MANAGERIAL COMPETENCES AND ENTERPRISE GROWTH AMONG SMALL AND MEDIUM ENTERPRISES: A MODERATING EFFECT OF DIGITALISATION ADOPTION IN KAMPALA CAPITAL CITY AUTHORITY

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DECLARATION

I, Mutyaba Daniel, do hereby declare that this research report, titled, ***"Managerial Competencies and Enterprise Growth among Small and Medium Enterprises: A Moderating Effect Of Digitalization Adoption in Kampala Capital City Authority"*** is my own original work and has never been published or submitted to any university or institution of higher learning.

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APPROVAL

This is to certify that this study research report, titled, ***Managerial Competencies and Enterprise Growth among Small and Medium Enterprises: A Moderating Effect Of Digitalization Adoption in Kampala District"*** has been submitted with our approval as Kyambogo University supervisors.

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DEDICATION

I dedicate this research work to my family and friends. This piece of work is a result of your tireless efforts and support. May God richly bless you!

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LIST OF ABBREVIATIONS

UTAUT   Unified Theory of Acceptance and Use of Technology

SIR   Second Industrial Revolution

ICT   Information Communication Technology

GDP   Gross Domestic Product

BIR   British Industrial Revolution

SIR   Second Industrial Revolution

UK   United Kingdom

USA   United States of America

OECD   Organisation for Economic Co-operation and Development

COVID   Corona Virus Disease

BOU   Bank of Uganda

KCCA   Kampala City Capital Authority

WTO   World Trade Organisation

CVI   Content Validity Indices

ABSTRACT

The study examined the managerial competences and enterprise growth among Small and Medium enterprises; A moderating effect of digitalisation adoption in Kampala Capital City Authority. The objectives of the study were to; assess the relationship between experience and the enterprise growth among SMEs in Kampala District, examine the relationship between knowledge and enterprise growth among SMEs in Kampala District, establish the relationship between skills and enterprise growth among SMEs in Kampala District, examine the relationship between managerial competencies and enterprise growth among SMEs in Kampala District, establish the moderating effect of digitalisation adoption on relationship between managerial competencies and enterprise growth among SMEs in Kampala District. The research design deployed was a cross section survey design where a sample of 382 SMEs was selected using simple random technique. The study approach was both quantitative and qualitative. Qualitative data was analysed using SPSS to generate descriptive analysis and inferential statistics. Data collected was analysed using SPSS version 23.0 where regression analysis was performed to establish the effect between the variables. The findings shows, experience, knowledge and digitalisation adoption has a positive and significant effect on enterprise growth among SMEs, with experience being highest predictor ($\beta = 0.330$, $p<0.00$), followed by knowledge ($\beta = 0.288$, $p<0.00$) and digitalisation adoption ($\beta = 0.191$, $p<0.00$). The skill was found insignificant despite having a positive contribution to enterprise growth ($\beta = 0.103$, $p>0.216$). This means that the main predictor of enterprise growth is experience followed by knowledge then digitalisation adoption and lastly skills. The researcher recommends that there is need to formulate and implement a strong SME training and intervention policy. SMEs need to do routine workshops to share experience and influence their mode of operations, and consequently enhance enterprise growth among SMES. Further still, SMEs need to do self-evaluation and tailor outcomes to their managerial obligations, because experience was found as a key factor for SME performance. Therefore, in order to set a favourable environment for SMEs to flourish, there is need for extensive survey- based analysis of small firms to be able to provide incentives for overall growth. In conclusion, from the analysis of three predictors of managerial competence, it was generally concluded that managerial competence affects growth of SMEs by close to 14.6 percent. Therefore, if SMEs are to attain outstanding performance, there is need for SMEs to put significant effort in managerial competence especially experience and knowledge. The relationship between managerial competencies and enterprise growth among SMEs can be well moderated by digitalisation adoption as the findings have clearly revealed that digitalisation adoption by business has got a numerous advantages and a significant impact on the enterprise growth. The theories that inform the study is UTAUT and human capital theory.

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CHAPTER ONE

INTRODUCTION

1.0   Introduction

Small and medium- sized Enterprises (SMEs) play a pivotal role in the economic development of nations worldwide. In Uganda's bustling capital city of Kampala, SMEs form a significant segment of the business landscape, contributing to employment generation, poverty reduction, and overall economic growth. However, their growth and sustainability are often challenged by various internal and external factors.

Managerial competence play a pivotal role in the growth and success of Small and Medium-sized Enterprises (SMEs). SMEs are often considered the backbone of many economies, contributing significantly to employment generation and economic development (Acs & Szerb, 2007). These enterprises, characterised by their limited resources and relatively small scale of operations, face numerous challenges in the competitive business landscape. In this context, the competence of managers in SMEs becomes a critical factor that can either facilitate or hinder enterprise growth.

Numerous studies have explored the impact of managerial competences o SME performance, revealing positive association between competent leadership and enhanced business outcomes. However, the extent to which these competences influence enterprise growth can be further nuanced by the adoption of digitalisation in the business process. Digitalisation, including the integration of digital technologies and the utilisation of data-driven insights, has become increasing prevalent in SMs worldwide. In Kampala, the adoption of digitalisation tools and strategies has gained momentum, potentially altering the dynamics between managerial competences and enterprise growth (Lockett & Wild, 2014).

This study therefore sought to investigate the moderating effect of digitalisation adoption on the relationship between managerial competences and enterprise growth among SMEs in Kampala Capital City Authority.

This chapter provides the background information highlighting the historical, theoretical, conceptual and contextual perspective. It also presents the statement of problem, purpose, objectives, research hypothesis, scope, justification, conceptual framework and operational definitions. It is a basis upon which other chapters are built.

1.1 Background to the study

1.1.1 Historical background

The evolution of the enterprise growth started way back before and during the period of industrial revolution that took place between 1750 and 1850 which was characterised by use of machines for production. When such machines were economically productive, they were housed in factories, which drew people away from other occupations, developed new business forms for distribution, opened up new opportunities for capital utilization, hence the starting point of enterprise growth (Smith & Lytle, 2015).

According to Chandler (2007), important transformations in enterprise growth have historically occurred in tandem with industrial revolutions where by even the factories were a product of the British Industrial Revolution (BIR) which was the first to occur and later the Second Industrial Revolution (SIR) which took place between 1750 and 1850. By the 1920s however, the massive contemporary business enterprise had emerged up facilitated by Information Communication Technology revolutions and such businesses are called multidivisional form (M-form) (Jerry, 2020).

Furthermore, around the end of the 19th century, a new type of business growth came out of nowhere. During the twentieth century, these businesses were founded and grew in much the same way, and they tended to cluster in industries with similar characteristics. By 1880s, new line steamship, and LAN networks had made it possible to have a consistent and regularly programmed flow of commodities and information through local and intercontinental economies at record high volumes. The possibility of greatly increasing the rate and quantity of goods production triggered a flurry of new technologies that pushed Western Europe and the United States in the late nineteenth century, resulting in the Second Industrial Revolution, as historians call it such that it is different from the 1st one that happened in Britain towards the close of the 18th century (Chandler, 2007).

Furthermore, since the early nineties, the Advent of technology in company growth has brought about several changes in organizations in terms of administration and management, as well as changes in marketing strategies, all of which have resulted in the emergence of new innovative online businesses. A first management revolution in business was ushered in by the considerable rollout of new systems for unified corporate administration, as well as a deep reorganization of company operations (Bettiol, eta.,, and l 2020).

Regimes in developed and developing countries launched major programs in the 1970s and 1980s to harness and boost entrepreneurship and enterprise growth, based on the assumption that entrepreneurship and enterprise growth are linked to economic prosperity (László & Zoltán, 2010). During the challenging 1970s and 1980s, enterprise expansion became a major area of economic development in both the United Kingdom (UK) and America (USA).

According to a research by Patrick O'Brien (1987), the capacity for enterprise growth in colonial and independent countries of Asia and Africa was between 1815 and 1948, and it relied far less on the sort of government present than on a variety of other influencing factors, notably human and natural resources and access to international markets. This potential for economic development was heavily reliant on small businesses founded by white settlers (Hopkins, 2009).

The enterprise's growth path started in 1900 by the introduction of coffee, which was essentially the Arabica crop transported to Uganda from Malawi and Ethiopia's highlands. By 1914, European and Asian farmers had established 135 plantations in central Uganda, covering approximately 58,000 acres. However, as prices fell in the 1920s, the crop was abandoned, creating a substantial impediment to Uganda's entrepreneurship and economic advancement because, in the years following independence, practically all export revenues came from coffee and cotton, and subsequently, coffee alone. Cotton was initially introduced to Uganda by the British in 1903, as per the International Trade Centre for the Cotton Development Organization, with initial investments in ginning by missionaries, British firms, and Asian businesspeople. In the 1930s, Asian businesspeople dominated the sector; later, Ugandans joined them, but the colonialists-controlled operations, invested in seed varietal research, distributed free seed to producers, and set floor prices, whereas the Lint Marketing Board (LMB) introduced to the market lint cotton and cotton seed locally (Masiga & Ruhweza, 2007).

Uganda's enterprise growth path continued after liberalization and pro-market policies that resulted in sustained private sector growth with real GDP contributions averaging 7% per year, all of which were directed toward realizing the Constitutional goals of right to development. Small & medium-sized businesses are the powerful force behind Uganda's and the world's economic progress. They are evenly distributed across all industries, with 49percent working in services, 33percent in commerce and trade, 10percent in manufacturing, and 8percent in others. SMSEs are important drivers of innovation, income

generation, and job creation in Uganda. Over 2.5 million people are employed in this industry, which employs roughly 90

Percent of the private sector and generates more than 80 percent of industrial output, accounting for 20 percent of GDP (Ministry of Trade and Cooperatives report, 2015).

1.1.2 Theoretical Review

This study was guided by Unified Theory of Acceptance and Use of Technology and Human Capital Theory.

The unified Theory of Acceptance and Use of Technology was advanced by Venkatesh, Morris, Davis, and Davis (2003). The UTAUT theory developed in order to explain the ability of users to decide to use technology their intention to adopt modern technologies and their subsequent usage behaviours.

According to (Venkatesh et al., 2003), UTAUT theory has the following assumptions; it assumes that people have intentions of using technology, it also assumes the perceived simplicity of use of technology i.e. people have the ability to use any form of technology, it assumes that people's behaviours change when they adopt the use of technology, it also assumes that when people accept technology their performance levels improve.

In terms of strengthen, Venkatesh et al. (2003) in his UTAUT theory explains people's intentions of using technology which is realistic. The evident statistics indicate that in United States use of internet and related technologies such as smartphone has uninterruptedly risen over the past numerous years, reaching 85 percent in February 2021 (Dea, 2021).

The UTAUT theory also clearly explains that technology cannot be used without acceptance which gives this theory a firm standing point for its applicability for example the reports from World Bank (2020) show are around 650 million mobile subscribers in Africa, exceeding the number of users in the United States of America or Europe. In many African countries many people access to a mobile phone than to bank accounts, clean water or source of power which is a clear indicator that the theory can be applied. It is also clear that once someone adopts the use of technology the performance levels go high since it streamlines all the processes such communication, production, marketing and others hence productivity go high (Sarv & Kohl, 2003).However, this theory has got some limitations which include;

UTAUT theory assumes perceived ease of use by the individuals which is unrealistic, it is

common that one to use technology requires some training about how to use the technology (Venkatesh et al., 2008)

Furthermore, after his study about the UTAUT theory, Bagozzi critiqued it and its consequent delays indicating that UTAUT is well meaning and a kind presentation though its 41 independent variables doesn't really well predict the intentions by individuals to use the technology and worst of all the theory's 8 independent variables for predicting behavours as put forward by Vankatesh do not well explain the resultant behaviours by the individuals that use technology and he suggested that instead of a unified theory that he coheres with the theory of numerous fragments of knowledge to elucidate decision making (Bogozzi, 2007).

The UTAUT is less ungenerous than the preceding theories. This is due to its high R2 is only achieved when regulating critical correlations between up to four variables, according to Van Raaij and Schepers. They also criticized item and construct grouping and labeling, claiming that a range of different items were combined to reflect a particular psychometric construct (Schepers & Raaij, 2008).

Li (2005) contended that utilizing moderators to exaggeratedly obtain high R2 in UTAUT theory is excessive and impracticable for accepting and determining business technology acceptance, and that worthy predictive power may be accomplished even with basic models provided adequate initial transmission practices are used. The results offer proposals for doing organizational research in practical business situations (Jerry, 2020).

Concerning this study the theory holds three important constructs that explain my variables according to (Venkatesh et al., 2003), on digitalisation adoption it holds   i) performance expectancy, ii) social influence and iii) effort expectancy which in turn due to improved performance after the digitalisation adoption can impact on the profitability and increased number of products and services produced and generally due to social influence can lead to increased staff due to the enterprise growth.

Due to the limitations of the UTAUT theory as discussed above the researcher chose to adopt another theory to underpin the study as discussed in the subsequent paragraphs below;

Human capital theory. The theory was put forward by Backer (1964, 1975). It assumes that individuals who put their resources in education and training increase productivity, knowledge about sources of finance, technical managerial skills, and so can rationalize their

earnings as a result of their venture in human capital. It explains that individuals' knowledge and skills improve their cognitive abilities to improve on the enterprise growth, number of products and services and number of employees which enables them to be more successful in pursuing and exploiting managerial competence.

According to Mincer (2000) asserted that, other factors being kept constant, personal income varies according to the amount of money invested in personal capacity development(human capital), i.e., the quantity of education and training the people or groups of employees receive. He further explains that extensive human capital investment will provide the skill foundation required for economic growth in the labour force. Investing in education, in other words, investing in yourself privately, results in increased lifetime rewards and benefits for individuals who spend many years studying, access to higher-paying jobs, less time spent jobless, and faster transitions to better employment opportunities (Wahrenburg & Weldi,

The theory's foundation elements are consistent with the conception of managerial competence. Tarwirei (2015) further perceived that in several SMEs of different countries of the world, managerial functions of the firm are usually carried out by the owners of the business owing to the size of the organization and other economic considerations. As a result, the success of the firm is embedded on personal competence of the owners (proprietors). The study by Balunywa (2003) indicated that SMEs are constrained with human capital with which to carry out their business activities.

When applied the theory will help to explain to policymakers and researchers evaluate the relationships between managerial competence and enterprise growth (Netcoh, 2016).

2007).

1.1.3 Conceptual background

The study's key concepts were managerial competences, digitalisation adoption, and enterprise growth among SMEs.

Managerial competency profiling in SMEs is a technique for determining a manager's capabilities (key outcome areas or primary accountabilities) for critical outputs (Casimir and Waldman, 2007). Managerial competence relates to what a manager is capable of doing in

order to efficiently run the business, as well as the behaviour required to do so (Chong, 2011). Managerial competences, for the purposes of this study, pertain to certain resources and capacities that empower managers to select and implement working strategies to improve enterprise growth. The specific resources include all individual assets, knowledge and skills, while the competences are those embedded in the individual's capacity, ability and interactive relationships (Onuoha & Diboye, 2019).

It should be known that today's businesses are increasingly focusing on core competencies, or more precisely, the managers' core intellectual and service competencies, which implies that they will retain only those activities in which they are better; activities that cannot be performed at near-best-in-world levels should be considered for outsourcing. This method frequently results in organizations that are modest in traditional terms but large in terms of value generated; these are intelligent enterprises, according to Quinn (2008). As such, competencies exhibited by the administrators/ managers can be used to analyse managerial actions in a business. Therefore, this is very vital to note because establishment of the competency of individuals is crucial for further enterprise growth (Muhos, etal, 2010).

Digitalisation adoption entails establishing a situation in which users are able to use digital technologies as intended and to their full potential. (Curraj, 2018).

"Digitalization is broadly defined as an organization or country adopting and increasing its use of digital or ICT" (Brennen & Kreiss, 2016). Certain academicians use the terms "digitalisation" and "digitization" interchangeably. However, while digitalization refers to how many aspects of social life are rationalized as a result of people's interactions shifting from analog to digital technologies, digitization refers to the physical process of converting analog means into digital bits (Jerry, 2020).

Digitalization is among the most important trends affecting society and industry today (Parviainen, *etal*., 2017). These phenomena are no more a passing fad; it is altering the economics of globalisation in a variety of ways, including who participates, the way business is conducted worldwide, and where economies of scale are distributed (Wautelet, 2017). In reality, the issue that businesses face today is how to properly respond to digitisation (North, etal., 2019). Gartner (2019), digitalisations refer to series of steps that involve using digital technologies and information to change a company's operations (Gartner 2019).

Digitalisation is the constant practice that touches virtually every aspect within economy. It should be noted that digitalisation refers a variety of social and economic shifts centred on

Digitalization enables SMEs to participate in the global economy by lowering costs and improving network activities, speed, and flexibility (Banalieva & Dhanaraj, 2019; OECD, 2017). However, evidence suggests that most SMEs have been unable to recognize the value of technological evolution due to difficulties in embracing digital tools, necessitating guidance in the development of a digital strategy that impacts the organization as a whole and ensures a long-term competitive advantage globally. 2020 (Dethine).

The word enterprise growth denotes to a company's evolvement from small scale operation to large scale operation, and from weak to strong, according to a study by Sun (2004). In turn, enterprise growth is defined as the process by which a company retains balanced and stable growth in overall performance, including output, sales, revenue growth, and asset gross, or achieves significant improvements in total performance quality and level over time (Mao, 2009).

digital technology and communication. Cloud - based computing, the Internet of Things, intelligent systems, advanced analytics, and big data are all buzzwords these days are trying to transform not only commercial activities, nonetheless are used to generate new business models which require new firm strategies and impact innovativeness, consumer behaviour, and the world in general (WIFO, 2019).

It should be mentioned that the following variables must be considered for the company's growth in the context of enterprise growth. The timeframe property of growing business. The basis for studying an organization's growth is a long period of time during which the strategic and long progress process is studied rather than its position at a specific time point. The growth of an enterprise is not a trouble free procedure. Enterprise always make transition from balance to imbalance during the growth process, as a result, it moves from imbalances to balance, and from fairly low balance to relatively high balance.

The expansion of a business is a combination of quantity and quality. The rise in quantity is represented by the growth of enterprise in terms of sales volume, customer base, cost of production, profitability, and employee.

The firm growth can be examined from various angles in this study. The resource based approach, the motivation perception, and the deliberate adaptation perception, according to Davidsson and Wiklund (2006), focus on elements that contribute to survival and

development, whereas empirical studies are concerned with how growing organizations should be handled (Muhos, etal, 2010).

According to the study by Atkinson (2012), performance measurement is referring to the frequent gathering and reporting of information in order to track work generated and results accomplished. Even though operational performance aspects that include productivity, quality, swiftness, and adaptability are significant in analysing the influence of management skills on SMEs, performance has been defined as financial performance based on enterprise growth due to scoping and other limitations.

1.1.4 Contextual background

In Uganda, SMEs are a critical sector for economic growth, accounting for 90 percent of entire private sector, and 75 percent Gross Domestic Product, GDP (Pozhidaev, 2020). However, with challenges of COVID-19, and prior tax burden, several SMEs, were closing business due to poor performance. This could also be attributed to inadequate managerial competencies (Muhos, etal, 2010).

Most SMEs in Uganda are categorised by the following; flexibility, family members direct engagement in daily work and unpaid labour, allowing people to enter and exit business activities in response to market demand the ability to improve products from scrap materials, the eagerness to continue operating businesses and locations comfortable to customers at any time, and a proclivity to locate smaller markets out of reach of larger enterprises (UIA, 2011).

These organizations confront a variety of challenges due to their size and informality. This is due to a number of trade barriers, such as official registration, high technical principles qualifications, expensive taxes, bad transportation bottlenecks, particularly in rural areas, poor communication structure, and restricted energy supplies, SMEs have remained informal for the past 10-15 years. This has resulted in a variety of obstacles, including the inability to raise personal funds and obtain financial facilities from official sources, as well as the difficulties in engaging competent employees with financial management practices due to the compensation such people would want (Wamono, Kikabi, & Mugisha, 2012).

Another key issue that affects most of Ugandan SMEs is lack of product uniqueness and innovation to compete with, or better yet, avoid, overseas competition. According to Darku

(2001), 60 percent of SMEs do not invest in human resource development to improve on competencies and instead hire semi-skilled workers to save money on wages. As a result of this lack of innovation, businesses remain fragmented and stunted, according to the study by Manu (2008), which is the core driver of enterprise growth and the genesis of new goods and particular market niches. Lack of significant innovation, along with an individualist approach to business and informal operations, has shattered communication channels and cooperation, jeopardizing their ability to raise capital (Kasekende & Opondo, 2003).

Over 80 percent of Uganda's SMEs are concentrated in metropolitan regions of Kampala accounting for the majority of commercial activity. The bulk of SMEs are located in Kampala city, according to the UBOS (2014), and Hatega (2007) found that various SMEs in Kampala operate in five divisions: Central, Nakawa, Kawempe, Kawempe, and Rubaga (Hatega, 2007). In Kampala City, the study looks at retail, wholesalers, fabricators, manufacturing, and food processing SMEs (Barungi, 2018). In Kampala Capital City Authority, there were around 22,075 registered SMEs by 2019.

1.2 Statement of the problem

Globally Small & medium businesses, like large firms, confront several risks and obstacles that can lead to failure; yet, for domestic and global economies, their sustainability and resilience are important. These SMEs are ill-equipped to deal with hazards, and they lack institutional support (Marcazzan, Campagnolo, & Gianecchini, 2022). According to the one-year business survival statistics in the European Union for 2018, nearly one in every five new enterprises in the EU failed in their first year. Greece had the highest business survival rate with a 96.7 percent one-year survival rate, while Lithuania had the lowest, with a 63.57 percent one-year survival rate (Clark, 2021).. In South Africa, the growth of SMEs is significantly low, and macroeconomic factors being the main stumbling block at the rate the of 86.67% (Sharmilee, 2014). Despite the crucial status of SMEs in practically every country, actual evidence suggests that they only last for a limited time (Ahmad, 2007). According to Okingbolu (2014), 70 percent of SMEs in Nigeria die within a period of the first three years of operation, with only 5-10 percent making it to the full operating stage. In Uganda, 85 percent of all enterprises, particularly SMEs, are experiencing financial difficulties due to low profitability, low technology adoption, low innovation, use of low skilled man power with half of these likely to go out of business (Mudua & Hisali, 2020). According to the data, nearly 1,000 small firms surveyed are concerned about the risk of going out of business due

to cash flow and operational issues (Daily Monitor, 2021). There is low digitalisation adoption by SMEs in ICT at 13 percent which would be useful in reducing operation costs and increase efficiency for enterprise growth Kyakulumbye & Pather(2021). Furthermore, data continue to suggest that these businesses are making slow progress in terms of sales growth, market share, and profitability, all of which pose a threat to their survival (BOU, 2020).

However, there have been limited studies conducted to measure the moderating role of digitalisation adoption on the relationship between managerial competencies and enterprise growth of SMEs. More specifically, SMEs studies have focused on identifying the issues that SMEs face, with little attention paid to managerial competence or digitalisation adoption. For this reason, this study will aim at determining whether digitalisation adoption moderates the relationship between managerial competencies and the enterprise growth among SMEs in Kampala Capital City Authority.

1.3 Purpose of the Study

To examine the managerial competences and enterprise growth among SMES: A moderating effect of digitalisation adoption in Kampala Capital City Authority.

1.4 Objectives of the Study

The study was guided by the following Objectives

i. To assess the relationship between experience and the enterprise growth among of SMEs in Kampala Capital City Authority.
ii. To examine the relationship between knowledge and enterprise growth among SMEs in Kampala Capital City Authority.
iii. To establish the relationship between skills and enterprise growth among SMEs in Kampala Capital City Authority.
iv. To examine the relationship between managerial competencies and enterprise growth among SMEs in Kampala Capital City Authority.
v. To establish the moderating effect of digitalisation adoption on relationship between managerial competencies and enterprise growth among SMEs in Kampala Capital City Authority.

1.5 Hypothesis of the study

   i. Ho_1: There is no significant relationship between experience and enterprise growth among: SMEs in Kampala Capital City Authority

   ii. Ho_2: There is no significant relationship between knowledge and enterprise growth among SMEs in Kampala Capital City Authority

   iii. Ho_3: There is no significant relationship between skills and enterprise growth among SMEs in Kampala Capital City Authority

   iv. Ho_4: There is no significant relationship between managerial competencies and enterprise growth among SMEs in Kampala Capital City Authority.

   v. Ho_5: Digitalisation adoption has no significant moderating effect on the relationship between managerial competencies and enterprise growth among SMEs in Kampala Capital City Authority.

1.6   Scope of the Study

1.6.1 Content Scope

The study focused on the managerial competencies and enterprise growth among SMES in Kampala Capital City Authority. A moderating effect of digitalisation adoption. In particular, influence of experience on the enterprise growth among SMEs, the influence of knowledge on the enterprise growth among SMEs, the effect of skills on the enterprise growth among SMEs and the moderating effect of digitalisation adoption on the relationship between managerial competencies on the enterprise growth among SMEs was studied.

1.6.2 Geographical Scope

The study was conducted in Kampala Capital City Authority. This constituted the following five divisions; Central Division, Kawempe, Lubaga, Makindye and Nakawa Division. The study will consider all the three categories of SMEs such as services, trade and manufacturing as they are the majority in the study area KCCA (2020), and has a larger portion of registered businesses and have a higher chance of ICT adoption.

1.6.3 Time Scope

This study focused on SMEs that have been in business for at least 2 years. This approach is supported by the European Commission, which has emphasized the importance of studying SMEs at different stages of their development for at least 2 years and above for a comprehensive understanding of their dynamics and impact on the economy (European Commission, 2017).

The study undertaking a moderating effect of digitalisation adoption, it is such a period that there was high rate of digitalisation adoption due to outbreak of COVID 19 and Ebola with the measure of social distancing to curb its spread, emphasis by the government to adopt digitalisation in business such as online teaching, the introduction of the new curriculum for O level which emphasises on Integration of ICT in teaching and learning, which demonstrates widespread digital adoption throughout all aspects of the economy.

1.7 Justification of the Study

i.   Academicians. Findings of the research will add to the knowledge and understanding of the merits and limits of the managerial competencies among SMEs in Uganda. This research will contribute thus to the management scholarly field in Uganda in the sense that it added knowledge to the academic world.

ii.   Policy makers. Findings of this research will help the government in policy formulation regarding the operation of SMEs in Uganda

iii. Findings will provide key policy stakeholders with helpful information about future business digitalization of SMEs, with a focus on e-commerce and management of information systems, and their impact on Ugandan firm growth.

iv.   Development partners. The study will give a strong basis to the development partners to access information regarding the enterprise growth for benchmarking.

v.   SMEs sector. The study will provide insights, instruments, and data the business sector in Uganda on how to adopt digitalization, i.e. ICTs systems to improve the enterprise growth.

1.8   Conceptual Framework

The conceptual framework depicts the dimensions with in the independent and dependent variables and how these variables relate. This was be drawn with guidance of theoretical perspective. The study's conceptual framework is depicted in Figure 1 below;
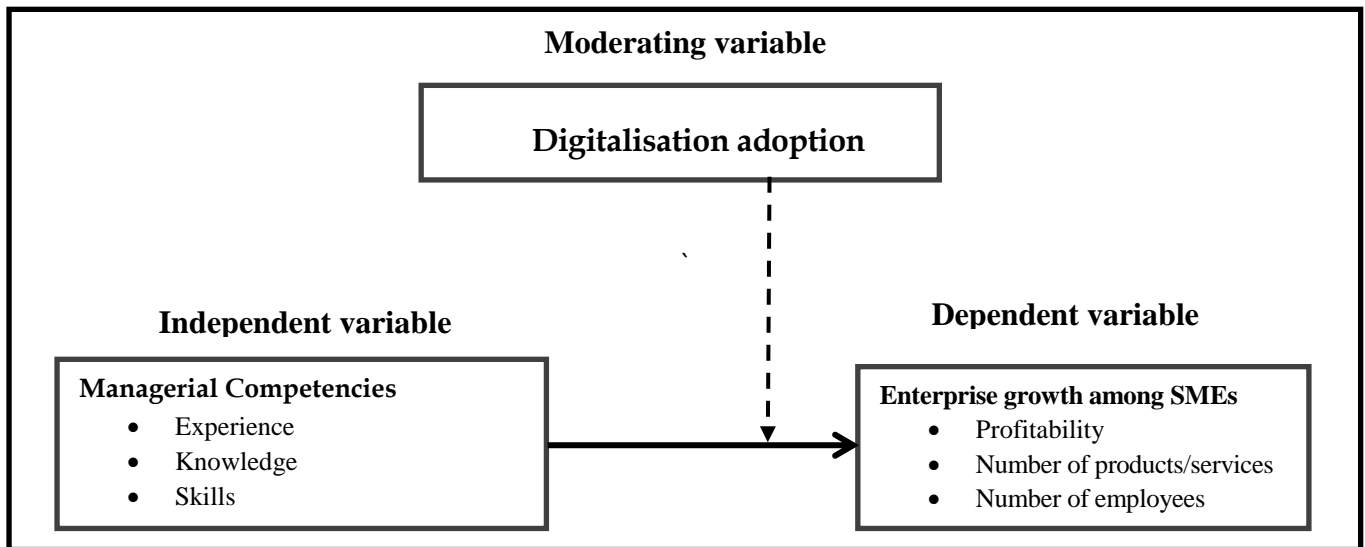
Source: Adopted (*Ruba, Alkhodary, & Hashem*, 2015)*, Omeke et al.,(2019), (Larsen et al.,*

Figure 1: Conceptual framework

1.9 Description of the model

Managerial competences were measured using (Ruba, Alkhodary & Hashem 2015) experience, knowledge, and skills. Digitalisation adoption was developed by Larsen et all..,(2018). Proposed a paradigm for measuring digitalization based on behaviour intents and usage behaviour. Omeke et al.., (2019) model was also used to measure enterprise growth using performance indicators.

1.10   Operation definitions of key terms

For better understanding of this study, key terms have been defined as per their use in the study. The key terms that have been defined include; Enterprise growth, Small and Medium enterprises, Digitalisation, competencies and adoption.

Enterprise growth: It has been looked at as an act of achieving organizational financial performance, social objectives, organization's productivity, and effectiveness (Balunywa, 2009).

Small and Medium Enterprises: Small businesses are defined as businesses with fewer than five employees and assets totalling less than ten million Uganda shillings. Small businesses, on the other hand, employ 5 to 49 people and have total assets ranging from ten million Uganda shillings to one hundred million Uganda shillings. As a result, an average business employs 50 to 100 people and has assets totalling more than one million Uganda shillings but less than three hundred sixty million Uganda shillings (Ministry of Trade, Industry and Cooperatives report, 2015).

Digitalization: Digitalization is defined as an organization, industry, or country's acceptance and increased use of electronic or computer technology (Brennen & Kreiss, 2016). (Matt, 2020).

Managerial Competencies: is the capacity to do something effectively or efficiently. Barnett (2009)

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents literature related to business managerial competencies and enterprise growth among SMES: a moderating effect of digitalisation adoption. Specifically the literature review focus on objectives of the study which include; assessing the relationship between experience and the enterprise growth among of SMEs, examining the relationship between knowledge on the enterprise growth among SMEs, assessing the relationship between skills on the enterprise growth among SMEs, examining the relationship between managerial competencies and enterprise growth among SMEs and establishing the moderating effect of digitalisation adoption on relationship on relationship between managerial competencies and enterprise growth among SMEs.

2.1 Theoretical review

2.1.1 Unified theory of acceptance and use of technology (UTAUT)

Venkatesh, Morris, Davis, and Davis developed the unified Theory of Acceptance and Use of Technology (2003). The UTAUT theory was created to explain users' ability to embrace technology, their desire to adopt new technologies, and their subsequent usage patterns.

As per Venkatesh etal., 2003) the UTAUT theory makes the following assumptions: it assumes that people intend to use technology, it assumes that individuals have the ability to use any type of technology, it presupposes that people's behaviours change when they embrace the use of technology, and it assumes that people's performance levels improve when they accept technology.

In terms of strength, Venkatesh et al. (2003)'s UTAUT theory explains people's realistic intentions to use technology. The obvious figures show that use of the internet and related technology such as smartphones have gradually increased in the United States over the last several years, hitting 80 % of the total in February 2021. (Dea, 2021).

The UTAUT theory also explains exactly that technology cannot be used without acceptance, giving this theory a strong foundation for its applicability. For example, reports from the World Bank & African Development Bank (2020), Africa has over 650 million mobile phone subscribers, far outnumbering the United States and Europe. More people in some African countries have access to a cell phone than to clean water, a bank account, or electricity, indicating that the concept could be implemented.. It is also apparent that when someone uses technology, their performance levels increase because it streamlines all operations like as communication, production, marketing, and others, resulting in increased productivity (Sarv & Kohl, 2003).

The constraints of this theory include, among other things, users' exaggerated perceptions of ease of use; ideally, good technology use requires some training (Venkatesh et al., 2008). Furthermore, following his research on the UTAUT theory, Bagozzi criticized it and its subsequent postponements, claiming that while UTAUT is well-intentioned and thoughtfully presented, its 41 independent variables do not accurately predict individuals' intentions to use technology, and worst of all, the theory's 8 independent variables for predicting behaviors, as proposed by Vankatesh, do not adequately explain the individuals' resultant behaviours when they use technology (Bogozzi, 2007).

Furthermore, Li stated that using moderators to get high R2 in UTAUT theory is unneeded and idealistic for understanding and predicting enterprise technology adoption, and that better prediction even simple models can achieve power if proper preliminary screening strategies

are used.. The findings provide recommendations for doing strategic actions in real-world business settings (Jerry, 2020). Finally, according to Venkatesh et al., 2003 in his UTAU theory, it holds three important constructs that explain my variables that is performance expectancy, social influence and effort expectancy, which in turn, due to improved performance after digitalisation adoption, can impact on profitability and increased number of products and services produced, and generally due to social influence can lead to increased number of staff hence enterprise growth

This therefore, due to the above limitations the researcher shall adopt the theory of human capital to be the main theory to explain the study.

2.1.2 Human Capital Theory

Human capital theory was advanced by Backer (1964, 1975). People who invest in education and training are thought to increase productivity, understanding of financial resources, and technical managerial abilities, and so justify their earnings as a result of their investing in human capital. It demonstrates how increasing the size of the organization, the amount of services and products offered, and the number of employees increases individuals' cognitive capacity, allowing them to be more efficient in pursuing and leveraging management competency (Brenneman & etal., 2018).

Personal income changes as per the amount of money invested in human capital, i.e., the volume of education and training that individuals or groups of employees acquire, as according Job Mincer (1993). He goes on to say that a large investment in human capital will offer the necessary skill basis for labour force economic growth. Investing in education, in contrast hand, results in higher lifetime earnings because people who have more years of education have direct exposure to better paying jobs; and faster transitions to better career prospects. (Wahrenburg & Weldi, 2007).

The foundational parts of the theory are in line with managerial competence concept. Tarwirei (2015) went on to say that in a number of SMEs from across the world, the firm's managerial functions are typically carried out by the proprietor, owing to the how large the firm and many other monetary concerns. As a result, the success of the firm is dependent on the founders' personal abilities. According to research conducted by Balunywa (2003), SMEs lack the necessary human capital to carry out their economic activities.

The gist of this theory is that if a manager invests in training to gain the skills, experience, and knowledge needed to boost an enterprise's growth, such enterprises with such managers can achieve a long-term competitive advantage over competing firms as well as consistent growth and performance, provided the manager can absorb and apply these skills, knowledge, and experience (Entebang & Eniola, 2016).

According to Tarwirei (2015), human capital encompasses academic achievements as well as industry exposure before to and after the start of the enterprise. The theory's foundational elements are inherent in the concept of managerial competence. Tarwirei (2015) went on to say that in a number of SMEs from across the world, the firm's managerial functions are typically carried out by the proprietor, owing to how big the firm and other financial/ monetary concerns are. As a result, the firm's success is dependent on the founders' personal abilities. Balunywa (2003) discovered that SMEs lack the necessary human capital to conduct out their economic activities.

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concerns. As a result, the firm's success is dependent on the founders' personal abilities. Balunywa (2003) discovered that SMEs lack the necessary human capital to conduct out their economic activities.

2.2 Managerial competencies

The term "managerial competences" refers to the combination of several components, including a manager's skills (that are generated from a set of attributes) as well as the tasks that must be accomplished in a certain situation. As a result, management abilities are considered as a difficult collection of characteristics needed for intellectual performance in particular situations. Such competencies must be operationalized via activities, outcomes, and criteria in order to serve as a platform for significant consideration (Vaishya, Jha, & Srivastava, 2016).

Competencies are a person's cognitive for example knowledge and skills, affective (- for example values and attitudes), behavioural, and motivational traits and dispositions that enable them to perform successfully in a given situation (Boyatzis, 2011). A manager's output competencies (output competencies) are defined by the job-related experience and knowledge (input competencies), as well as personality traits, according to Finn (1993). Extreme performance is assumed to happen when people's competence or gift coincides with the job specifications and the organization culture (Boyatzis, 2011).

Different academics have classified competence, with Katz (1955) giving the most often used classification, which divides competence into three categories: technical, human, and conceptual. Human skills are meant for people, whereas conceptual skills are responsible for ideas. Skills and knowledge are responsible for physical equipment and techniques (Vaishya, Jha, & Srivastava, 2016).

Keith and Malcolm (2017) stressed the importance of the promoters of the SME's level of education and previous job experience in their research, stating that they are essential

determinants in enterprise growth in numerous sectors. They went on to say that emphasizing practical professional skills such as technical skills, engineering, finance and accounting, marketing, and human resource through education system and curricular content contributes to offering potential entrepreneurs with the necessary managerial skills (Stoner et al, 2013).

Managerial competencies (MC) are extremely crucial to small and medium-sized business performance and survival. They are defined as a set of abilities, knowledge, and characteristics that enable people, such as small business owners, to carry out a specific task or job (Nirachon et al., 2007). It is upon that background that under this variable the research decided to use the indicators above.

In this study, the variable of managerial competence will be measured and tested basing on three indicators which include the experience, knowledge and skills of the employees. In the study on indicators of management capability development, the framework clearly identified the management competence indicators and these are spotted out as experience, knowledge and skills and it is clearly indicated that with this combination of attributes the manager is considered absolutely competent. The model could be identified to symbolize a chain of impact that relates to management capability to enterprise performance (Tamkin *etal*., 2001).

2.3 Digitalisation adoption

"Digitalization" is defined as "an organization, industry, or country's embrace or increased usage of digital or computer technology" (Brennen & Kreiss, 2016). Since then, a number of studies have been done on this matter (Brennen & Kreiss, 2016). The phrases "digitalization" and "digitization" are sometimes used interchangeably by academics. While digitalization describes the transformation of many areas of social life as people's interactions change from analog technologies to digital ones, digitization describes the physical process of converting

analog signals/data to digital signals/data (Austrian Institute of Economic Research (WIFO), 2019).

Digitalization is facilitated by advancements in ICTs (Koh & Fichman, 2014), such as the internet which homogenise information to allow businesses process, store, institutionalize, and disseminate increasing volumes of information more quickly, thus working to improve information and knowledge management within the enterprise (Aramburu, & Lorenzo, 2019).

Despite the fact that digitization is not a recent phenomenon, it keeps changing and has fresh implications for the corporate environment. The recent digital revolution, also known called the 4th industrial revolution advancing so fast and different from the earlier revolution in terms of speed, accuracy, scope, and the impact of the prior revolution towards the fourth industrial revolution, which was based on ICTs and automation (Schwab, 2016).

Digitalization is among the most fundamental trends that affect society and industry (Parviainen, etal., 2017). This is no just a passing trend; it is altering the economics that underpin globalisation in a variety of ways, including who engages, how cross-border businesses are run, and how economic advantages are distributed (Wautelet, 2017). In reality, today's most critical medium-term concern for organizations is how to properly respond to digitization (North, Aramburu & Lorenzo, 2019). Furthermore, according to Gartner (2019), is the process of transforming organizational operations through the use of digital technology and information.

Digitalization enables SMEs to contribute more completely in worldwide economy by cutting operation costs and enhancing network connections, speed, and expandability Banalieva (2019). The research according to Dhanaraj, (2019) indicate that several SMEs have been unable to benefit from the advancements in technology emanating from problems in accepting digital tools, necessitating guidance in creating a digital technique that permeates

the general organization and guarantees a long-term competitive advantage internationally (Jerry, 2020).

In this study however, the digitalisation adoption will be considered as a moderating variable and the indicators shall be use of social medial platforms and digital payment systems.

2.4 Enterprise Growth

The term enterprise growth can be defined as the company's evolution from narrow to a sizeable, and from frail to large and powerful. The meaning of growth goes beyond the meanings of growth, and it encompasses not only the development process of things, but also well the generation stage that emerges from noticing before growth, as well as the stage's periodic process, that is the cycle process that repeats again. However, related to a straightforward scale extension, enterprise growth is a difficult adjustment procedure (Mao, 2009).

It refers to the series of effective growth from unbalance to equilibrium, and from lower to higher equilibrium, and its key feature is the adjustment of various internal and external relations within the enterprise. As a result, enterprise growth is defined as a development process in which a business maintains healthy and constant growth of overall performance as well as production, sales, profitability, and asset gross or realizes major enhancements in total performance and growth quality levels (Sun, 2004).

Enterprise growth is a dynamic process that occurs within a company a market that is competitive Individual businesses do not always succeed, but those that do make a significant contribution to the economic well-being of individuals and nations. Enterprises are increasingly operating in broader marketplaces, with the global market establishing performance benchmarks. Survival and success are becoming increasingly dependent not only on factor inputs, but also on innovation and technology (Snodgrass & Winkler, 2004).

The entrepreneur's vision and motivation are critical to the success of his or her business. The parameters for growth differ from one entrepreneur to the next. The organization's social, formal or informal structures, country of origin and culture, and relatives all have various impacts on the enterprise's growth (Gupta, Guha, & Krishnaswami, 2013).

In this study, enterprise growth will be looked at in form of Profitability, number of products/services, number of employees. According to the empirical study by Krajcovicova et al. (2018), the enterprise is considered growing when its levels of profitability is drastically increasing with an exponential increase in the annual turnover of the enterprise which are the increasing number of products and services. With this the enterprise is in position to meet its daily obligations and enable its sustainability in the long run (Balunywa, 2009)

2.5 Empirical literature review

2.5.1 Relationship between experience and the enterprise growth

Experience or generic abilities are the distinctive capability and competency generated from specific knowledge and practice in performing a duty. Human talent is defined as the knowledge with capacity to cooperate together with people which is also known as interpersonal relation skills (Durrani, et al, 2011). According to many research, generic abilities are one of the most important skills required by business owners (Onuoha & Diboye, 2019).

According to a study by Hellriegel etal (2005), experience is a determinant in the success of a small firm. Similarly, for entrepreneurs to work efficiently in today's high-performing organizations, they need experience and competencies. The study by Hawi et al (2015), shows that the development of generic skills in Malaysia was on steep up. The researchers concluded that the participants' generic skills are reasonably high based on the 145 pieces of

data collected, and that entrepreneurs should continue to gain experiences because these skills help individuals function efficiently at work and later contribute to the organization.

The gravity of experience was calculated by Sobakinova and Durrani (2019) by dividing the amount of years of experience in managing by the number of years of enterprise managerial experience in the current firm. Supplier-client relationships; pricing; career and personal management; business management; small scale business regulation; systems integration; delegation; private time management; professional organizations; marketing strategies; marketing and publicising new product development online communication, financial analysis, software skills; regulatory standards; using market research, retrieving knowledge files; sources of capital, financial adequacy, Shareholders' self-ratings of their abilities and experience on each of 25 tasks that SME owners frequently engage in were used to determine breadth of experience (Hawi & Hashem, 2015).

2.5.2 Relationship between knowledge on the enterprise growth

Knowledge is defined as expertise in a particular type of work or activity, analytical ability, and the ability to employ relevant techniques and tools (Nieman and Vuuren, 2006).

According to an empirical study on independent research and innovation, knowledge transformation, and enterprise growth, knowledge social conditioning enhances enterprise-related independent R&D advancements, independent innovativeness, and independent individual innovation in the growing process of venture enterprises in Guangdong Province. This indicates that knowledge is significantly impacting the enterprise's performance. However, venture firm growth is aided by autonomous management and R&D management innovation (Binbin, etal.., 2012).

Krajcovicova et al. (2012) discovered that practical or purposeful competencies, as well as the ability to recognize opportunities, political acumen, the ability to see a journey through to

completion, and human acumen were positively related to firm growth. Furthermore, managers and employees to work with advanced technologies, you must have a diverse variety of technical workplace skills. (Combs et al., 2006).

Knowledge management is the core foundation for conducting a range of technical breakthroughs, including independent technological inventions, in the knowledge economy. According to American Peter Drucker, knowledge, unlike traditional assets like skill, cash, and land, was the sole relevant manufacturing resource, and research on knowledge capital was reinforcing and continuing to expand the research resource of human capital in the new market economy (Binbin, etal., 2012).

2.5.3 Relationship between skills on the enterprise growth

Throughout the literature, the concepts such as skills, expert knowledge, abilities, competency, traits, and/or values are used synonymously (Manxhari and Jashari, 2012). Skill is defined as a level of performance determined by a combination of inherent talent, instruction, practice, and experience (Laguna, 2012). A company must acquire and practice a particular set of skills so that to outperform the competition in the field of entrepreneurship. Many previous studies have found that small-business owners and managers must possess the necessary skills and abilities to be able to run their companies.

The interplay amongst determination, capability, and the authority and responsibilities assigned to it is the consequence of this skill to that amount total performance. A performance evaluation function is one of the most important activities of human resources management in any business, since it provides all employees with the knowledge they need to do their jobs in a way that advances the organization's goals (Gladon and Augustine, 2008).

According to (Armstrong, 2015), establishing the required duties and attempting to exemplify the positive earnings by having the right combination of skills and competencies to obtain the

assets they require to be functional can help to improve employee and inspire them to provide beyond expectations for a good result can help to improve employee and inspire them to provide beyond expectations for a good result can help to improve employee and inspire them to provide beyond expectations for a good result can help to improve employee and inspire them to provide beyond expectations for a good result can help to improve employee and motivate them to go above and beyond in order to achieve a good result Managers can improve their employees' teamwork competency at all levels of the business, including teammates, those that will oversee the plan, and even customers, by recognizing the team's weaknesses and limitations and trying to leverage their strong points to compensate for their flaws.

Conceptual skills are required for developing a business's vision and strategic plan, according to (Chilanga, Mwanza, & Karodia, 2014). It can also be defined as managers' capabilities to see the entire enterprise and solve problems from a systemic perspective.. Furthermore, management requires conceptual skills in addition to technical and interpersonal abilities. Similarly, they must be able to analyze a situation and distinguish between causes and effects (Jones & George, 2008). Unfortunately, there is still a scarcity of literature on the evaluation of specific conceptual skills, particularly in Uganda.

Collins (2013) discovered that conceptual and analytical skills are required for senior managers to be effective. As a result, the purpose of this research is to concentrate on the specific conceptual skills of managers as a requirement for business growth.

Communication skills have been identified as critical for effective business performance. It is the ability to select suitable written and oral communication styles, both formal and informal, intentional and unintentional, while also taking into account the specific ability to speak situation (Abraham et al, 2001). It has two requirements: oral and written communication

skills, mediation, and negotiation, and every business employee should present information or respond to customer needs fluently and confidently. And always have backup plans (Sharmilee, 2014).

2.5.4 Relationship between managerial competencies and enterprise growth

As a result, business competencies are linked to a variety of entrepreneurial characteristics, such as education, work experience, and motivation (Peterson & Fleet, 2008). (Santos & Bode, 2012). An entrepreneur must have a diverse set of managerial and entrepreneurial skills to stay competitive and survive in today's global competitive market (Akande, 2011). Unfortunately, little research has been conducted into the correlation between managerial competence and enterprise growth.

The goal of identifying competencies, according to Almuth (2013), is to promote better performance in three key areas: observable performance, the quality of the outcomes of the person's performance, and the fundamental underlying characteristics of a person. According to Abraham et al. (2001), six additional key competencies for being an effective manager are managerial skills, customer focus, decision making, problem solving, communication skills, and team leader; with all of this, a manager can ensure the growth of an enterprise (Almuth & Allison, 2013).

According to Chong (2011), managerial competence models are determined by the managerial competencies necessary for regular and outstanding performance. Observed behaviors are used to measure these performance-based abilities. Managerial competencies, according to Krajcovicova et al. (2012), are a set of skills, experience, and character traits that support goal achievement, in addition to a good mix of knowledge, skills, abilities, and

behaviour patterns that an employee can work with in carrying out their duties and they are required for delivering success that is consistent with the organization's strategic goals.

Chye et al. (2010) discovered that managerial competencies moderate the relationship between innovation capability and SME performance in Malaysia. Enterprises, owner-managers, and policymakers in the SME sector will benefit from the findings, which also include managerial implications and strategic recommendations.

Laguna et al. (2012) described how managerial competencies are related to small and medium-sized enterprise (SMEs) business success and provided some implications for interventions aimed at improving successful SME management through the development of CEO managerial competencies, which are not always stable but can be trained and modified.

Effective and successful managers around the world, according to Bhardwaj and Punia (2013), possess a set of competences. They discovered that successful and efficient managers share managerial competencies like communication skills, team building, capacity to adapt, vision, self-management, result-orientation, business strategy, ambition, persistence, decision making, risk-taking, and creativity. They also revealed that it is critical for a successful business to analyze its managers' competencies and recognize skill gaps in order to develop effective training and development programs to improve its managers' competencies.

According to Raisiene (2014), organizations today necessitate a new management approach, and a modern manager must be a leader capable of empowering employees and working collaboratively as part of a team. A conceptual framework for the development of an integrated and holistic generic management competency model with repercussions for theory, practice, and empirical research has been proposed by Asumeng (2014).

Hawi et al. (2015) examined the relationship between managerial competencies and enterprise performance in the airline industry, focusing on the most successful managerial competencies with the greatest impact on performance. In Jordanian airline organizations, they discovered a positive relationship between managerial competencies and organizational performance.

Veliul & Manxhari (2017) investigated the relationship between management competence and SMEs' performance. The findings revealed the factors that influence managerial competencies in order to achieve good organizational results. When organizations take the time to put on the necessary managerial competencies and assign duties, they prevent the expenses of recruiting, disgruntled consumers, and missed opportunities, as well as establishing their market position and driving organizational success. As a result, the combination of managerial competencies (skilled, socioeconomic, and personal) influences the performance of SMEs in Kosovo. Managerial competencies are not fixed and must evolve to meet the needs of the organization. Manxhari et al. (2017) intend to present various authors' managerial competency models.

2.5.5 Moderating effect of digitalisation adoption on relationship between managerial competencies and enterprise growth

Managerial competence is seen as a critical aspect in any organization's effectiveness and survival. Enterprise growth and managerial competences have been shown to be linked (Boyatzis, 2006). Because competences are the foundations of job performance (Khanam & Sakib, 2020), the current study hypothesizes that management competencies and firm performance are linked. This theory is consistent with assertions that managerial skills are associated with superior performance in a variety of organizational and industry settings (Tucker & McCarthy, 2001). This relationship is also postulates that when an enterprise

management has capability in the adoption of digital system, the growth of such an enterprise becomes inevitable (Rambe, 2015).

According to the findings of Erjon Curraj's study on business digitalization of SMEs in Albania, business digitalization has a beneficial impact on SMEs' overall performance. The performance of small businesses is dominated by their size, age, and location, and is more closely linked to business digitalization than strategy. However, the digitalization adoption is also influenced by the owner-entrepreneurial manager's competence (Curraj, 2018).

According to the World Trade Organization (2016), once SMEs engage in globalisation and build a network of customers and partners, this experience becomes a capability that can be used to gain a competitive advantage. However, SMEs find it difficult to develop an international strategy and start engaging in global digital transformation because of the complexity of the international process and the resulting disruption within businesses (Dethine, 2020).

Having competent management is insufficient to ensure a long-term leverage for enterprise growth (Chesbrough, 2010). To efficiently contribute to the enhancement of their leverage and value formation, enterprises must invest not only in competent management- such as skill acquisition, research and exposure to many experiments but also to combine tools such as e-commerce, big data analytics, adoption of digital payment systems combined with the internal competencies and capabilities (Cassetta, 2020). Indeed, digital technology's potential is entirely reliant on the interconnection of these tools, as well as the reconfiguration of operational practices, firm organization structures, and skill level and type.

In the study by Lorenzo (2022) on the influence of firm digitalization on sustainable innovation performance and the moderating role of manegerial skills, it was concluded that digitalisation equally contribute to sustainable innovations, especially if either the social or

environmental aspects is integrated into innovation strategies and managers and policymakers were advised that digitalization can boost sustainable innovations at the firm level, so it should be promoted (Lorenze, 2022).

In the study by Lingling et al(2023), Increasing the level of digitalization will help reduce the negative impact of the size of green M&A listed companies on the rural ecological environment. Similarly, Xiong, Ning confirm a significant correlation between a region's ecological carrying capacity and the digital transformation of heavy metal companies. This thus supports that digitalisation adotpion has a moderating effect on firm's management and the enterprise growth.

According to (Saunila & Holopainen, 2023) the results showed that the effects of digital business strategies and their elements on collaboration performance may be moderated by digitally enabled performance management. To our understanding, the current research is the first to offer empirically grounded evidence of the role of digitally enabled performance management in the association between digital business strategy and collaboration performance, this clearly indicates that digitalisation adoption has a moderating effect on enterprise growth.

2.5.6   Synthesis of Literature review and gap analysis

Small and Medium Sized Enterprises (SMEs) are a vital economic driver in Uganda's economy, as they performance a critical role in wealth and employment development for Uganda's ever-growing population of 45 million people. The managerial skills of different managers from different enterprises and firms have an effect on their growth and performance of SMEs, according to several empirical research conducted by various scholars (Babagana & Naveen, 2020). Despite this, several studies have used the Unified Theory of Acceptance and Use of Technology (UTAUT) to describe business performance from both

financial and non-financial aspects in order to regain a competitive edge and improve enterprise growth and performance.

However, few Ugandan scholars have emerged to conduct empirical studies on managerial competencies and how they affect small and medium sector growth, with the majority of extant research focusing on large organizations and corporations (Curraj, 2018). Governments and other development partners had also given substantial support to boost their performance and strengthen their survival, but there is little understanding of whether these firms' management competencies are sufficient to make use of their extended performance, and there appears to be little follow-up to determine whether these competencies have been effectively and efficiently deployed and utilized.

Even when taking into account previous research, the current studies do not clearly explain how managerial competences affect these businesses as a mechanism for reducing or avoiding failure and achieving faster business growth.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents scientific and systematic steps that was taken in designing the study, execution and analysis of the study findings. This includes the research design, study population, sample size and selection, sampling techniques, data collection methods, data collection instruments, procedure of data collection, reliability and validity of instruments, data analysis, measurement of variables, data presentation and analysis and the limitations to the study.

3.2 Research Design

A cross sectional survey and descriptive design was adopted in this study because it helped the researcher to measure the outcome and the exposures in the research participants and data on all the variables under study was collected at the same time (Setia, 2016). Many scholars (Sugioko, 2010; Onduso, 2013) have widely accepted and applied this design and found it appropriate because it is effective when collecting data across multiple enterprises at the same time. Through a cross section survey, the aspects of managerial competence and enterprise growth moderated by the digitalisation adoption in Kampala Capital City Authority was well brought out, in their natural real-life setting. Furthermore, a mixed approach was used in this study, which included both quantitative and qualitative research methods. The quantitative approach was used to collect quantifiable information, whilst the researchers prefer the qualitative approach to collect information that may not be quantifiable (Mugenda & Mugenda 2013). This helped the researcher to come up with a more meaning and well balanced and reliable findings.

3.3 Study Population

Small and medium-sized businesses are divided into three categories: service, trade, and manufacturing. SMES in the business sectors of service, trade, and manufacturing were considered in this study because they are the biggest contributor to the GDP in Ugandan economy since they are the most prevalent sectors in the study area Kyakulumbye & Pather(2021). According to (Sekaran, 2000), the sectors of service, trade, and manufacturing were deemed appropriate because those specific strata can be targeted for simplicity of data collection and impressive achievement of significant results. The population comprised of over 75,458 registered SMEs operating in Kampala Capital City Authority according to Uganda Bureau of statistics report 2022. Kampala Capital City Authority is sub-divided into various divisions and these formed the strata. The area was chosen because this is the most prevalent area for SMEs which enabled a researcher to obtain reliable data. These divisions include; Kampala Central, Kawempe Division, Lubaga Division, Makindye Division and Nakawa Division.

3.4 Sample size and sampling procedure

The sample size for the study was 382 SMEs. According to Krejcie and Morgan's (l 970) sample size table, a sample size of 382 is suitable for a population of 75,458. Asiimwe(2017). The study employed a stratified sampling technique because the data in the sample size was deemed comprehensive and conveniently splitted into strata based on the divisions. This was divided among the five divisions as shown in Table 3.1.

Table 3.1: Study population, Sample Size and Sampling techniques

Division	Category	Study Population	Sample size	Adjusted Sample size	Sampling technique
Central	Services	9,178	368	45	Stratified Simple random
	Trade	23,513	377	117	Stratified Simple random
	Manufacturing	1,463	302	6	Stratified Simple random
Kawempe	Services	5,468	357	26	Stratified Simple random
	Trade	1,250	291	5	Stratified simple random
	Manufacturing	554	217	2	Stratified Simple random
Rubaga	Services	5,431	357	26	Stratified Simple random
	Trade	7,474	364	36	Stratified Simple random
	Manufacturing	431	201	1	Stratified Simple random
Makindye	Services	5,162	357	24	Stratified simple random
	Trade	6,219	361	30	Stratified Simple random
	Manufacturing	427	201	1	Stratified Simple random
Nakawa	Services	4,055	351	19	Stratified Simple random
	Trade	4,422	351	21	Stratified Simple random
	Manufacturing	411	201	2	Stratified simple random
Total SMEs		**75,458**		**382**	**Stratified Simple random**

Source: UBOS 2022

3.5 Sampling technique

The researcher used stratified sampling to identify and extract strata based on the attributes and business line of an enterprise. As a result, all SMEs in service, as well as those in service and manufacturing, were placed in the same stratum. Following that, enterprises in a specific stratum were selected using simple random sampling to establish sample respondent enterprises for the study, where empirical research was conducted to address the study's objectives..

3.5.1   Data sources and data collection methods.

The study used primary and secondary data sources to collect data. The primary sources was preferred for this study and therefore suitable collection instruments was used to collect immediate information. Questionnaires were used. On the other hand the secondary data was reviewed from government reports, business reports, journals and recent publications about the small scale and medium enterprises in Uganda especially in all divisions of the city.

3.5.2 Data sources

Primary and secondary data sources were used. The primary sources included questionnaires and interview guides. The secondary sources included among others the journal, reports, textbooks, newspapers and others.

3.5.3   Unit of analysis

The unit of analysis was small and medium enterprises. This comprises of sectors like trade, services and manufacturing among others.

3.5.4. Unit of inquiry

The unit of inquiry in this study was the owners, managers and employees. This is because these respondents get involved in the management of all activities in the enterprises. Therefore the researcher trusted these respondents to provide reliable information that was relevant to this study.

3.6 Data Collection Instruments

The researcher collected data using a variety of instruments, including questionnaires and an interview guide.

3.6.1   Questionnaire

A questionnaire is a set of questions designed to help the researcher collect the necessary research data for the study; the whole study focused on closed-ended questionnaires. A self-administered questionnaire was used in this study (Appendix IV). Pre-coded questions on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (1) were asked by the researcher (5). Members were given a self-completion questionnaire since it is the most cost-effective method of data collection (Kent, 2007). SME owners were given the questionnaire.

3.6.2 Interview Guide

In this study, interview guides were also used. The interview guide was created by the researcher. This was administered during a face-to-face interview session with KCCA officials. The questions in the guide were left open-ended. On each study variable, at least three (3) questions were asked. In order to obtain comprehensive perspectives on the phenomenon under investigation, interviews are frequently used (Creswell, 2018). The interview questions also allowed participants to express themselves freely, resulting in a thorough coverage of the study variables.

3.7 Data Collection Procedure

After approval of data collection tools by the supervisors, the researcher obtained an introductory letter from Kyambogo University. The introductory letter introduced the researcher to Kampala Capital City Authority (KCCA) and gained permission from there to collect data from Owners of SMEs in Kampala Capital City Authority. Tools of data collection was first pre-tested. The researcher identified and trained four research assistants to assist in data collection and pre-testing of tools. The research assistants were trained on: how to use tools and ways of avoiding mistakes in recording the responses from questionnaire and interview notes. This reduced not only the interview bias but also missing values in data entry. The researcher pre-tested the data collection tools on 10 respondents in Old Kampala which is in Kampala, but not selected for this study. Pre-tested results were used to test validity and reliability of the data collection tools.

3.8 Data Quality Control

The quality of data is critical for any research study. This is accomplished by ensuring the validity and reliability of instrument studies.

3.8.1 Validity

The term "validity" refers to "the truth or accurateness of the study" (Saunders & Tosey, 1990; Vogt et al., 2007). The study tools were pre-tested for face and content validity using

subject matter experts such as economists, IT specialists, research supervisors, and so on. Supervisors reviewed the tools for face validity, making comments on the questions in the questionnaire and the interview guide. Suggestions for vague questions from the researcher were eliminated or rephrased. Content validity refers to the extent to which the instrument fully assesses or measures the construct of interest. To assess this, each pretested respondent was asked to rate the questionnaire and interview guide questions as Relevant (R) or Irrelevant (IR), implying their level of agreement or disagreement with the facts in the questions. Respondents were free to make comments on questions that had difficult wording, limited options, or no options at all.

Content Validity Indices(CVI) was calculated based on the ratings of respondents following formula: $CVI = \frac{R}{(R+IR)}$. The tools were deemed valid if their CVI was 0.7 or higher, as recommended (Amin, 2005). However, necessary changes were made to improve the tools' validity on items/questions that was ranked irrelevant (IR).

3.8.2 Reliability

The tool's reliability is defined as its ability to provide consistent results even when used on different occasions and under different conditions (Creswell, 2018). The tool was pre-tested on ten people who were not engaged in the main study to ensure reliability. The pre-testing outcomes were entered into SPSS Ver. 20 and reliability was tested using Cronbach reliability test scores (alpha values). If the tools' alpha values were 0.7 or higher, they were deemed reliable (Mugenda & Mugenda, 2013).

3.9 Data Analysis

Data was analyzed using both qualitative and quantitative techniques, and a number of closely related operations were carried out with the goal of summarizing and organizing the collected data in such a way that it answered researcher questions (Saunders 2007, p.610).

Each piece of data gathered was scrutinized for consistency in order to eliminate incorrect statistics that could result from question misrepresentation.

3.9.1 Analysis of Quantitative Data

The data collected each day was checked and edited for consistency and accuracy. After data was collected, it was entered into the Statistical Package for Social Sciences (SPSS) software program Ver. 20 for analysis. Descriptive statistics in the form of frequency and percentages were obtained and used to describe variables. Pearson correlation, a hierarchical multiple regression analysis, and t-test statistics were used to establish relationships between independent, dependent, and moderating variables. The effect of a moderating variable on the relationship between independent variables and dependent variables was determined using hierarchical multiple linear regression. The information was explained using p-values for hypothesis testing. When a hypothesis's p-value is less than 0.05, it is considered to have a significant relationship. To determine the relationship between variables, the correlation coefficient (R) and coefficient of determination (R2) were used. Tables was used to display data. All this will be done in order to ensure objectivity of the findings since quantitative research help to remove biases from the research and make the findings more accurate.

3.9.2 Analysis of Qualitative Data

The qualitative data from the field was collected using interview guides and questionnaires. Data analysis entailed checking, editing, coding, classification, and tabulating collected data allowed it to be analysed as information. However, content analysis was the primary method of analysing the data gathered in order to determine the information's adequacy, credibility, usefulness, and consistency (Mugenda & Mugenda, 2013). The use of descriptive statistics in data analysis allowed the researcher to derive a constructive description and distribution of scores. To determine the average number of respondents per item on the questionnaire, the average scores (mean) were calculated using measures of central tendency. The standard deviation was used to evaluate the validity of distribution scores that differed from the mean. The Pearson correlation coefficient was also employed to determine the strength and direction of relationships between dependent and independent variables. Correlation values between +1.0 and -1.0 represent positive and negative relationships, respectively. And $r = 0$ indicates that no relationship exists. To reflect the respondents' true feelings about the study, outstanding and relevant quotations, sentences, statements, and expressions were chosen and used in the study.

3.10 Ethical Considerations

According to Saunders and Tosey (1990), ethics are the behavioural standards that guide a study in relation to the rights of those who become the subject of work or are affected by it. The study sought permission to continue data collection from Kyambogo's Directorate of Research and Graduate Training. To protect the respondents who were to participate in the interview, all necessary requirements and suggestions were incorporated into the data collection process.

Furthermore, consent was attained from any participant prior to enrolment in the study and the study to ensure that participants could participate voluntarily in the study.

Finally, by concealing participants' names and other personal information, the study ensured their complete confidentiality. This was made possible by using codes to identify participants.

3.11   Limitation of the study

The study encountered the following limitations;

1. COVID 19 threat. Being the fact that it was conducted during the COVID 19 period, possibility of attracting the disease from people, many disturbances were expected such as restrictions in some places especially the overcrowded ones and others. However, these were overcome by putting on masks and maintaining social distance.

2. Self-reporting which sometime lead to non-response. The study may be affected by non-response from some of the Small and Medium Enterprises that were contacted. Respondents here considered the required information as private.

3. Questionnaire. The questionnaire had limitations on the responses given where by it could not allow the respondents express their own opinions towards a variable in the discussion.

4. Geographical scope. The research data was obtained from a specific area and thereafter the results were generalised to be applying to all. For example the sample population is Kampala Capital City Authority and the conclusion was generalised to the entire country yet different geographical areas people face different challenges and face circumstances differently.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents study findings from the field in line with the study objectives. The chapter deals with presentation, analysis and interpretation of study findings. The chapter begins with the response rate, background characteristics of the participants, sex, age and education level of respondents, category of SMEs, number of years in business and the empirical findings. It presents descriptive statistics on respondents' bio-data and explores effect of managerial competencies and enterprise growth among small and medium enterprises: a moderating effect of digitalization adoption in Kampala Capital City Authority. The data was collected exclusively using a self-administered questionnaire as a research instrument. The researcher used descriptive and regression analysis to present the result in tables and figures. In the last section, the regression and correlation analysis have been presented.

4.2 Response Rate

The response rate findings were intended to provide valuable insight into the accuracy of the collected data. The response rate findings are presented in Table 4 below.

Table 4.1: Showing the response rate

Tool	Target response	Actual response	Response rate
Questionnaire	388	375	96.7
Interview	4	3	0.78
Total	382	378	97.48

Source: Field data, 2022

Results in Table 4.1 above shows that the target sample was 382 of which 375(96.7%) responded using questionnaire and 4 interviewed (0.78%). The total response rate was 378

representing 97.48 percent. This response rate was because the respondents were given ample time to fill, and could be accessed in person and This high response rate was also achieved primarily as a result of improved data collection procedures and engagements, in which the researcher and research assistants pre-notified and explained to potential respondents the benefits of the study findings of the intended survey, and particularly because my research assistants had made an earlier impact and were active participants in social wellbeing in the same localities, particularly during the recent COVID 19 lockdown period. As a result, the overall response rate was dependable and appropriate for generating reliable results from various types of SMEs. This response rate was deemed adequate for the study because it exceeded the 70% threshold recommended by Mugenda and Mugenda (2003).

4.2. Sex of Respondents

The results in Table 4.2 below present the sex of respondents

4.2. Sex of Respondents

Sex	Frequency	Percent
Male	166.0	44.3
Female	209.0	55.7
Total	375.0	100.0

Source: Field data, 2022

Results in Table 4.2 above shows that majority of participants 55.7 percent were female while 44.3 percent were male. This implies that the majority of the SMEs in Kampala Capital City Authority have been established by women mainly because the majority of the informal sector is occupied by women. Results indicate that SMEs had a few male operators, which was associated with the nature of the businesses in Kampala which is service, trade and manufacturing.

4.2.2 Age of Respondents

Table 4.3 below presents the age of the respondents.

Table 4.3 Age of the Respondents

Age bracket	Frequency	Percentage
18-25 years	113	27.7
26-35 years	158	42.1
36-45 years	71	18.9
above 45 years	33	8.8
Total	375	100.0

Source: Field data, 2022

Results in Table 4.3 indicates that modal age bracket was 26-35years (42.1%) of all respondents, the study also attracted respondents between 18-25 years (30.1%), 18.9% were middle aged between 36 and 45 years while a few senior of 45 and above years (8.8%), This implies that the age bracket is the most entrepreneurial and risk-taking age. This shows that the results obtained from the rightful people who are actively involved in the operations of SMEs and therefore since all the age brackets were covered, this shows, SMEs' operators covered all age brackets hence provided a comprehensive view regarding managerial competence and its influence on enterprise growth of SMEs.

4.2.3 Highest level of education

Table 4.4 below represent the highest level of education of the respondents.

Table 4.4: Highest level of Education

Education level	Frequency	Percent
Informal education	31	8.3
primary level	80	21.3
secondary level	129	34.4
Certificate	71	18.9
Diploma	38	10.1
Degree	26	6.9
Total	375	100.0

Source: Field data, 2022

Results in Table 4.4 above shows that majority respondents 34.4 percent had attended secondary school, while 21.3 percent of the respondents attended primary school. These were followed by 18.9 percent who had certificates and 10.1 percent had attained diplomas while only 6.9 percent of respondents attained degrees. This implies that most of the SMEs operators did not complete formal education and sought for the business as a source of survival hence the establishment of SMEs.

4.2.4 Category of business

Table 4.5 below represents the category of business of SMEs.

Table 4.5: **C**ategory of business

		Frequency	Percent
Valid	Trade	167	44.5
	Manufacturing	66	17.6
	Service	142	37.9
	Total	375	100.0

*Source***:** *Field data, 2022*

Table 4.5 above shows participants in this study were selected from various forms of SMEs. Results reveal that a higher proportion 165(44.5%) of respondents were trade businesses, followed by 142(37.9%) operated service businesses and 66(17.6%) were manufacturing business. This implies that the majority of the SMEs are under the category of trade business, followed by the service business which also has a good percentage of distribution. This implies that the since the trading businesses require little capital therefore it attracted the majority to join such businesses for their survival.

4.2.5 Number of years in business

Table 4.6 below represents the number of years spent in business.

Table 4.6: Number of years spent in business

Period spent in business	Frequency	Percent
2-3 years	167	39.8
3-5 years	142	41.0
5-10 years	33	9.5
10 years	33	9.5
Total	375	100.0

Source: Field data, 2022

Results in Table 4.6 shows that almost 100 percent of respondents had spent over 2 years' in operation. The results for respondents that had operated for less than 2 years as indicated in the questionnaire have been ignored since my aim was to study SMEs that have operated for a period more than 2 years. This signifies that majority of respondents had been working with SMEs for a good time. Therefore, they had enough experience and understand the questions asked and for that matter they were in a good position to give reliable information about level of managerial competence and enterprise growth among SMEs.

4.3 Descriptive statistic of the study variables

The study variables that were adopted for this study include; experience, knowledge and skills. Respondents were required to indicate the degree to which the firms adopted these variables.

This chapter presents the study's empirical findings in accordance with the objectives. The empirical findings were analysed using descriptive statistics, qualitative analysis, and hypothesis testing. For all descriptive findings in this section, item statements were given to respondents to see how much they agreed with them. The responses were graded on a five-point Likert scale (5=Strongly Agreed, 4=Agree, 3=Not Sure, 2=Disagree, 1=Strongly Disagree). Descriptive data was analysed using frequency, mean and standard deviation statistics. It was then collaborated with qualitative data using narrative and thematic analysis before testing hypotheses.

The main purpose of these descriptive statistics is to provide basic information about the variables in the study in order to enable a quick interpretation on how the variables are related and their performance in regards to the study.

4.3.1 Descriptive analysis on experience in activities of SMEs

In response to the assessment of SMEs' experience, different items explaining SMEs' owners experience were provided for respondents to express their opinion in the form of a degree of agreement.. The data collected from their responses is presented in Table 4.7 below.

Table 4.7: Experience levels among SMEs

Statements	Percentage (%)					MEAN	S.D
	SDA	DA	NS	A	SA		
Our workers are fully qualified with academic papers	0.0	17.6	35.2	26.9	20.3	3.50	1.005
Always concerned about workshops for knowledge and knowledge acquisition	0.0	17.6	18.9	53.3	10.1	3.56	.896
In our business experience is a prerequisite	9.1	16.5	18.9	37.9	17.6	3.38	1.211
A great improvement in performance due to our experienced employees	0.0	27.7	44.3	28.0	0.0	3.00	.748
There is always customer care to our customers	0.0	17.9	10.1	45.3	26.7	3.81	1.024
Long serving employees always perform better than the new clients	0.0	8.8	26.4	35.7	29.1	3.85	.942
There is a big difference between experienced and inexperienced managers	7.7	17.6	18.9	45.6	10.1	3.71	1.107
Our business is enjoying a large market share due to experienced management	9.1	16.5	18.9	37.9	17.6	3.38	1.211
Increase in acquisition of business assets due to long serving relationship with our client	0.0	10.1	37.9	25.3	26.7	3.69	.977

Source: Field data, 2022

Results in Table 4.7 reveals that higher proportion SME operators are fully qualified with academic papers though not effective in terms of experience as indicated by a mean score of 3.50. This implies that SME operators did not entirely have the experience to deal with

business given that 35.2 percent of the respondents were neutral regarding the assertion. The researcher established that small and medium-sized enterprises owners or managers' years of working experience has a greater influence on awareness and practice, thus qualifications need not to be high for business to grow and expand. This attracted a standard deviation of 1.005 >1 which showed variations in the responses of the responses indicating that there were variations in qualifications of the SME owners.

As noted in Table 4.7 a mean score of 3.56 was obtained from opinions of participants on the aspect that they were always concerned about workshops for experience and knowledge acquisition. Thus, to a greater extent, growth of SMEs was associated with trainings for improved experience in business management, that is to say, there ought to be an more training of SMEs owners in managerial practices for improved enterprise growth although these opinions were not consistent (Std. Dev =.896).

Results in Table 4.7 shows that a large percentage of SME owners were not certain that, in their businesses, experience was a prerequisite (Mean= 3.38), and opinions were not consistent in support of the assertion (Std. Dev = 1.211 >1). The researcher established SMEs lacked quality human resource, have financial constraints, lack a good operating mechanism, lack organizational skills, strategic planning, and marketing; and tend to give importance to short term benefits. Therefore, there ought to be more workshops and training to enhance the experience and knowledge of SME owners for promotion of enterprise growth.

More so, results show that SME operators did not think a great improvement in performance was due to experienced employees (Mean= 3.00). This was consistently supported by the views of respondents with a standard deviation of .748 which was below the score of 1. This could be attributed to the fact that of the employees did not understand the aspects of experience in terms enterprise growth among SMEs. The researcher established that

experience when applied to business appropriately; it gives SMEs potential of enhancing performances of their businesses and therefore ought to be considered vital for business growth.

Results indicate that a mean of 3.81 was obtained regarding view that there was always customer care to customers. This statement attracted a standard deviation of 1.024 which showed inconsistences in the opinions of the respondents. This was an indication that higher proportion 72% percent of operators thought experience was to an extent fairly done through the practice of customer care. From these results, it implied that fair experience of SMEs ownership was vital for the enterprise growth among SME owners. The researcher established that it helped SMEs to attract and retain customers. It also increased the lifetime value of customers. It delivered insights that improve the product, marketing, and/or service.

A significant number of operators revealed that long serving employees always performed better than the new employees (Mean= 3.85). However, these opinions were not so consistent with a relatively high standard deviation .942 which was close to 1 an implication that this opinion was less realistic for SMEs. This further showed that often most SMEs were not conversant with the procedures and process of hiring and human resource management thus did not benefit from experienced employees or rather those that could not contribute to enterprise growth among SMEs.

Additionally, results indicate a mean of 3.71 obtained regarding view that there is a big difference between experienced and inexperienced managers. This statement attracted a standard deviation of 1.107 which showed inconsistences in the opinions of the respondents. This was an indication that higher proportion 55.7 percent of operators could only agree to the statement with the remaining 44 percent not very sure and disagreeing with the view that here is a big difference between experienced and inexperienced managers. From these results,

unfortunately, the evidence doesn't support the idea that managers with more experience will be better or longer-tenured employees than those with less. However, the researcher established that managers will succeed only when they can identify and deploy the differences among people, challenging each employee to excel in his or her own way and thus promote business growth.

More so, results show that a higher proportion 55.5 percent of SME operators pointed out that their businesses were enjoying a large market share due to experienced management implying that the SMEs that have experienced managers, are likely to experience a faster growth for their enterprises however, this was also disagreed 25.6 percent to by SME operators with a reasonable number 18.9 percent (Mean= 3.38). This was inconsistently supported by the views of respondents with a standard deviation of 1.211 which was above the score of 1. More so, a reasonable number of SME operators 54 percent mentioned that there was increase in acquisition of business assets due to long serving relationship with their clients (Mean=3.69; Stdev=0.977) implying that an SME that keeps its customer base for a long period of time has more chances of expanding its asset base because strong relationship with the customers leads to consistent earnings.

Results generally show that respondents were consistent in showing that experience was vital for growth of SMEs. This was further attested through testing set hypothesis on skills and growth of SMEs.

4.3.2 Descriptive analysis on knowledge in activities of SMEs

In response to assessment of managerial competencies among SMEs, knowledge as a dimension was provided for the respondents to express their opinion in form of their degree of acceptance to different items provided by the respondent and the collected from their responses, results were obtained are presented on the table 4.8 below

Table 4.8: Responses on knowledge among SMEs

Statements	Percentage (%)					MEAN	S.D
	SDA	DA	NS	A	SA		
Customers trends are always monitored in our general activities	0.0	27.7	35.5	36.8	0.0	3.09	.799
Goals are always achieved in this business	0.0	18.9	16.5	45.6	0.0	3.65	.994
Increase in sales growth due to highly knowledgeable managers	0.0	17.9	10.1	53.1	18.9	3.73	.967
Knowledge about how other competitors has contributed to our business	0.0	0.0	36.8	26.7	36.5	4.00	.857
The research capacity of our management has helped the business in achieving growth rate	0.0	45.6	17.6	36.8	0.0	2.91	.905
We always offer high quality products due to the knowledgeable employees	0.0	18.9	9.1	54.1	17.9	3.71	.972
Due to the knowledgeable employees, we offer high quality products	0.0	0.0	18.9	44.3	36.8	4.18	.726
Our customers complaints are addressed on time	0.0	0.0	45.6	18.9	35.5	3.90	.896

Source: Field data, 2022

Results in Table 4.8 above show the opinions about knowledge as a component of managerial competence and how these, define enterprise growth among SMEs.

Results in Table 4.8 show that **a** higher proportion of SME owners **were** not sure and some disagreed to the assertion that customers trends were always monitored in their general activities (Mean= 3.09). The finding was consistently supported by participants' opinions with a corresponding standard deviation (Std. Dev= .799). Findings on this aspect implied that most of the customers did not consider customer trends in the day to day activities of the business, however, a small proportion of 36.8 percent could agree to the statement. This further indicated that, SME operators have not been fully sensitized and lack awareness of the importance of customer trends. One can also state that most SME operators lacked knowledge regarding the importance of customer trends which hampered business growth.

More so, a higher proportion of study indicated that goals are always achieved in their business despite imperfections (Mean = 3.65). The views of the operators were not as

consistent give the high standard deviation (Std. Dev=.994). This implied that growth of SMEs could be enhanced if the knowledge is streamlined to towards achieving business goals and objectives. The researcher established that government needed to improve regulatory incentives to enhance growth of SMEs in the country.

Results show that SME operators agreed with the view that there was increase in sales growth due to highly knowledgeable managers (Mean= 3.73) and attracted a standard deviation of 0.967 which showed clustered data around the mean and showed inconsistences. The results implied that SMEs were aware that knowledgeable management can significantly improve the company's workflow by optimizing employees' ability to access and share relevant knowledge and experience. The researcher discovered that knowledgeable managers foster innovation within SMEs, customers benefit from increased access to best practices, and employee turnover is reduced. All of these activities contribute to the expansion of SMEs.

As presented in Table 4.8, indicate that majority of respondents agreed with the view that knowledge about other competitors had contributed to their businesses growth (Mean= 4.00). This implied that SME operators were aware of that competitive advantage was the key to business success. Therefore, knowledge of the competitors enables a business to have greater focus, more sales, better profit margins, and higher customer and staff retention than competitors.

Results further reveals that a higher proportion of respondents disagreed with the view that the research capacity of the management has helped the business in achieving growth rate (Mean = 2.91, Std. Dev. = .905). This implied that SMES have been limited as far as research is concerned. Therefore, most SME operators do not owe the success of their businesses to research. There is need to extend knowledge of business research among SMEs in order to encourage innovation and enterprise growth.

Additionally, Table 4.8 results indicate a number of SME operators 72 percent agreed to the statement that they always offered high quality products due to the knowledgeable employees (Mean = 3.71), which was consistently supported by participants of SMEs (SD=.972). Relatedly, the researcher established that knowledgeable employees facilitate better decision-making capabilities, stimulate cultural change and innovation to enhance growth and expansion among SMEs. Additionally, it was greed by the majority that due to the knowledgeable employees, SMEs offer high quality products (Mean =4.18, SD=.726).

Results show that a high proportion of respondents (SME operators) agreed with the view that their customers complaints were addressed on time (Mean= 3.90) and attracted a standard deviation of 0.896 which showed clustered data around the mean and show a small level inconsistences since it was close to a score of 1. Results implied that most SME operators were aware that customer care helped to attract and retain customers, increased the lifetime value of customers and delivered insights that improved product, marketing, and/or service, thus leading to enterprise growth among SMEs.

4.3.3 Descriptive analysis on skills in activities of SMEs

In response to assessment of managerial competencies among SMEs, skills as a dimension was provided for the respondents to express their opinion in form of their degree of acceptance to different items provided by the respondents and the collected from their responses several test statements were considered on scale of 1-5, results were obtained are presented on the table 4.9 below;

Table 4.9: Responses on skills in activities

Statements	Percentage (%)					MEAN	S.D
	SDA	DA	NS	A	SA		
New products have been introduced into the market skilfully	0.0	35.5	37.9	26.7	0.0	2.91	.784
We always bring new innovations on board	0.0	18.9	0.0	63.2	17.9	3.80	.948
We normally have high level customer care	0.0	27.7	35.5	36.8	0.0	3.09	.799
High level of growth due to skills in this business	0.0	18.9	16.5	45.6	18.9	3.62	.994
Management skills have facilitated the expansion of this business	0.0	17.9	10.1	53.1	18.9	3.73	.967
Use research skills to find out what our clients want	0.0	45.3	18.7	36.0	0.0	4.00	.857
New outlets have been opened due to good management	0.0	0.0	36.8	26.7	36.5	2.91	.898
We beat our competitors due to the management skills	0.0	0.0	37.3	36.0	26.7	2.89	.794

Source: Field data, 2022

Results in Table 4.9 above shows opinions regarding employee hands-on development of SMEs, and how these translated into growth of SMEs as further described.

Table 4.9 above shows that the majority of the operators did not agree with the view that new products have been introduced into the market skilfully (Mean= 2.91). This also attracted a standard deviation of 0.784 which showed great consistence in the opinions of the respondents. The findings imply that the SME owners/ operators had inappropriate incentives and skills to as far as introducing new products was concerned. The researcher established that training and encouraging workshops among SMEs is one way of increasing their potential to grow and expand operations in Kampala metropolitan area.

More so, Results in Table 4.9 reveals that a higher proportion of respondents agreed to the view that they always brought new innovations on board (Mean= 3.80). This shows that despite not agreeing that new products were introduced to market skilfully, the SME operators focused on processes that address customer needs more competitively and

profitably. This further reveals that Innovation in small and medium- sized enterprises (SMEs) is at the core of inclusive growth strategies, therefore, more innovative SMEs are more productive, which meant that SMEs that can pay better wages and offer better working conditions to their workers would eventually grow and expand.

Results of the study in Table 4.9 indicate that most SME operators were not sure if they normally had high level customer care (Mean= 3.09). This attracted consistent opinions (Std. Dev. = .799). This generally implied that SMEs lacked adequate skill sets for customer care in business. The researcher established that Workshops aimed at persuasive speaking skills, empathy, adaptability, ability to use Positive Language, clear communication skills, Self-Control and patience can be instrumental to enterprise growth among SMEs.

Table 4.9 shows that averagely, a slight majority of participants 64.4 percent agreed to the view that there was high level of growth due to skills in the business (Mean= 3.62). These opinions were however inconsistent given Std. Dev. =1.935>1. More so, results in Table 4.9 shows that on average, majority of the participants consulted did not agree with the view that tax officers treated SME operators as criminals (Mean= 3.33). The varying opinions indicate that to a certain extent, mistreatment was witnessed. Nevertheless, it seemed like tax morale is not very low as there was a belief that citizens must pay their taxes to the government in order for the country to develop.

It can be seen in Table 4.9 that the findings revealed that most of respondents agreed that management skills have facilitated the expansion of this business, and how this supported growth of SMEs (Mean= 3.62, Std. Dev. = 1.061). The researcher established that management skills were vital for any business to succeed and achieve its goals and objectives. Therefore, a manager who fostered good management skills was able to propel the business goals forward with fewer hurdles and objections from internal and external sources.

Results of the study in Table 4.9 further reflected that that a higher proportion SME operators relied on use of research skills to find out what their clients wanted (Mean=4.00). This attracted consistent opinions (Std. Dev = .857). It was established that Research helps to save money and that launching a new product can be very expensive for a small scale business and not to mention very risky also. Therefore, SMES ought to use research skills to predict if any customer will buy the product.

In line with these, skills was viewed as very significant to obtain a relationship between managerial competence and growth of SMEs, hypothesis testing.

4.3.4 Descriptive analysis on managerial competences on enterprise growth

Table 4.10 Descriptive analysis on managerial competencies on enterprise growth

Statement	Percentage (%)					MEAN	S.D
	SDA	DA	NS	A	SA		
We always bring new innovations on board	0.0	18.8	00.0	63.2	17.9	3.800	.948
Management skills have facilitated the expansion of this business	0.0	17.9	10.1	53.1	18.9	3.731	.967
In our business, there is increase in sales growth due to highly knowledgeable managers	0.0	17.9	10.1	53.1	18.9	3.731	.967
In this business new outlets have been opened due to good management	0.0	45.3	18.7	36.0	00	2.907	.898
The research capacity of our management has helped the business in achieving high growth rate	0.0	45.6	17.6	36.8	0.0	2.912	.905
In our business here there is increase in acquisition of the business assets due to long serving relationship with our clients	0.0	10.1	37.9	25.3	26.7	3.685	.977

Source: Field data 2022

The results in table 4.10 show opinions regarding managerial competences and enterprise growth among SMEs. The findings implied that due to managerial competences, the businesses always bring out now innovations on board reflected by the mean score of 3.800. This finding implied that most of the SMEs operators due to the competences acquired it leads to growth and expansion by bringing new innovations on board, innovations are as a result of competences.

Furthermore, results still show that managerial skills have facilitated the expansion of SMEs businesses. This finding is reflected by the mean score of 3.731 implying that due to the managerial competence in form of skills can lead to growth of the business. This is because skills can lead to delivery of the required products on the market hence attracting more customers and eventually it leads to the expansion of the business.

Results show that SME operators agreed with the view that there was increase in sales growth due to highly knowledgeable managers (Mean= 3.73) and attracted a standard deviation of 0.967 which showed clustered data around the mean and showed inconsistences. Results implied that SMEs were aware that knowledgeable management can vastly improve the company's workflow by optimizing employees' ability to access and share relevant knowledge and experience. The researcher established that managers who are knowledgeable allow innovation to grow within the SMEs, customers benefit from increased access to best practices, and employee turnover is reduced. All these activities lead to enterprise growth among SMEs.

Lastly, a reasonable number of SME operators mentioned that there was increase in acquisition of business assets due to long serving relationship with their clients (Mean=3.69; Stdev=0.977) implying that an SME that keeps its customer base for a long period of time has more chances of expanding its asset base because strong relationship with the customers leads to consistent earnings which is as a result of managerial competences of customer care and handling.

4.3.5 Descriptive analysis on digitalization adoption in activities of SMEs

Respondents provided their views on how digitalisation adoption can act as a moderating variable between managerial competence and enterprise growth. Regarding, the status of

digitalization several test statements were considered on scale of 1-5. Results from a descriptive analysis are shown in Table 4.11

Table 4.11: Responses on Digitalization adoption among SMEs

Statements	Percentage (%)					MEAN	S.D
	SDA	DA	NS	A	SA		
We normally study our competitors on social media platforms	0.0	26.7	9.3	45.3	18.7	3.56	1.075
We normally carry out marketing and advertisement using our digital platforms like Facebook	0.0	9.3	9.3	64.0	17.3	3.89	.794
Digital payment systems like mobile money are normally used to carry out transactions	0.0	0.0	36.0	18.7	45.3	4.09	.898
We always update address our clients 'concerns using digital platforms	0.0	45.3	18.7	36.0	0.0	2.91	.898
We always get in touch with our suppliers through online system	0.0	9.3	8.0	65.3	17.3	3.91	.787
A positive change in performance ever since we adopted technology	0.0	0.0	34.7	18.7	46.7	4.12	.895
We prepare employee salaries and wages using digital systems like payroll	0.0	45.3	18.7	36.0	0.0	2.91	.898
We normally pay our taxes and other dues electronically	0.0	34.4	45.6	18.7	1.3	2.87	.754

Source: Field data, 2022

Results in Table 4.10 above shows opinion regarding digitalization adoption among SMES and, and how these translated into growth of SMEs as further described.

Table 4.11 shows that majority of the business were not sure whether they normally studied our competitors on social media platforms as reflected by a mean score of 3.56. The findings implied that the SME operators had inappropriate incentives to assist them carry out competitor analysis using data from social media. The researcher established that regularly tracking competitors' social media activity with social listening can bring an extra dimension to the competitive benchmarking and thus enhance enterprise growth among SMEs.

More so, Results in Table 4.11 revealed that majority of SME operators agreed to the view that they carried out marketing and advertisement using digital platforms like Facebook, Whatsapp among others (Mean= 3.89). This showed that operators were aware of the benefits of social media in advertising such as social media being critical to allow businesses to target specific users, build an audience database and directly tracking return on investment. Therefore, the use of online advertisements helped to build trust in the general opinion of individuals and social groups regarding the products and services which would eventually lead to growth and expansion of SMEs.

Results of the study in Table 4.11 indicate that a higher proportion of respondents agreed that digital payment systems like mobile money are normally used to carry out transactions (Mean= 4.09). This attracted consistent opinions (Std. Dev. = .898). This generally implied that SME operators have adopted digital payments which help them carry out business easily. It was however; pointed out by the majority SME owners did not always updated and addressed clients 'concerns using digital platforms (Mean 2.91, SD= .898). On the other hand however, majority of the respondents pointed out that they got in touch with suppliers through online means (Mean=3.91 SD=.787).

Table 4.11 shows that averagely, participants did not agree and were not sure (Mean= 3.42) regarding the view that they prepared employee salaries and wages using digital systems like payroll. Results implied digitalization had not been adopted in the area of salary management. These opinions were consistent given Std. Dev. =.895. More so, results in Table 4.10 shows that on average, majority of the participants consulted did not agree with the view that they paid taxes and other dues electronically (Mean= 2.87).

In line with these, digitalization was a significant part of growth of business and to thus the study tested the hypothesis to further understand the relationship between the digitalization adoption and growth of business.

4.3.5 Descriptive statistics on Enterprise Growth of SMEs

The study further examined enterprise growth of SMEs. Opinions of respondents regarding growth of SMEs are in Table 4.12

Table 4.12: Responses on Enterprise Growth of SMEs

Statement	Percentage (%)					MEAN	S.D
	SDA	DA	NS	A	SA		
Our profits have been increasing from time to time	8.0	1.3	80.0	10.7	8.0	3.49	.956
Our incomes often exceed the expenses we incur	0.0	2.7	26.9	20.0	50.4	3.93	.661
The proportion of the profits we save annually keeps increasing	0.0	43.7	20.0	34.9	1.3	4.18	.922
There is an increase in knowledge of the market trends	0.0	2.7	34.9	20.0	42.4	2.94	.916
We often add back pay some of the profits we always make to the business	0.0	42.4	16.0	41.6	0.0	4.02	.939
Our profits are determined by sales and market growth	0.0	31.7	48.3	16.0	4.0	2.99	.918
There is increase in the number of customers	0.0	27.7	8.0	56.3	8.0	2.92	.796
Our products have been growing overtime	0.0	8.0	1.3	78.7	12.0	3.45	.982

Source: Field data, 2022

Results in Table 4.12, respondents revealed several opinions regarding growth of SMEs. As expressed, results showed that the profits have been increasing from time to time (Mean =3.49, SD=.956); incomes often exceeded the expenses we incur (Mean=3.93; SD= 0.661), The proportion of the profits we save annually keeps increasing (Mean = 4.18, SD=0.922), There was an increase in knowledge of the market trends (Mean=2.94, SD=0.916), businesses often added back paid some of the profits they always made to the business (Mean =4.02, SD=0.939); profits were determined by sales and market growth (Mean =2.99, SD=0.918); there is increase in the number of customers, (Mean =2.92, SD.796); and products have been growing overtime, (Mean =3.45, SD=0.982).

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4.4. The relationship between the study variables

In the study, correlation was utilized to establish the strength and direction of the relationship between the study variables. In the study, Pearson correlations were also used in the study to establish the relationship that existed between the study variables. Before running regression analysis, the correlation was especially useful for gaining preliminary insights into the relationship between managerial competencies and the various dimensions of an independent variable. The correlation is interpreted as positive or negative, and the study results are shown below.

4.4.1 The relationship between experience, knowledge, skills and digitalisation adoption

Table 4.13: Pearson correlation

	Correlations	EXP_N	KNOW_N	Skill_N	DIG_ADOP	GROW_N
EXP_N	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	375				
KNOW_N	Pearson Correlation	-.592**	1			
	Sig. (2-tailed)	.000				
	N	375	375			
Skill_N	Pearson Correlation	-.665**	.774**	1		
	Sig. (2-tailed)	.000	.000			
	N	375	375	375		
DIG_ADOP	Pearson Correlation	.128*	.060	.059	1	
	Sig. (2-tailed)	.013	.244	.256		
	N	375	375	375	375	
GROW_N	Pearson Correlation	.253**	.240*	.089	.245**	1
	Sig. (2-tailed)	.000	.038	.086	.000	
	N	375	375	375	375	375

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
Source: Primary data 2022

Results in Table 4.13 above show findings of the study in relation to links between variables under study. According to the findings, it is observed that there is a variation on how various constructs that represented the independent variable relate to the performance of SMEs.

4.4.2 Relationship between experience and enterprise growth among SMEs

In a bid to establish the relationship between experience and enterprise growth among SMEs in Kampala Capital City Authority, the results in Table 4.13 present the evidence that there is a significant positive relationship between experience and enterprise growth(r=0.253, p<0.01). This means that growth of SMEs was highly associated with any improved experience. Results in Table 4.13, show that there was a very strong statistical significant influence of experience on growth of SMEs (p=0.000<0.01). Thus, the hypothesis: *H_01: There is no significant relationship between experience and enterprise growth among SMEs* was not supported. This was because the results implied that an improvement in experience positively affects the growth of SMEs.

4.4.3 Relationship between knowledge and enterprise growth among SMEs.

The results in Table 4.13 indicate the evidence that there is a significant positive relationship between knowledge and enterprise growth as showed by (r=0.240, p<0.05). This means that growth of SMEs was highly associated with any scope of knowledge acquired. Results in Table 4.13, show that there was statistical significant influence of knowledge on growth of SMEs (p=0.038<0.05). Thus, the hypothesis: H_02: *There is no significant relationship between knowledge and enterprise growth among SMEs* **was not supported**. This is because the results implied that an improvement in knowledge positively affects the growth of SMEs.

4.4.4 Relationship between skills and enterprise growth among SMEs

The results in Table 4.13 indicates that skill and growth of SMEs were positively related (r = .089). Further findings showed that there was an insignificant and positive influence of skill on growth of SMEs (*p* =0.086>0.01). Thus, hypothesis: *H_{03}: There is no significant relationship between skills and enterprise growth among SMEs* **was supported.** This is because the results implied that growth of SMEs was not directly associated with any skills acquired.

4.4.5 Relationship between managerial competences and enterprise growth among SMEs

The results in Table 4.13 indicate a strong significant relationship between managerial competences and enterprise growth among SMEs($p=.000<0.01$). Thus hypothesis: H_{04}: *There is no significant relationship between managerial competences and enterprise growth among SMEs* **was not supported**. This is because an improvement in experience and knowledge has a direct association with the growth of the enterprise.

4.4.6 Relationship between digitalisation adoption and enterprise growth among SMEs

The results in Table 4.13 show that digitalization adoption and growth of SMEs were significantly related ($r = .245$). Further findings showed that there was a strong significant relationship between variables ($p= .000<0.01$). Thus hypothesis: H_{05}: Digitalisation adoption has no significant moderating effect on the relationship between managerial competences and enterprise growth among SMEs **was not supported.** This is because the finding implied that growth of SMEs was directly associated with digitalization adoption by SMEs.

4.5. Hierarchical Multiple regression model

To establish the overall relationship between managerial competence (independent) and enterprise growth of SMEs (dependent) and the moderating effecting on the relationship between managerial competence and enterprises growth, the researcher adopted a hierarchical multiple regression model since the study has a moderation variable of digitalisation adoption.

To test moderation, the researcher in particular looked at the interaction effect of digitalisation adoption on the relationship between independent variable (s) (experience, knowledge and skills using dependent variable of enterprise growth and it was established

whether or not such an effect was significant in predicting enterprise growth. The researcher

followed the steps as suggested by Baron & Kenny, (1986) and tested the models below;

Table 4.14 Model of Regression coefficients with enterprise growth as dependent variable and experience, knowledge and skills and interaction term as predictors

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.864	.263		7.074	.000
	EXP_N	.136	.028	.330	4.923	.000
	KNOW_N	.184	.049	.288	3.741	.000
	Skill_N	.055	.045	103	1.238	.216
	DIG_ADOP	.223	.058	.191	3.868	.000
2	(Constant)	3.146	1.450		2.169	.031
	EXP_N	.011	.141	.027	.080	.936
	KNOW_N	.061	.145	.096	.425	.671
	Skill_N	.192	.158	.358	1.213	.226
	DIG_ADOP	.101	.147	.087	.691	.490
	INTERRACTION_TERM	.003	.004	.352	.899	.036

				Change Statistics				
R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
.383[a]	.146	.137	.16502	.146	15.875	4	370	.000
.385[b]	.148	.137	.16507	.002	.809	1	369	.036

a. Dependent Variable: GROW_N

b. Predictors: (Constant), DIG_ADOP, Skill_N, EXP_N, KNOW_N

c. Predictors: (Constant), DIG_ADOP, Skill_N, EXP_N, KNOW_N, INTERRACTION_TERM

Source: Field data, 2022

As shown in Table 4.14 above, results from the multiple regression model (model 1) produced Adjusted R^2 = .137, $F_{(4, 370)}$ = 15.875, $p < .05$. The model (model 1) reveals a statistically significant relationship between enterprise growth (dependent variable), managerial competences (Independent variable) and digitalisation adoption (moderator).

Results further reveal that the regression models both model 1 and 2 predict the dependent variable significantly well *(Adjusted R^2 =137,F= 15.875, P=0.00<0.05)* and it clearly indicate that the model is of best fit to predict the enterprise growth. Overall, study findings show that combined predictors of managerial competence that is experience, knowledge, skills together with the moderating variable of digitalisation had a significant influence on enterprise growth among SMEs.

In step 2 (model 2), the interaction between managerial competence and enterprise growth (managerial competence*Digitalisation adoption) was entered into the regression equation. The change in variance accounted for ($\Delta R2$) was equal to .02, which was a statistically significant increase in variance accounted for over the step one model. Model 2 shows that the relationship between managerial competence, enterprise growth, digitalisation and the interaction term (managerial competence*digitalisation adoption) jointly was statistically significant, R^2 = .137, F (1, 369) = .809, p < .05. The Model 2 accounted for 14.8 percent as a combined predictor (R2 =.148) leaving 85.2 percent to be accounted for by other factors. This therefore further implies that the regression models predicts the dependent variable significantly well and is a goodness of fit.

Furthermore, observing from the same **table 14.4**, before the inclusion of the interaction term (model 1), The regression coefficient (β) value of experience was 0.330 with a t-test of 4.923 and significance level (p-value) < 0.05 implying significant effect of the variable, The regression coefficient (β) value of knowledge was 0.288 with a t-test of 3.741 and significance level (p-value) < 0.05, implying significant effect of the variable. The regression coefficient (β) value of Skill was 103 with a t-test of 1.238 and insignificance level (p-value) of 0.216. The regression coefficient (β) value of digitalisation adoption was 0.191 with a t-test of 3.868 and significance level (p-value) < 0.05, implying significant effect of the variable. However, after the inclusion of the interaction term, The beta coefficient of experience changed to 0.080 and it was statistically insignificant (p >.05). The beta coefficient of knowledge changed to 0.425 and it was statistically insignificant (p >.05). The regression coefficient of skill changed to 1.213 and it was still not statistically significant (p >.05). The beta coefficient of digitalisation adoption changed to 0.691 and it was still statistically insignificant (p >.05). The interaction term (managerial competence*digitalisation adoption) was statistically significant (β=0.899, p<.05). This

implies that it has a more predictive power, so with such results full moderation has occurred because it has altered all the values of other variables as proposed by Baron &Kenny (1986). This indicates that digitalisation adoption has a moderating influence on the relationship between managerial competence and enterprise growth among SMEs therefore hypothesis five $H_0$5: *Digitalisation has no significant moderating effect on the relationship between managerial competencies and enterprise growth among SMEs* **was not supported**.

The individual constructs of managerial competence satisfied the model equation as;

$Y_{it} = \beta_0 + \beta_1 skill_{it} + \beta_2 experience_{it} + \beta_3 knowledge_{it} * digitalisation\ adop_{it} + \varepsilon_{it}$

$Y_{it} = \beta_0 + \beta_1 skill_{it} + \beta_2 experience_{it} + \beta_3 knowledge_{it} * digitalisation\ adop_{it} + \varepsilon_{it}$

$Y_{it} = 1.864 + 0.136\ EXP + 0.184\ KNOW + .055\ SKIL + 0.223DIG$

$Y_{it} = 3.146 + 0.011\ EXP + 0.061\ KNOW + 0.192\ SKIL + 0.101DIG + 0.003\ INTERRACTION$

From results, experience, knowledge and digitalisation adoption had significant effect on enterprise growth among SMEs, with experience being highest predictor (Beta = 0.330, $p<0.00$), followed by knowledge (B = 0.288, $p<0.00$) followed by digitalisation adoption(Beta=0.191, $p<0.00$). The construct of skill was found insignificant despite having a positive contribution to enterprise growth (B= 0.103, $p>0.216$). This means that the main predictor of enterprise growth is experience followed by knowledge followed digitalisation adoption and lastly skills.

Table 4.15 Model ANOVA with enterprise growth as dependent variable and experience, knowledge and skills and interaction term as predictors

<div align="center">ANOVA^a</div>

Model		Sum of Squares	Df	Mean Square	F	Sig.	R Square
1	Regression	1.729	4	.432	15.875	.000[b]	.146
	Residual	10.076	370	.027			
	Total	11.805	374				
2	Regression	1.751	5	.350	12.855	.000[c]	.148
	Residual	10.054	369	.027			
	Total	11.805	374				

a. Dependent Variable: GROW_N

b. Predictors: (Constant), DIG_ADOP, Skill_N, EXP_N, KNOW_N

c. Predictors: (Constant), DIG_ADOP, Skill_N, EXP_N, KNOW_N, INTERRACTION_TERM

Table 4.15 shows ANOVA model 1 indicate R^2= 14.6 percent and model 2 indicate R^2=14.8 percent. This implies considering both models that managerial competence constructs combined predicted 15 percent of variance in growth of SMEs (Model 1 Adjusted R Square = .146 & .14.8 to zero decimal). The remaining 85.4 percent is predicted by other factors outside this study such as capital availability, location of the enterprise, favourable government policies and others. In conclusion therefore, the models indicate a statistically an overall significant relationship between enterprise growth (dependent variable), managerial competences (Independent variable) and digitalisation adoption (moderator).

4.6 Analysis of Variance (ANOVA)

Table 4.16 Analysis of Variance (ANOVA) on Managerial competencies

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Sex	Between Groups	91.089	37	2.462	580.752	.000
	Within Groups	1.429	337	.004		
	Total	92.517	374			
Age	Between Groups	411.791	37	11.129	393.049	.000
	Within Groups	9.542	337	.028		
	Total	421.333	374			
Education level	Between Groups	88.339	37	2.388	1.452	.048
	Within Groups	554.290	337	1.645		
	Total	642.629	374			
Period in business operation	Between Groups	355.946	37	9.620	85.398	.000
	Within Groups	37.963	337	.113		
	Total	393.909	374			
Category of Business	Between Groups	269.164	37	7.275	64.228	.000
	Within Groups	38.170	337	.113		
	Total	307.333	374			

Source: Field data 2022

The Results from Table 4.16, shows that all the listed demographics' significance values are below the standard sig. value of 0.05. This means that there was no significant difference on how respondents based on sex, age, education level, period in business operations and category of business perceive managerial competencies.

Table 4.17 Analysis of Variance (ANOVA) on Digitalisation adoption

		Sum of Squares	df	Mean Square	F	Sig.
		ANOVA				
Sex	Between Groups	10.560	5	2.112	9.509	.000
	Within Groups	81.957	369	.222		
	Total	92.517	374			
Age	Between Groups	16.962	5	3.392	3.096	.009
	Within Groups	404.371	369	1.096		
	Total	421.333	374			
education level	Between Groups	24.932	5	4.986	2.979	.012
	Within Groups	617.698	369	1.674		
	Total	642.629	374			
Period in business operation	Between Groups	16.280	5	3.256	3.182	.008
	Within Groups	377.629	369	1.023		
	Total	393.909	374			
Category of Business	Between Groups	56.962	5	11.392	16.790	.000
	Within Groups	250.371	369	.679		
	Total	307.333	374			

Source: Field data 2022

The Results from Table 4.17, show that all the listed demographics' significance values are below the standard sig. value of 0.05. This means that there was no significant difference on how respondents based on sex, age, education level, period in business operations and category of business perceive digitalisation adoption.

Table 4.17 Analysis of Variance (ANOVA) on enterprise growth among SMEs

		Sum of Squares	df	Mean Square	F	Sig.
		ANOVA				
Sex	Between Groups	9.469	5	1.894	8.415	.000
	Within Groups	83.048	369	.225		
	Total	92.517	374			
Age	Between Groups	38.077	5	7.615	7.332	.000
	Within Groups	383.257	369	1.039		
	Total	421.333	374			
Education level	Between Groups	10.171	5	2.034	1.187	.315
	Within Groups	632.458	369	1.714		
	Total	642.629	374			
Period in business operation	Between Groups	40.122	5	8.024	8.369	.000
	Within Groups	353.788	369	.959		
	Total	393.909	374			
Category of Business	Between Groups	32.187	5	6.437	8.633	.000
	Within Groups	275.146	369	.746		
	Total	307.333	374			

Source: Field data 2022

The Results from Table 4.18, shows that all the listed demographics' significance values are below the standard sig. value of 0.05. This means that there was no significant difference on how respondents based on sex, age, period in business operations and category of business perceive enterprise growth. However, for education level results show that it has a sig value which is above 0.05 implying insignificant effect on how respondents perceive enterprise growth, this means that education level influences people's perception.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a detailed of summary of the study findings. It also includes the discussion of findings, conclusions and recommendations about the study. The study focused on establishing the effect of managerial competence on the enterprise growth among SMEs with a moderating variable of digitalisation adoption in Kampala Capital City Authority. The study utilized mixed approach (quantitative and qualitative) approaches to explore the study variables. The collected data was entered in SPSS and analysed using descriptive and inferential statistics. Besides, a few limitations, the study conclusions and recommendations are also presented.

5.2 Summary of the Study Findings

SMEs like any other organizations are able to survive, remain sustainable, grow and expand operations on basis of growth and expansion. Growth of business is one area that SMEs cannot do without giving due attention. This section summarizes the findings obtained under each study objective.

5.2.1 The relationship between experience and the enterprise growth among SMEs

The findings show that there was a strong relationship between experience and growth of SMEs. Furthermore, the regression analysis revealed that experience was a predictor of enterprise growth among SMEs and was highly significant. Therefore, the results noted that the hypothesis: *Ha₁*: Experience has a significant effect on enterprise growth among SMEs was supported**,** an indication that experience affected enterprise growth among SMEs.

5.2.2 The relationship between knowledge and the enterprise growth among SMEs

In regard to this study's second objective that sought to examine the effect of knowledge on enterprise growth among SMEs, several findings were realized. Results showed a significant but positive relationship between knowledge and enterprise growth among SMEs. Regression analysis results also showed a significant effect of knowledge on growth and performance of SMES. Consequently, the hypothesis that: *Ha2*: Knowledge has a significant effect on enterprise growth among SMEs was **supported.**

5.2.3 The relationship between skills on enterprise growth among SMEs

The third study objective established the relationship between skills and enterprise growth among SMEs. There was an established strong relationship between skills and enterprise growth among SMEs. This implied a statistical insignificance between skills and enterprise growth among SMEs. Thus hypothesis: *Ho3*: Skills has a significant effect on enterprise growth among SMEs was **not supported.** Therefore skills have no significant influence on enterprise growth among SMEs.

5.2.4 The relationship between managerial competence and enterprise growth among SMEs

The forth objective sought to examine the relationship between managerial experience and enterprise growth among SMEs, the findings revealed a high predictive power of 14.6% of variance in growth of SMEs. Thus hypothesis *H04:* managerial competence has a significant effect on enterprise growth among SMEs was **supported**. Overall since this is the independent variable, study findings show that managerial competence had a positive significant influence on enterprise growth of SMEs.

5.2.5 The relationship between digitalisation adoption on the enterprise growth among SMEs

The fifth objective sought to establish the moderating effect between digitalisation adoption and the relationship between managerial competence and the enterprise growth among SMEs. The results showed that digitalization adoption and growth of SMEs were significantly related. Further findings showed that there was a significant relationship between variables. Thus hypothesis: *Ho₃*: digitalization adoption has a significant effect on growth of SMEs was **supported.** This findings implied that growth of SMEs was directly associated with digitalization adoption by SMEs.

5.3 Discussion of the study findings

The study explored managerial competence and enterprise growth among SMEs. Specifically, findings were on three (5) study objectives. These included: the effect of experience on growth of SMEs; the effect of knowledge, and skills on enterprise growth of SMEs. The results are further discussed.

5. 3.1 Respondents characteristics

5.3.1.1 Sex of Respondents

The results showed that majority of participants 55.7 percent were female while 44.3 percent were male. This implies that the majority of the SMEs in Kampala Capital City Authority have been dominated by women mainly because the majority of the informal sector is occupied by women because some of these SMEs require limited capital to be established, they undertaken as necessity entrepreneurship whereby they are established as their means of survival since some of them are single mothers, Results still indicate that SMEs had a few male operators which is a clear indicator that women are good risk takers than their counterparts. This finding is in line with the empirical study carried on by (*Mwosi, etal*2021) on Financial inclusion and the growth of small medium enterprises in Uganda where it was evident that females were more than male counterparts (Mwosi..., 2021).

5.3.1.2 Age of Respondents

Results indicated that modal age bracket was 26-35years (36.8%) of all respondents, This implies that the age bracket is the most entrepreneurial and risk taking and more resilient age with a lot of energy to undertake risks in business, it is also been the fact because at that age most of the people have completed their studies and they at that age active in the world of work.

5.3.1.3 Highest Level of education

Results showed that majority respondents (34.4%) had attended secondary school. This implies that most of the SMEs operators did not complete formal education and therefore since they had failed to complete formal education, they sought for the business as a source of survival hence the establishment of SMEs. It also implies that school drop outs are so determined to carry on business hence the reason for many SMEs in Uganda.

5.3.1.4 Category of business

Results reveal that a higher proportion 165(44.5%) of respondents were trade businesses, This implies that the majority of the SMEs are under the category of trade business. This implies that the since the trading businesses require little capital therefore it attracted the majority to join such businesses for their survival. It also implies that trade businesses are the cheapest and easy to set up and manage than any other category like manufacturing and service business.

5.3.1.5 Number of years in business

Results showed that almost 90% and majority of respondents had spent over 2 years' in operation. Only 7.7 percent has spent a year and less working with SMEs. This signifies that majority of respondents had been working with SMEs for a good time. It also implies that SMEs establishment requires resilience and commitment hence majority operators having such number of years of experience. Therefore, they had enough experience and understand

the questions asked and for that matter they were in a good position to give reliable information about level of managerial competence and enterprise growth among SMEs.

5.4 The relationship between study variables

In the earlier chapters the evidence between the experience, knowledge, skills, digitalisation adoption and as well as the enterprise growth among SMEs was given, therefore in this section discussion about those finding is given. The first section will give discussion about the first objective, followed by the second, the third, the forth and the fifth objective

5.4.1 The relationship between experience and enterprise Growth among SMEs

The results from the regression analysis revealed that experience was a predictor of enterprise growth among SMEs and the relationship was highly significant represented by *(β = .330, p = .000<0.05)*. This means that experience of SMEs operators influences enterprise growth among SMEs. Relatedly workers were fully qualified with academic papers and it was also clear that those small and medium-sized enterprises owners or managers' years of working experience and qualification have greater influence on awareness and practice. Additionally results clearly showed that experienced managers were always concerned about workshops for knowledge and knowledge acquisition. Thus, to a greater extent, growth of SMEs was associated with trainings for improved experience in enterprise growth among SMEs, that is to say, there ought to be more training of SMEs owners in managerial practices for improved enterprise growth.

The researcher established that experience when applied to business appropriately; it gives SMEs potential of enhancing performances of their businesses and therefore ought to be considered vital for business growth. Furthermore, there is always customer care to our customers. This has ensured increase in acquisition of business assets due to long serving relationship with our clients hence enterprise growth.

The findings show that SMEs' owners or managers with many years of experience outperform those with fewer years of experience. Furthermore, SMEs with many years of working experience practice more than those with fewer years of working experience. This is due to the fact that these managers or owners have been exposed to the turbulent business environment long enough to recognize the strategic tools required to survive.

Relatedly, opinions from interviews closely agree with most of the above assertions especially regarding the view that over years, SMEs growth was associated with experience of operators. In the views of one participant, she commented:

> *"......well, obviously, it should be noted that poor experiences disrupt the growth of SMEs. Lack of experience can easily lead to mismanagement of capital which hampers their performance".*   *Interview 1*

It's clear, that most of the businesses operators were not experienced which made management very hard as attest to by one of the respondents;

> *"The only way we can help these people is if we ensure a clear experience system for training that promotes equity but also introduces incentives that are paramount to the survival of the SMEs ".*   *Interviewee 2*

Attesting to the above is a view held by many participants that experience is vital for effectiveness in growth of SMEs.

This explanation agrees with the study by *Hellriegel etal (2005)* who clearly explained that experience is a determinant in the success of a small firm. Similarly, for entrepreneurs to work efficiently in today's high-performing organizations, they need experience and competencies. The findings also agrees with the study by Hawi et al. (2015) who also carried out a similar study and in his findings he concluded that entrepreneurs should continue to gain experiences because these skills help individuals function efficiently at work and later contribute to the organization.

5.3.2 The relationship between Knowledge and enterprise Growth among SMEs

Findings from the regression analysis showed a significant positive effect of knowledge on enterprise growth and performance of SMES (β = 0.288, *p*=.000, <0.05). This means that a higher proportion of study indicated that goals were always achieved in their business despite the imperfections which implied that enterprise growth among SMEs could be enhanced if the knowledge was streamlined to towards achieving business goals and objectives.

Furthermore, it was very clear that there was increased sales growth with regard to knowledgeable managers. Amazingly, the study clearly established that knowledgeable management can vastly improve the company's workflow by optimizing employees' ability to access and share relevant knowledge and experience hence leading to innovations as well as the study still established that managers who are knowledgeable allow innovation to grow within the SMEs. This leads to customers benefit from increased access to best practices, and automatically employee turnover is reduced. All these activities lead to enterprise growth among SMEs.

Further justification for knowledge significance on enterprise growth from the study indicated that SME operators were using the knowledge about other competitors to grow their businesses since the operators were aware of the competitive advantage as the key to business success. Therefore knowledge of the competitors enables a business to have greater focus, more sales, better profit margins, and higher customer and staff retention than competitors.

Relatedly, the researcher established that knowledgeable employees facilitate better decision-making capabilities, stimulate cultural change and innovation to enhance growth and expansion among SMEs. Moreover most of the SME operators were aware that customer care helped to attract and retain customers, increased the lifetime value of customers and

delivered insights that improved product, marketing, and/or service, thus leading to enterprise growth among SMEs. This findings are in line with the conclusion made by *Krajcovicova et al., (2012)* who in his study he found out that in addition to the ability to recognize opportunities, political competency, drive venture through to fruition, and human competency, technical or functional competencies were positively related to firm growth. Furthermore, managers and employees should have a diverse set of technical workplace skills in order to work with advanced technologies..

5.3.3 Relationship between Skills and enterprise growth among SMEs

The results from the regression analysis indicated that there is an insignificant positive relationship between skills and enterprise growth among SMEs. This implied that skills acquired by the SMEs operators have positive but insignificant association on enterprise growth among SMEs.

This means that being with skills doesn't necessarily mean that new products will always be introduced into the market skilfully. Relatedly, having skills doesn't mean setting up new outlets due to good management. Furthermore, it is very clear that even when the business has highly skilled operators or managers, there is no possibility of high level of customer care. Yet if the customers are not cared for, they tend to run away to other business that offer customer care services. More evidence showed that SMEs can have skilful operators but in reality doesn't turn into more expansion. This means that someone can have the skills and fails to start up even a single business. Some people with skills choose to be job seekers. Results further revealed that SMEs can't beat its competitors due to the management skills. Skills can be in place but it doesn't guarantee surpassing of the competitors around.

Although, research skills were not adequately utilized for introduction of new products on market, findings revealed that operators relied on use of research skills to find out what their

clients wanted which helped them to save money and predict if any customer their products product and it was also crystal clear from the findings that most SMEs beat their competitors due to the management skills utilized to make things differently than the competitors and they happen to do it better hence subduing the competitors.

All these findings are being supported by the human capital theory by Backer(1964,1975) that the researcher used in this study that explains how investment in training and skill acquisition by the employees are ought to increase the productivity and it demonstrates how eventually leads to increasing the size of the organization, the amount of services and products offered, and the number of employees increases individuals' cognitive capacity (Hughes & Morgan, 2007).

5.3.4 The relationship between managerial competence and enterprise growth among SMEs

Under this objective, the findings revealed a total predictive power of 14.6% of variance in enterprise growth among SMEs. This clearly indicates that managerial competence has a positive significant effect on enterprise growth among SMEs. This finding is actually in line with the study carried out by *Laguna et al. (2012)* who explained how managerial competencies relate to the business success of small and medium enterprises (SMEs) and offered some implications for interventions aimed at improving successful SME management through the development of CEO managerial competencies, which are not always stable but can be trained and modified.

Notably, these conclusions are fully supported by the human capital theory advanced by Backer(1964,1975) that clearly explains that People who invest in education and training are thought to increase productivity, understanding of financial resources, and technical

managerial abilities, this increases individuals' cognitive capacity, allowing them to be more efficient in pursuing and leveraging enterprise growth (Brenneman & etal., 2018).

5.2.5 The relationship between the moderating effect of digitalisation adoption on the enterprise growth among SMEs

The fifth objective sought to establish the moderating effect between digitalisation adoption and the relationship between managerial competence and the enterprise growth among SMEs. Findings showed that there was a significant positive relationship between the variables (Beta= 0.191,*p*= .000<0.01). This implies that digitalization adoption has a significant effect on enterprise growth among SMEs.

This means that majority of SME operators agree to the view that they carried out marketing and advertisement using digital platforms like facebook, WhatsApp among others, this shows that operators were aware of the benefits of social media in advertising such as social media being critical to allow businesses to target specific users, build an audience database and directly tracking return on investment. Therefore, the use of online advertisement helps to build trust in the general opinion of individuals and social groups regarding the products and services which eventually lead to growth and expansion of SMEs.

Relatedly, that a higher proportion of respondents agreed that digital payment systems like mobile money are normally used to carry out transactions. This generally implied that SME operators have adopted digital payments which help them carry out business easily. On the other hand however, majority of the respondents pointed out that they got in touch with suppliers through online systems and this has eventually brought out a positive change in performance ever since the technology is adopted.

This finding implied that, digitalization in a business as a vital approach to enterprise growth and expansion and it was further backed by one of the opinions, an informant testified .

More so, it was found out that digitalization is a practice that needs consistent sensitization of the SME owners due to its benefits. Emphasizing this, one respondent said:

> ' I actually think that every business owner should be in position to use digital means, digitalization has several advantages, including increased efficiency, increased productivity, lower operational costs, improved customer experience, increased employee morale, improved communication, increased transparency, improved competitive advantage, and faster decision making".

Interviewee 3

This finding is further agrees with the findings of the study conducted by (Banalieva & Dhanaraj, 2019). who concluded by saying digitalization enables SMEs to participate more completely in the global economy by cutting transaction costs and enhancing network connections, speed, and scalability. It also agrees with the study according to the findings of Erjon Curraj's study on business digitalization of SMEs in Albania, who concluded that business digitalization has a beneficial impact on SMEs' overall performance. The performance of small businesses is dominated by their size, age, and location, and is more closely linked to business digitalization than strategy. However, the digitalization adoption is also influenced by the owner-entrepreneurial manager's competence (Curraj, 2018).

Notably, the above findings are supported by the Unified Theory of Acceptance and Use of Technology which was advanced by Venkatesh, Morris, Davis, and Davis (2003). The UTAUT theory developed in order to explain the ability of users to accept technology their intention to adopt new technologies and their subsequent usage behaviours. The theory explains how it is beneficial for one to accept adopting technology and the subsequent results obtained which are exactly connected with the findings of this study under this objective.

5.4 Conclusion

In view of the above study findings and set objective, the researcher makes a number of conclusions as follows.

It is concluded that experience has a significant influence on the enterprise growth among SMEs. The study findings showed that knowledge was one of the managerial competence practices that affected growth of SMEs. More so, a significant and positive relationship was found between knowledge and enterprise growth among SMEs. Regarding the third objective, this study found out that skills affected enterprise growth among SMEs. From the analysis of three predictors of managerial competence, it was generally concluded that managerial competence affects growth of SMEs by close to 14.6 percent. Therefore, if SMEs are to attain outstanding performance, there is need for SMEs to put significant effort in managerial competence especially experience and knowledge. The relationship between managerial competencies and enterprise growth among SMEs can be well moderated by digitalisation adoption as the findings have clearly revealed that digitalisation adoption by business has got a numerous advantages and a significant impact on the enterprise growth.

These findings are in line with the earlier empirical studies reviewed in the earlier chapters. (Nirachon et al., 2007) who established that managerial competencies (MC) are a critical factor that contributes to the performance and survival of small-scale businesses. They are defined as a set of skills, related knowledge, and experience that allow an individual, such as a manager/owner of a small scale business, to perform a task or an activity within a specific function or job.

From the findings of the study, it is therefore concluded that managerial competencies such as knowledge, experience and skills have a significant effect on the enterprise growth among

SMEs and SMEs have adopted digital systems in their operations, their performance and growth is far much a head of the counterparts.

5.5 Recommendations

In light of the study conclusions, several recommendations were made. The first section will give recommendations about the first objective, followed by the second, the third, the forth and the fifth objective.

5.5.1 The relationship between experience and enterprise Growth among SMEs

On basis of the fact that experience was not common among SME operators. There is need to formulate and implement a strong SME training and intervention policy. SMEs need to do routine workshops to gain experience and influence their mode of operations, and consequently enhance enterprise growth among SMES.

Further still, SMEs need to do self-evaluation and tailor outcomes to their managerial obligations, because experience was found as a key factor for SME performance. Therefore, in order to set a favourable environment for SMEs to flourish, there is need for extensive survey- based analysis of small firms to be able to provide incentives for overall growth.

Additionally, the knowledge bodies such as Economic Policy and Research Centre(EPRC) and Uganda Bureau of Statistics (UBOS) through the government should reach out and educate the business community about its operations of business. The researcher established that one of the challenges associated with experience as a practice of managerial competence is the fact that SMEs do not understand how management is done in growing businesses.

5.5.2 The relationship between knowledge and enterprise Growth among SMEs

The researcher found out that knowledge was an influential factor in steering growth of SMEs despite results showing that it was insignificant. This study hence recommends the government should align knowledge practices to fit operations of small and medium business.

Efforts should be done to strengthen and improve the methods of prompting business knowledge acquisition.

5.5.3 The relationship between skills and enterprise Growth among SMEs

Whereas skills significantly influence growth of SMEs, skills were not favourable to operations of SMEs. Therefore, the study recommends managerial competences be strengthened through inclusive decision making and consultations.

5.5.4 The relationship between managerial competence and enterprise Growth among SMEs

Generally, focus aspects explored in study show that managerial competence affects growth of SMEs. Therefore, the study recommends more effort in managerial competence especially training and workshops.

5.5.5 The moderating effect of digitalisation adoption and relationship between managerial competences and enterprise Growth among SMEs

From the general findings, it is clear that there is a positive significant relationship between the digitalisation adoption and the enterprise growth among SMEs. Therefore for the SMEs enterprises to develop at a faster rate, the government should endeavour to subsidise internet services by lowering down the taxes on data bundles to enable the affordability of the internet for the businesses to be able to catch up with them hence influencing the enterprise growth.

Furthermore, the managers of SMEs are urged to ensure that technology adoption should be at the centre of their objectives to ensure efficient in that there is an element of technology usage such as websites, setting up social media platforms like Facebook pages, whatsApp and others. This should be a requirement as they are employing staff whereby there should have ICT proficiency to facilitate the implementation of technology with ease.

The government is also urged to unblock the facebook in Uganda since from the findings it was discovered that it had an impact on doing daily online transactions in most of the businesses in Kampala but since it has been blocked for over one year, businesses are greatly affected.

5.7 Contributions of the study

The study findings are able to inform different stakeholders in SMEs on the possible effect and extent to which managerial competence affects growth of SMEs. In addition, the study was able to generate more information on experience, knowledge and skills which adds to existing literature not only of operation SMEs, but also other corporations and organizations that are running businesses in Uganda.

5.8 Areas for further research

This study focused managerial competences and growth of SMEs. Nonetheless, other research areas were identified for future research, including the following:

1) Knowledge, attitude and awareness of tax policies affecting small and medium enterprises in Uganda.
2) Effect of digitalisation on practices and sustainability of SMEs.
3) Factors leading to poor performance of SMEs in Uganda

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APPENDIX I: SURVEY QUESTIONNAIRE

This is a research study that looks at managerial competence and enterprise growth in SMEs. Therefore, we humbly ask you to contribute your experience and expertise to this study. Your shared information will be kept in strict confidence and used only for research. Please take a moment to read the questions below and provide your answers. This research will be conducted at Kyambogo University's School of Management and Entrepreneurship under the direction of the Department of Business Administration.

Please contact us at the following address or via our contacts if you need any more information or would like to receive the study's findings.

Tel.+256700-446960/773-926787

Email: dmutyaba@kyu.ac.ug

SECTION A; **Background characteristics of the respondents**

1) Gender of the respondents

    (i)   Male ☐   (i i) Female ☐

2) Age of the respondents

(i) Not less than 18yrs ☐   (ii) 9- 25 years ☐   (iii) 26-25 years ☐

(iv) 36-45 years above 45 year ☐

3. Education level of the respondents

(i) Informal Education ☐   (ii) Primary level ☐   (iii) Secondary level ☐

    (iv) Certificate ☐   (v) Diploma ☐   (vi) Degree ☐

4. What position do you hold in the business?

(i) Director ☐ (ii) Supervisor ☐ (iii) Manager ☐ (iv) IT specialist ☐

5. **Form of business organization (please tick one)**

(i) Sole proprietorship ☐ (ii) Partnership ☐ (iii) Cooperative society ☐

(iv) Joint venture ☐

6) **How long has this business been operating?**

(i) Less than 1 year ☐ (ii) 2-3 years ☐ (iii) 3-5 years ☐ (iv) 5- 10 years ☐

(v) 10years and above ☐

7) **What is the size of this enterprise in terms of numbers employees employed?**

(i) 5-9 Employees ☐ (ii) 10-19 Employee ☐ (iii) 20- 29 Employees ☐
(iv) 30-39 Employees ☐ (v) 40-49 Employees ☐ (vi) 50 above employees ☐

8) **Select the sector in which the enterprise is operating**

(i) Retail ☐ (ii) Wholesale ☐ (iii) Service ☐

SECTION B:

Managerial competence

Indicate the extent to which you agree or disagree with the following observations on managerial

competence and enterprise growth among SMEs. Use a scale of 5- Strongly Agree(SA), 4-

Agree(A), 3- Neutral(N), 2-Disagree(D) and 1- Strongly Disagree(SD).

CODE		SD	D	N	A	SA
		1	2	3	4	5
	Experience					
B1	Our workers are fully qualified with academic papers					
B2	We are always concerned about the workshops for skills and knowledge acquisition					

B3	In our business experience is a prerequisite					
B4	We have had a great improvement in performance due to our experienced employees					
B5	In this business, there is always customer care to our clients					
B6	In our business, long serving employees always perform better than the new recruits					
B7	There is a big difference between the experienced and inexperienced managers					
B8	Due to experienced management our business is enjoying a large market share.					
B9	In our business here there is increase in acquisition of the business assets due to long serving relationship with our clients					

Indicate the extent to which you agree or disagree with the following observations on experience and enterprise growth among SMEs. Use a scale of 5- Strongly Agree(SA), 4- Agree(A), 3- Neutral(N), 2-Disagree(D) and 1- Strongly Disagree(SD).

CODE		SD	D	N	A	SA
		1	2	3	4	5
	Knowledge					
BB1	Customers trends are always monitored in our general activities					
BB2	In this business goals are always achieved					
BB3	In our business, there is increase in sales growth due to highly knowledgeable managers					
BB4	Knowledge about how other competitors has contributed to our business success					
BB5	The research capacity of our management has helped the business in achieving high growth rate					
BB6	Due to the knowledgeable employees we always offer high quality products					
BB7	Our customers complaints are addressed on time					

SKILLS

Please indicate your degree of agreement with each of the statements in sections on whether you agree on the following items to illustrate the relationship between managerial skills and the enterprise growth. Provide a tick to express your response on only of the Key rate: 1 = Strongly Dis Agree, 2= Disagree, 3= Neutral, 4= Agree 5 = Strongly Agree with the statements provided

CODE		SD	D	N	A	SA
		1	2	3	4	5
	SKILLS					
BBC1	In this business, new products have been introduced into the market skilfully					
BBC2	We always bring new innovations on board					
BBC3	We normally have high level customer care					
BBC4	There is high level of growth due to skills in this business					
BBC5	Management skills have facilitated the expansion of this business					
BBC6	In our business here we always use research skills to find out what our clients want					
BBC7	In this business new outlets have been opened due to good management					
BBC8	We beat our competitors due to the management skills					

Managerial competences

Please indicate your degree of agreement with each of the statements in sections on whether you agree on the

following items to illustrate the relationship between managerial competencies and the enterprise growth.

Provide a tick to express your response on only of the Key rate: 1 = Strongly Dis Agree, 2= Disagree, 3=

Neutral, 4= Agree 5 = Strongly Agree with the statements provided

	SD	D	N	A	SA
	1	2	3	4	5
Managerial competences					
We always bring new innovations on board					
Management skills have facilitated the expansion of this business					
In our business, there is increase in sales growth due to highly knowledgeable managers					
In this business new outlets have been opened due to good management					
The research capacity of our management has helped the business in achieving high growth rate					
In our business here there is increase in acquisition of the business assets due to long serving relationship with our clients					

Digitalisation adoption

To demonstrate varied understanding on specific areas of the moderating influence of digitalization adoption

on the relationship between managerial competence and enterprise growth among SMEs, please indicate your level of agreement with each of the statements in the sections below. Provide a tick to express your response on only of the Key rate: 1 = Strongly Dis Agree, 2= Disagree, 3= Neutral, 4= Agree 5 = Strongly Agree with the statements provided

CODE		SD	D	N	A	SA
		1	2	3	4	5
	Digitalisation adoption					
BBD1	In this business we normally study our competitors on social media platforms					
BBD2	We normally carry out marketing & advertisement using our digital platforms like whatsapp and Facebook					
BBD3	Digital payment systems like mobile money are normally used to carry out transitions in our daily operations.					
BBD4	In this business we always update address our clients' concerns using digital platforms.					
BBD5	We always get in touch with our suppliers through online					
BBD6	Ever since we adopted technology in our business, there is a positive change in performance					
BBD7	We prepare employee salaries and wages using digital systems like payroll, use of bank systems or mobile money					
BBD8	We normally pay our taxes and other dues electronically					

SECTION C

Enterprise growth among SMEs

Indicate the extent to which you agree or disagree with the following observations on financial performance of SMEs. Use a scale of 5- Strongly Agree(SA), 4- Agree(A), 3- Neutral(N), 2-Disagree(D) and 1- Strongly Disagree(SD).

CODE		SD	D	N	A	SA
		1	2	3	4	5
	Profit Growth					
C1	Our profits have been increasing from time to time					

C2	Our incomes often exceed the expenses we incur					
C3	The proportion of the profits we save annually keeps increasing					
C4	There is an increase in knowledge of the market Trends					
C5	We often add back some of the profits we always make to the business					
C6	Our profits are determined by the sales and market growth					
C7	There is increase in the number of customers					
	Number of products/services					
C8	Our products have been growing over time					
C9	We sell more quantities than our competitors in the region					
C10	I don't know anything about our products and services made					
C11	We often carry out products/service development activities.					
C12	Our products/services have been declining for the last one year					
C13	Our customers are always satisfied with our products					
	Number of employees					
C14	Our employees have been increasing over time					
C15	In this business there is an increase in the number of employees					
C16	There is high rate of employee satisfaction					
C17	There is increasing applicants database for the last few months					
C18	We experience a stunted market growth					
C19	In our business there is employee job satisfaction					
C20	We rarely experience turnovers in the recent past					

THANK YOU FOR YOUR ASSISTANCE

APPENDIX II: INTERVIEW GUIDE

Dear respondent.

My name is Mutyaba Daniel. I am currently carrying out a research for writing a dissertation as a partial requirement for the award of master of business administration of Kyambogo University. Due to your position in the organization you have been selected to participate in this study. The information you are going to provide will be treated with utmost confidentiality and will be used for the purpose of this study only. Kindly respond to these questions.

1-What is your position in your business?

2- Do you occupy any management level by the virtue of your position?

3-In your opinion does your business apply any digitalization adoption strategy? If so how is it supported by your position?

4-Are the strategies referred to in 3 above functional as they are intended to?

5-In your opinion what would you consider the main measure of enterprise growth in your business?

6-In your opinion do you think the digitalization adoption strategies applied in your business adequate? Give reasons for your answer.

7-Please share with me the content that makes up your strategies which has kept you competitive

Thanks for your time.

APPENDIX III: RESEARCH BUDGET

	Activity	Unit	Unit Cost (Ugx)	Amount (Ugx)	Justification
1	**STATIONERY AND EQUIPMENT**				
	Pens, pencils and note books		20,000	20,000	For data recording
	Printing costs for questionnaires	300 questionnaires	100	30,000	For data collection
	Final report printing and binding	5 copies	100,000	500,000	Copies for submission
	Sub – total			**550,000**	
	DATA COLLECTION				
	Training Research Assistants (RAs)	03 RAs x 1days	30,000	90,000	Support in data collection
	Costs for data collection	3 RAs x 5 working days	20,000	300,000	For data collection
	Cost of conducting Interviews	2 days	50,000	100,000	To collect quality data
	Sub – total			**490,000**	
	DATA ANALYSIS				
	Data entry/Transfer to SPSS	01	25,000	25,000	For data management
	Data Analyst hire	01	200,000	200,000	Required to produce output from the analysis
	Sub-total			**225,000**	
	OTHER COSTS				
	Transport costs at the field	5 days	30,000	150,000	Facilitate coordination of data collection
	Meals at the field	5 days	30,000	150,000	To boost energy levels
	Sub-total			**300,000**	
	GRAND TOTAL			**1,565,000**	

APPENDIX III: THE WORKPLAN

ACTIVITIES	TIME (MONTHS 8)								
	May 2022	Jun 2022	Jul 2022	Aug 2022	Sept 2022	Dec 2022	Jan 2023	Feb 2023	Mar-Oct 2023
1. Research proposal writing and presentation									
2. Development of research instruments and pilot study									
3. Data collection, data input, data analysis and writing of the draft report									
4. Compilation and guidance									

FLOW OF ACTIVITIES

5.Plagiarism check and submission of the final report		CVI							
6. Assessment, defence and correction of errors in the final report									

APPENDIX IV: THE KREJCIE & MORGAN SAMPLING TABLE

Table for Determining Sample Size of a Known Population

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

Note: N is Population Size; S is Sample Size   Source: Krejcie & Morgan, 1970

Table 2 APPENDIX IV: THE KREJCIE & MORGAN SAMPLING TABLE