggest number of respondents were female that constituted 52.4% as opposed to their counter-parts males with a quantity of 47.6%. According to Uganda National Survey Report (2019/20), a database of registered MSMEs indicated that the number of landlords was slightly higher for female operators (97%) compared to their male

complements (94%) as such the gender composition in the sample is not very different from one that is expected in the study population.

Under the age category of the respondents, the majority were between 25-35 years 62.1%, followed by those between 36-45 years constituted 22.3%, those below 25 years constituted 8.7%, and lastly, those between 46-55 years 6.8% of the total respondents. This distribution should not be surprising as the majority of MSMEs sector in Uganda is generally noted to be occupied by the youth who enter this sector because of limited formal employment (UBOs, 2020). This is also in line with the various initiatives by the Government of Uganda to encourage the youths to startup MSMEs.

In terms of the education level of the respondents, the majority were University graduates, which constituted 87.4%, Tertiary institutions constituted 11.7% and lastly secondary level constituted 1.0% of the total respondents.

4.3.2 Characteristics of Firms included in the Study

The characteristics of the firm included in the study are presented in the table below.

Table 4. 2:Firm characteristics

Items	Category	Frequency	Per cent
Location for the Business	Nakawa Division	75	72.8
	Others	28	27.2
	Subtotal	103	100.0
Sector	Horticulture	9	8.7
	Aquaculture	4	3.9
	Agro-processed (e.g., semi-processed and final product)	4	3.9
	Manufacturing (welding and carpentry)	17	16.5
	Trading (retail and wholesale)	69	67.0
	Subtotal	103	100.0
Exporter	Yes	35	33.9
	No	68	66.0
	Subtotal	103	100.0
Major Export Market.	East Africa	23	65.7
	Other African countries	5	14.3
	Europe	4	11.4
	Asia	3	8.6
	Subtotal	35	100.0
No. of Export Countries	1 country	16	45.7
	2-3 countries	17	48.6
	Above 3 countries	2	5.7
	Subtotal	35	100.0
Export performance.	Increased more	11	31.4
	Remained the same with competitors	7	20.0
	Declined	17	48.6
	Subtotal	35	100
	Total	103	100.0

Source: Primary Data 2023

From Table 4.2 overhead, the popular number of the participants were operating their MSMEs in the Nakawa division, which is a proportion of 72.8% while other respondents constituted 27.2% were operating in areas of the Nakawa Division. This implies that data was collected from the actual targeted population and therefore the data collected can be relied upon.

Concerning the sector of the enterprise, MSMEs in trading which included retail and wholesale businesses represented the highest percentage of 67%, Those in manufacturing specifically welding and carpentry constituted 16.5% while horticulture, aquaculture and Agro-processed (e.g., semi-processed and final product) constituted 8.7%, 3.9%, and 3.9% respectively.

As per the export status, the majority of the respondents 66.0% are non-exporters and only 33.9% of the MSMEs that participated in the study do export their products. This suggests that the mainstream of the MSMEs included in the survey were still focused on meeting the local demands in addition to limited capital investment for export.

In terms of areas where MSMEs export their products, 65.7% of the exports are to East African partner countries, 14.3% of the exports are to other African countries, yet 11.4% do export to Europe and only 8.6% export to Asia. This indicates that the majority of the MSMEs exporters included in the study have embraced the East African Community partnership that has removed most trade barriers across member countries.

Concerning the number of countries exported to, 48.6% of the MSMEs exporters included in the study reported that they export to 2-3 countries, 45.7% reported that they exported to one (01) country and lastly 5.7% reported that they export to more than three (03) countries.

In terms of variation in the volume of export as compared to the competitors, 48.6% of the MSMEs included in the study reported a decline in their export, 31.4% reported an increase in the level of their exports and only 20% reported that their exports remained the same as compared to the competitors. This may be attributed to the COVID-19 outbreak control measures which restricted several business activities including the movement of people and goods in and out of the country had a negative effect on the export volumes.

4.4 Descriptive statistics of study variables

4.4.1 Value Proposition of the Study MSMEs

In the table below the nature of the value proposition of the firms included in the study is presented using several items.

Table 4.3: Value Proposition of the MSMEs

Items	Mean	S. D
We have moved to a new value proposition for our customers that are different from the one we had two years ago	3.53	1.04
In comparison to our competitors, our company's position is to offer more expensive (because of quality) products or services	3.12	1.21
We are using the approach of introducing new products or services to retain our customers	3.85	1.01
Over the last 12 months, we have increased the number of our formal and informal arrangements for sharing information with our partners	3.56	1.02
Over the last 12 months, we took up many actions (more than our competitors) that have worked to strengthen our customer relationships	3.71	1.02
Our business model has now attracted many new customers over the last 6 months	3.83	.944
Grand averages	3.60	1.04

Source: Primary Data 2023

According to the findings in table 4.3 above, the majority of the respondents indicated that they use the approach of introducing new products or services to retain their customers with a mean score of 3.85 and a S.D of 1.01. On the other side, respondents also reported that their business model had attracted many new customers over the previous six (6) months with a mean score of 3.83 and a S.D of 0.944. Furthermore, results show that MSMEs had in the previous year taken many actions exceeding their competitors that had worked to strengthen their customer relationships, with a mean of 3.71 and a S.D of 1.02. Additionally, results show that MSMEs in the previous twelve (12) months had increased the number of their formal and informal arrangements for sharing information with their partners; this scored a mean of 3.56 and a S.D of 1.02. This was followed by the fact that MSMEs had moved to a new value proposition for

their customers that were different from the one they had two years before. This registered a mean score of 3.53 and a S.D of 1.04. Lastly, results indicate that as compared to their competitors, MSMEs' position was to offer more expensive products/services as a result of quality this score has a mean of 3.12 and a S.D. The overall average mean score on value proposition is 3.6.

4.4.2 Descriptive Statistics on the Nature of Value Creation by MSMEs in the study

Firms were required to rate the degree to which they either agreed or disagreed with items that were used to determine how MSMEs consider the value-creation component. Table 4.4 below presents the descriptive results.

Table 4.4: Descriptives on value creation

Items	Mean	S. D
Our company has developed a new way of doing things and has not had a negative effect on its core business	3.42	1.10
In the last two years, we have made drastic changes in operation processes (e.g., in production, marketing, and research) for our non-core product lines	3.41	1.04
Compared to our competitors, we are now having more new sources of revenue	3.37	1.12
It will be very expensive for our competitors to copy our new business model	3.33	1.20
Over the past 2 years we have ensured that we reduce costs over and above any other thing	3.43	1.081
We are now focused on depending on relationships with our partners to serve our customers better	3.62	1.09
Grand averages	3.43	1.11

Source: Primary Data 2023

As shown in Table 4.4 above, it is evident that the majority of MSMEs included in the study focus on depending on relationships with their partners to serve their customers better (Mean=3.6, SD=1.09). This is followed by the extent to which MSMEs have ensured that they reduce their costs over and above any other thing (Mean=3.43, S. D=1.081). Other factors that were used to evaluate value creation registered varying results. For example, firms showed that their companies had developed new ways of doing things that had not negatively affected their

core business (Mean=3.42, S. D=1.10). The results also indicate that in their previous two years, most MSMEs had made drastic changes in their operation processes especially in production, marketing, and research for their non-core product lines (Mean=3.4, S. D=1.04) and firms further reported that as compared to their competitors, they had made more new sources of revenue (Mean=3.37, S. D=1.12). Lastly, results indicate that MSMEs reported that it would be very expensive for their competitors to copy their new business model (Mean=3.33, S. D=1.20). The overall grand mean score of value creation was 3.43

4.4.3 Descriptive Statistics on Adoption E-business by MSMEs in the study

Under this section, the firms were required to specify the degree to which they either agreed or disagreed with the items that measured how they perceived the E-business component in business model innovation. Table 4.5 below presents the study findings.

Table 4.5: Descriptives on E-business

Items	Mean	S. D
On average our online customers are increasing as compared to walk-in customers	3.21	1.23
The firm has experienced a reduction in costs in our online transactions	3.35	.99
Our company has its own well-developed website where customers can receive feedback regarding their purchase	3.48	1.15
The company can make a sale online without face-to-meeting with the customer	3.30	1.21
The company has a delivery team for our online customers	3.52	1.18
Grand averages	3.37	1.15

Source: Primary Data 2023

From the findings in Table 4.5, it is observed that the majority of the firms had a delivery team for their online customers, which had the highest (mean =3.52, S. D= 1.18). It was also observed that firms had their own well-developed websites where their customers could receive feedback regarding their purchase (Mean=3.48, S. D= 1.15). Companies that had registered a reduction in costs in their online transactions constituted a (mean =3.35, S. D=0.99). It was

also observed that firms that could make a sale online without a face-to-face meeting with the customer registered a (mean=3.30, S.D =1.2 1) and lastly, firms whose average online customers increased as compared to walk-in customers registered a (mean=3.21 and SD= 1.23). The overall mean score for E-business was 3.37.

4.4.4 Descriptive Statistics on Performance of MSMEs include in the study

Under this section, the firms were required to specify the degree to which they either agreed or disagreed with the items that measured the performance of MSMEs. Table 4.6 below presents the study findings.

Table 4.6: Descriptives of performance

Items	Mean	S. D
The number of people who buy our products/services has increased more than our 3 major competitors in the last six months	3.30	1.19
The demand for our product in the market has picked up more than our major three competitors over the last six months	3.37	1.14
The operations of our business have expanded to other parts of the country	3.32	1.30
Our business has added new business lines to the current business over the last 2-year period	3.50	1.07
The company's assets have been growing over the last 2 years	3.48	1.21
The company's operating capital base has increased over the last 12 months	3.67	1.06
Our firm has acquired new assets in the last 12 months	3.53	1.15
Our company's current sales revenue is higher than that of the last three months	3.48	1.16
Grand averages	3.46	1.16

Source: Primary Data 2023

According to Table 4.6, the majority of the firms considered their performance to gradually increase as observed from the grand mean scores of 3.46. However, there was a variance in how various items used to measure performance were rated by the respondents. For instance, it can be observed that firms perceived their operating capital base to have increased over the previous 12 months (Mean=3.67, S.D =1.06). In other factors which included; our firm has acquired new assets in the last 12 months registered a (mean =3.53 S. D= 1.15), Our business

has added new business lines to the current business over the last 2-year and period scored a (mean=3.50 S. D=1.07). It was also observed that firms perceived their assets to have been growing over the last 2 years with a (mean =3.48 and S. D=1.21). This was close to those who perceived their firms' current sales revenue to be higher than that of their previous three months with a (mean=3.48, S. D=1.16). Firms whose demand for products in the market has picked up more than their major three competitors over the last six months scored a (mean = 3.37 S. D= 1.14), yet those whose business operations expanded to other parts of the country scored a (mean =3.32 and S. D=1.30). Lastly, firms that perceived the number of people who buy their products/services to have increased more than their three (3) major competitors in the last six months scored a (mean=3.30 and S. D=1.19). The overall mean score of performance was 3.46.

4.5 Correlation Analysis

The correlation analysis was conducted to establish the relationship between performance and the different dimensions of the business model innovation by MSMEs which included value proposition, value creation, and E-business. In this regard, Table 4.7 below shows the Pearson correlation results.

Table 4. 7:Correlation Results

Variables	Mean	S. D	1	2	3	4
Value proposition (1)	3.60	1.04	1			
Value creation (02)	3.43	1.11	.485**	1		
E-business (03)	3.37	1.15	.328**	.162	1	
Performance (04)	3.46	1.16	.691**	.640**	.356**	1

** . Correlation is significant at the 0.01 level (2-tailed). N=103

Source: Primary Data 2023

As observed in the correlation results above, the value proposition has a significant positive relationship with the performance of Micro, Small, and Medium-sized enterprises ($r = .647^{**}$, $p < 0.05$). Similarly, value creation is positively and significantly related to the performance of Micro, Small, and Medium-sized enterprises ($r = .640^{**}$, $p < 0.05$) and so is the E-business model and MSMEs ($r = .356^{**}$, $p < 0.05$). This means that when there is an increase in the value proposition, value creation, and E-business models of Micro, Small, and Medium-sized, there is likely to be an increase in performance as well.

Generally, the findings relate to the interview responses from the key informants who supported the fact that value proposition, value creation and e-business are associated with a firm's performance. For instance, in an interview with a key informant, his response was;

"...I agree that firm performance is associated with the value proposition and value creation. When I was starting my business, my main aim was to have a business for survival. I faced challenges in managing its performance, business sales kept on the decline and I was not sure of what the cause was. When COVID hit the economy, it even became more challenging, however, it became an eye-opener for my business, and I realized there was a need to shift to a new way of running a business. I started using social media to market my products, I also introduced new products that were needed highly at the time like sanitizers. And surely, I started seeing success in my business.

4.6 Regression results on the effect of business model innovation and performance

The study sought to address three objectives which included (i) to establish the effect of value proposition on the performance of MSMEs in Nakawa Division, Kampala Capital City Authority, (ii) to assess the effect of value creation on the performance of MSMEs in Nakawa Division, Kampala Capital City Authority and (iii) to examine the effect of e-business on the performance of MSMEs in Nakawa Division, Kampala Capital City Authority . As a result, a regression analysis was performed to establish the extent to which each independent element of the business innovation model as stated in the objectives contributes to the performance of MSMEs.

4.6.1 The effect of value proposition on the performance of MSMEs

To establish the effect of value proposition innovation on the performance of MSMEs, a regression analysis was performed and Table 4.9 below presents the regression results.

Table 4. 8:Regression results for value proposition and performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.446	.318		1.401	.164
Value proposition	.836	.087	.691	9.613	.000

Model Summary

R-Square= 0.478

Adjusted R-Square = 0.473

F-value =92.411, $P=0.000$

Dependent Variable: Performance

Source: Primary Data 2023

As observed in Table 4.8 above, the regression model was a good fit for the data as shown by the significant F value (put in brackets the F statistic and P value in the brackets here). In terms of explaining the variations in the performance as a result of value proposition innovation, the Adjusted R^2 statistic was 0.478 indicating that value proposition explains 47.8% variance in the performance of MSMEs included in the study. Furthermore, the model shows a regression coefficient of $b = 0.691$ which reveals that value proposition positively affects the performance of MSMEs where an increase in value proposition by one unit is associated with a 0.691 increase in the performance of MSMEs. Therefore, from the results, one would argue out that when MSMEs develop a unique value proposition, they are likely to register an increase in performance.

4.6.2 Value creation and performance

To establish the effect of value creation on performance, a regression analysis was performed and the results are presented in Table 4.9 below.

Table 4. 9: Regression results for value creation and performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.862	.316		2.726	.008
Value creation	.757	.090	.640	8.366	.000

Model Summary
R-Square= 0.409
Adjusted R-Square = 0.403
F-value =69.993, P =0.000
Dependent Variable: Performance

Source: Primary Data 2023

The regression results in the Table above show that the regression model was a good fit and value creation made a significant positive contribution of 40.3% variances in the performance of MSMEs (Adjusted $R^2 = 0.403$, $F = 69.993$, $P < 0.05$). The regression model revealed a regression coefficient $b = 0.640$ which shows that value creation has a positive effect on performance with a unit increase in value creation being associated with a 0.640 increase in the performance of MSMEs. These results imply that when MSMEs consider increasing value creation, they are more likely to register an increase in their performance.

Generally, the findings relate to the interview responses from the key informants who supported the fact that value creation affects firms' performance, for instance, in an interview with an owner of a welding firm, his response was;

"...what has been supported by the welding business is creating new designs. We have a lot of competition but the only way to success is what new value are you bringing to the customer.

4.6.3 E-business and performance

The study sought to establish the effect of E-business on performance. Regression analysis was performed and results are presented in Table below.

Table 4. 10:Regression results for E-business and performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.170	.345		6.294	.000
E-business	.381	.100	.356	3.824	.000

Model Summary

R-Square= 0.126

Adjusted R-Square = 0.118

F-value = 14.620, P =0.000

Dependent Variable: Performance

Source: Primary Data 2023

From the results presented in the regression model, it is observed that the model was a good fit for the data ($F = 14.620, p < 0.05$). It also indicates that E-business significantly explains variations in the performance of MSMEs with 11.8% variations in performance being explained by e-business (Adjusted $R^2 = 0.118$). Furthermore, it is revealed that e-business positively affects performance ($b = 0.356, p < 0.05$) which means that an increase in e-business by one unit is associated with a 0.356 increase in the performance of MSMEs.

Generally, the findings relate to the interview responses from the key informants who supported the fact that e-business affects firms' performance, for instance, in an interview with a firm owner, his response was;

"... our business is a fashion and design were able to adopt some online selling and marketing platforms such as social media platforms of WhatsApp, Instagram and Twitter. This platform has indeed supported our business to grow, On WhatsApp alone, we can receive at least 5 orders on daily basis. Today as I speak, our daily orders have multiplied by 2 compared to the days before adopting these platforms. Therefore, I agree that e-business affects performance positively."

4.7 Business model innovation and performance

The study performed a multiple regression to establish the effect of combined elements of business model innovation on performance. The sub-components of the business innovation model which included value proposition, value creation, and E-business model were added to the overall model. The results are presented below.

Table 4. 11: Multiple regression results from business model innovation and performance

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-.639	.340			-1.879	.063
Value proposition	.546	.090	.451		6.073	.000
Value creation	.470	.084	.398		5.589	.000
E-business	.154	.071	.143		2.174	.032

Model Summary

R-Square = 0.617

Adjusted R² = 0.606

F-value = 53.20

Dependent Variable: Performance

Source: Primary Data 2023

From the regression results, it was established the combined sub-components of business model innovation when added together made a significant positive contribution of 60.6% to the total variance in performance of MSMEs (Adjusted R² = 0.606, $P < 0.05$). Results also show that whereas all sub-components that is to say value proposition ($b = 0.451, p < 0.05$), value creation ($b = 0.398, p < 0.05$), and E-business ($b = 0.143, p < 0.05$) had a significant positive effect on performance, E-business was the lowest contributor. This means that an increase in the value proposition, value creation, and E-business by one unit are each associated with an increase in performance by 0.451, 0.398, and 0.143 respectively.

Therefore, the regression model was summarized below;

$$P = -0.639 + 0.451 VP + 0.398 VC + 0.143 EB + e$$

Where;

P is performance

VP is the value proposition

VC is value creation

EB is e-business

CHAPTER FIVE

DISCUSSION OF RESULTS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

The study focused on establishing how business model innovation affects the performance of MSMEs. This chapter, therefore, presents a summary, and a detailed discussion of findings as per the study objectives, conclusion, and recommendations.

5.2 Summary of findings

The study aimed to investigate the effect of business model innovation on the performance of MSMEs. It was guided by three specific objectives that are to say (i) to examine the effect of value proposition on performance, to assess the effect of value creation on performance, and to establish the effect of e-business on the performance of MSMEs. The study analysed the data by performing regression analysis to the establish effect of each of the sub-components of business model innovation on performance. The findings, therefore, revealed that each of the sub-component that is to say value proposition, value creation, and e-business had a significant positive effect and contribution to the performance of MSMEs. Whereas this is the case, it was revealed that e-business contributed less compared to the value proposition and value creation respectively.

5.3 Discussion of Findings

5.3.1 Value Proposition and Performance

The study's interest was to establish whether value proposition has a significant effect on the performance of MSMEs. Regarding this, the study findings revealed that value proposition significantly contributes to and affects the performance of MSMEs. This indicates that MSMEs that consider developing or modifying their value proposition are likely to register an increase in their performance. The study finding supports the fact that concepts of business model

innovation and value proposition are important in driving performance. Since a business model innovation enables the firm to produce value, it was more appropriate to examine the effect of value proposition on the performance of MSMEs. Therefore, by emphasizing that value proposition is directly related to firm performance, the study contends with the findings of Rayna and Striukova (2016) who got similar results.

The study findings are in contrast to traditional ideas of competition through products and operations; the study supports the idea of business model innovation through value proposition, which has risen as a useful approach to analyse a firm's capacity to produce an appropriate value (Schaltegger et al., 2016). Similarly, the findings are in support of Rayna and Striukova (2016) assert that businesses that have different business models but identical offerings behave differently. Consequently, findings support the assertions of the Dynamic capability theory that links the firm's unique dynamic capabilities to the value proposition (Morris *et al.*, 2005). The study findings indeed identify that value proposition explains performance variation. The value proposition should be on the agenda of many firm owners due to the difficulty of competing solely through products and operations in the changing business environment (Rayna & Striukova, 2016).

5.3.2 Value Creation and Performance

The study investigated the effect of value creation on the performance of MSMEs. With empirical evidence from MSMEs in the Nakawa Division, the study established a significant positive contribution of value creation on the performance of MSMEs. This means that MSMEs that may consider enhancing value creation are likely to have an increase in performance. The findings are in support of Kim et al. (2020) who also established that value creation plays a pivotal role in driving the performance of a firm. Whereas, value creation is fundamentally important for firms, the demands of the quickly evolving marketplace have increased the

ambiguity of the competitive environment. The position of the current business climate should be a major priority for MSMEs. The findings of the study point out the need for MSMEs to work towards adapting to each need of expanding markets. Finding distinctive or unique resources within its capabilities and matching them to the opportunity value of the service is necessary as pointed out in the Dynamic capability theory (Morris *et al.*, 2005).

Due to evolving business models in the digital economy, how value is provided is also changing quickly. This study focused on the adoption of new technology, processes and capabilities as major elements for value creation which is in contrast with Rayna and Striukova (2016) who established that value creation is predominantly driven by value communication. According to Teece (2016), complementary assets like complementary goods and services, business partnerships and alliances, and client base and character are important factors for a firm to succeed which is contrary to the establishments of the current study.

5.3.3 E-business and Performance

The study findings revealed a significant positive effect of e-business on the performance of MSMEs. This finding is consistent with what Yacob *et al.* (2021) study found that e-business continues to increase competitiveness amongst MSMEs on both the local and international scene. The finding is as well ins support of what Strakova *et al.* (2021) found that making use of quickly advancing and efficient business e-business tools plays a pivotal role in determining the performance of a firm.

Additionally, this study established that the major advantages enjoyed by a firm that adopts e-business innovations are price advantage, product diversity and value, consumer convenience, and information access. This finding is consistent with what Dönmez-Turan and Zevren (2019) found that the adoption of e-business helps these businesses perform better by offering increased, streamlined management. Furthermore, the findings are in support of the findings of

the studies conducted by Kodama (1999), Agyapong et al. (2020) and Okumu and Buyinza (2020).

5.4 Conclusion

The study examined the effect of Business Model Innovation on the performance of Micro, Small and Medium Enterprises (MSMEs) in Nakawa Division. Based on the findings where the study has established a significant influence of value proposition, value creation and E-business on performance of MSMEs, this study concludes that MSMEs ought to consider revitalizing their effort towards modifying their business innovation models so as to register growth in performance. In this case, MSMEs may face a number of obstacles in the dynamic and competitive business climate of today, but their success may depend on how innovative their business models are. Business model innovation gives SMEs the ability to spot new opportunities, provide better customer service, make the most of their resources, and beat the competition.

5.5 Recommendations

Given the fact that this study has established a significant contribution of business model innovation on the performance of MSMEs, the study therefore suggests the following recommendations;

First, MSMEs owners and managers should focus on improving their value propositions. For instance, they should carry out customers' needs assessment through customer-solution validation interviews which may support in forecasting future success of products and services. These firms should obtain customer feedbacks to understand what they value most about goods or services.

Second, MSMEs should focus on value creation rather than output maximization. They should streamline their processes, improve client experiences, and set themselves apart from rivals.

They should adjust to changing market dynamics, technology improvements, and customer preferences and prioritise stakeholders' interests. This will help to clarify the issues that need the greatest attention when creating value propositions for the company's long-term performance and resilience.

Additionally, focus should be on e-business innovation which are key to MSMEs ability to expand and improve. MSMEs should take advantage of innovations to manage uncertainty, grab new possibilities, and generate sustained value for themselves and their stakeholders by establishing an environment that values innovation and adaptability.

5.6 Limitations and areas for further research

When assessing the findings, it's also important to consider this study's limitations. Although cross-sectional data are often used in business and management research, they do reflect a single point in time and make it challenging to discern the cause and effect across time, therefore a more rigorous examination based on longitudinal data would be an important next step.

Future studies could also look at organizational capabilities such as entrepreneurial orientation, inventiveness, and organizational culture as mediators.

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APPENDIX A: QUESTIONNAIRE

Dear respondent,

This is an academic and policy informing study examining the influence of Business model innovation adoption and implementaton. The study is conducted by School of Management and Entrepreneurship at Kyambogo University in partnership with RUFORUM. We therefore request you to take part in this study by filling this questionnaire and share your experience and knowledge.

The response from all respondents will be kept confidential and it will be used for academic purposes. In case you need any further information or to get a copy of the study findings, please reach me on the following address and/or our contacts.

Tel. +256700157474

Email: moseriau1992@gmail.com/ m.eriya@ruforum.org

SECTION A: General information

In this section, please put a tick on the appropriate option

1. Designation of the respondents

Owner 1 Middle-level manager 2 Senior Manager 3 Others specify..... 4

2. Gender of the owner.

Male

1

Female

2

3. Age category of the owner

Below 25years 1 25-35years 2 36-45 years 3 46-55 years 4

55years and above 5

4. Area location of your business premises?

Nakawa division 1

Others 2

5. Education level of the owner

No education 1 Primary 2 Secondary 3 Tertiary 4

University 5

6. Which sector is your enterprise?

Horticulture 1 Acquaculture 2 Agro-processed (e.g., semi processed and final product) 3 Other manufactured products 4 Others (including just trading) 5

7. Are you an exporter? Yes 1 No 2

If yes, tick where you export.

East Africa 1 Other African countries 2 Europe 3 Asia 4 America 5

How many countries do you export?.....

01 country 1 02- 03 countries 2 Above 03 countries 3

8. Compared to your three major competitors, your exports have over the last six months:

Increased more 1 Remained the same with competitors 2 Decline 3

9. Which of the following best describes your organization?

The owner is involved in the day to day running of the organization 1

Owner (shareholders) find it important to make all the decisions 2

10. How many employees does this enterprise or company employ?

11. Which government institutions do you mostly cooperate with (specify any two)?.....

12. Which private institutions do you mostly cooperate with (specify any three)?.....

SECTION B: Emerging Business model innovations

In this section, please put a tick in the space provided to show the degree to which you agree with the statements following the scale below. 1-Strongly disagree (SD), 2-Disagree (D),3-Neutral (N), 4- Agree (A), and 5- Strongly Agree (SA)

		SD	D	N	A	SA
VP	SECTION B: Value proposition innovation (VP)	1	2	3	4	5
VP1	We have moved to a new value proposition for our customers that is different from the one we had two years ago	1	2	3	4	5
VP2	In comparison to our competitors, our company's position is to offer more expensive (because of quality) product or service	1	2	3	4	5
VP3	Our company position is to do what it takes to satisfy the customer even when such actions lead us to get a lower profit	1	2	3	4	5
VP4	We are now moving to new market niches where our competitors are afraid to or cannot easily enter	1	2	3	4	5

VP5	We are using the approach of introducing new products or service to retain our customers	1	2	3	4	5
VP6	Over the last 12 months we have increased the number of our formal and informal arrangements for sharing information with our partners	1	2	3	4	5
VP7	Over the last 12 months our focus is on products and services that solve customer needs as opposed to products that currently have high demand	1	2	3	4	5
VP8	Over the last 12 months, we have made significant changes in our pricing structure	1	2	3	4	5
VP9	Over the last 12 months, we took up many actions (more than our competitors) that have worked to strengthen our customer relationships	1	2	3	4	5
VP10	Our business model has now attracted many new customers over the last 6 months	1	2	3	4	5

		SD	D	N	A	SA
	SECTION C: Value creation status (VC)	1	2	3	4	5
VC1	Our company has developed a new way of doing things and has not had a negative effects on its core business	1	2	3	4	5
VC2	In the last two years we have made drastic changes in operation processes (e.g., in production, marketing, and research) for our non-core product lines	1	2	3	4	5
VC3	Compared to our competitors, we are now having more new sources of revenue	1	2	3	4	5
VC4	We have have been able to capture new customer segments over the last two years	1	2	3	4	5
VC5	Compared to our major three competitors, our company has been able to introduce new sales and distribution channels	1	2	3	4	5
VC6	We have had significant changes in all the functional areas (e.g., HR, finance, technologies)	1	2	3	4	5
VC7	It will be very expensive for our competitors to copy our new business model	1	2	3	4	5
VC8	Over the past 2 years we have ensured that we reduce costs over and above any other thing	1	2	3	4	5
VC9	We are now focused on depending on relationships with our partners to serve our customers better	1	2	3	4	5
VC10	We are currently depending more on our employees knowledge than ever before	1	2	3	4	5
VC11	We have maintained our usual sales force for our traditional and new products	1	2	3	4	5
VC12	We are currently searching for new collaborative partners	1	2	3	4	5

VC13	Our business model over the last six months has attracted more new suppliers and partners	1	2	3	4	5
	SECTION D: E- business value (EBV)	1	2	3	4	5
EBV1	On average our online customers are increasing as compared to walk in customers	1	2	3	4	5
EBV2	The firm has experienced a reduction in costs in our online transactions	1	2	3	4	5
		SD	D	N	A	SA
EBV3	Our company has it own well-developed website where customers can receive feedback regarding their purchase	1	2	3	4	5
EBV4	The company is able to make a sale online without face to face meeting with the customer	1	2	3	4	5
EBV5	The company has a delivery team for our online customers	1	2	3	4	5
	SECTION E: Market status					
MS	Market share status (MS)	1	2	3	4	5
MS1	The number of people who buy our products/services has increased more than our 3 major competitors in the last six months	1	2	3	4	5
MS2	The demand for our product in the market has picked up more than our major three competitors over the last six months	1	2	3	4	5
MS3	The operations of our business have expanded to other parts of the country	1	2	3	4	5
MS4	Our business has added new business lines to the current business over the last 2 year period	1	2	3	4	5
MS5	Our business always buys more than the previous purchases	1	2	3	4	5
MS6	Our business receives more orders for sales from new clients daily	1	2	3	4	5
MS7	Our customers have been placing more orders as compared to the previous six months	1	2	3	4	5
MS8	Our company sales team currently meets there set annual targets than in previous six months years	1	2	3	4	5
AG	Assets growth status (AG)	SD	D	N	A	SA
AG1	The company's assets has been growing over the last 2 years	1	2	3	4	5
AG2	The company's operating capital base has increased over the last 12 months	1	2	3	4	5
AG3	Our firm has acquired new assets in the last 12 months	1	2	3	4	5
AG4	We are not worried attaining an increase in sales in the next quarter	1	2	3	4	5

AG5	Our company's current sales revenue is higher than that of the last three months	1	2	3	4	5
KC	Knowledge control (KC)	1	2	3	4	5
KC1	In our company, employees can come up with any idea to implement	1	2	3	4	5
KC2	In our company, managers are slow at making decisions that are not in line with what they are used to	1	2	3	4	5
KC3	In our company we expect employees to interact freely with others at any time	1	2	3	4	5
KC4	In our company taking risk is a common place	1	2	3	4	5
BES	Business environment status (BES)					
BES1	Compared to other sectors, the changes in our industry were more rapid and unpredictable over the last three months	1	2	3	4	5
BES2	Compared to other sectors, it was more difficult in our industry to predict where we can acquire market advantages in the last three months	1	2	3	4	5
BES3	Compared to other sectors, it was more difficult in our industry to tell the likely changes in the customer's products and preferences in the last three months	1	2	3	4	5
BES4	We are facing rapid changes in technology and feel overwhelmed by the changes in our company	1	2	3	4	5
BES5	Since COVID-19 times, our competition has been very high	1	2	3	4	5
BES6	Since COVID-19 times, our competitors activities that threaten our survival have only intensified	1	2	3	4	5
BES7	Since COVID-19 times, many of our competitors are moving away from the products and services we are offering	1	2	3	4	5
TC	Technological concerns (TC)					
TC1	During the implementation of imported technology most of the problems, we have been able to solve the problems arising	1	2	3	4	5
TC2	Our employees have from trying to solve problems arising from using new technology learnt new methods of work	1	2	3	4	5
TC3	Our employees have from trying to solve problems arising from using new technology learnt new skills	1	2	3	4	5
TCPS	Possible support (TCPS)					
TCPS1	Government technology development institutes did not play any role in helping us identify new methods of work.	1	2	3	4	5

TCPS2	Government technology development institutes did not play any role in helping us select our major methods of work (processes, production or technology).	1	2	3	4	5
TCPS3	Government technology development institutes did not play any role in helping us implement the technology we are using.	1	2	3	4	5
TCPS4	Current government programs have offered financial incentives for firms to export.	1	2	3	4	5
TCPS5	Current government programs have instituted a series of quality inspections and certification processes that have helped exporting companies. Current government programs can help in conducting market research in foreign countries.	1	2	3	4	5
TCPS6	Current government programs can generally help in obtaining commercially available market research about foreign markets.	1	2	3	4	5
TCPS7	Current government programs can help us to obtain foreign customers for our products.	1	2	3	4	5
TCPS8	Current government programs can help with distributing our products in foreign countries.	1	2	3	4	5
TCPS9	Current government programs have offered this company financial or material support	1	2	3	4	5
TCPS10	All the government support methods mentioned in this section (Marketing Supporting Policies) are available to our competitors as well as other industries	1	2	3	4	5

I appreciate your precious time to fill this questionnaire

APPENDIX B: INTERVIEW GUIDE

Introduction

- Introduce your self to the interviewee (Mention your name and the University where you are studying and the Organisation where you work)
- Explain to the informant or interviewee that this study is on the topic Business model innovations and performance of MSME's
- As part of this study, we will be asking questions in regards to business model innovation and performance of MSME's and its our humble request that the interviewee is very open and honest to enable us draw accurate findings and therefore conclusion and recommendation

Confidentiality

This is to confirm to the you (key informant) that all the information that will be collected during the course of these research will be kept confidential and will be used only for academic purpose.

Study identifiers

As part of our standard research procedures are are not going to use your names in any part of this reseach but rather the unique identifiers will be used

Background about the interviewee

What is your role in the company?, since when have you been working for this company, have you ever served in any other position in this company rather than the current one?,

Questions on Business model innovation

1. Briefly discuss with me about the business that you are currently involved in.
Prob areas: Background of the business, ownership, major customers, suppliers, current, snapshot of current business environment
2. Briefly share with me whether you have ever heard of the term business model innovation
Prob areas: Briefly describe the term business model innovation in his own understanding, the type of business model that you are currently using as a business, do you review and modify the business model, how frequent do you review your business model
3. Please share with me if your company currently have a business model

Prob areas: Briefly describe the business model that the company is currently using, do you review and modify the business model, how frequent do you review your business model

4. Please share with me the pros and cons of using the business model that you have adopted

Prob areas: Briefly describe the pros and cons of using business model, what implication does using the model chosen improved your performance as a company

5. Please share with me your new business model innovations

Prob areas: New ideas and knowledge, new channels of distribution, new customers attraction mechanism and new customer retention methods, new product and service lines, new markets.

6. Please share with me about your customers;

Prob areas: Number of new customers, any changes in number of customers, any increase in the number of loyal customers.

7. Please share with me about increase in your annual sales for the company

Prob areas: Sales department meeting the annual set target in the recent years as compared to the past, retention rate, new channels of distribution

8. Please share with me the business model that the company currently uses.

Prob areas: which online platforms that the company currently uses, the platform that generates more sales, online ordering process, deliveries to customers

9. Please share with me about your company assets

Prob areas: Have we acquired any new assets in the last 5 years, do you have an asset management policy, are assets increasing in the last 5 years?

10. Please share with me about your current market

Prob areas: Briefly explain your current major market, your performance in the market as compared to your competitors, the possibility of entering the new market, and potential growth in the market.

APPENDIX C: TABLE FOR SAMPLE SIZE DETERMINATION

Population size	Sample size	Population size	Sample size	Population size	Sample size
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Krejcie, Robert V., Morgan Daryle W., *“Determining Sample Size for Research Activities”*,

Educational and Psychological Measurement, 1970