

**ENTREPRENEURIAL COMPETENCIES, INNOVATION AND FIRM PERFORMANCE  
A CASE OF SMEs IN KAWEMPE DIVISION KAMPALA DISTRICT**

**BY**

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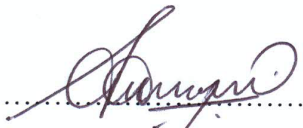
**A DISSERTATION SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES  
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**PLAN A**

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**DECLARATION**

I, **Mugerwa Ernest Amos** do declare that the work presented in this research is my original work and it has never been presented to any other university or institution of higher learning for the award of any academic qualification.

Signature: ..........  
**MUGERWA ERNEST AMOS**

## APPROVAL

This is to certify that this dissertation by **Mugerwa Ernest Amos** has been carried out under our supervision and submitted for the award of Masters of Business Administration Degree with our approval as university supervisors.


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## DEDICATION

To my Mother Ms. Deborah Nemwa.

And to my beloved children, Mugerwa Ronny, Calvin and Namugerwa Grace.

May the Almighty God bless you.

## **ACKNOWLEDGEMENT**

Glory and honour belongs to the Lord God Almighty whom I thank for the gift of life, wisdom and knowledge that He has granted upon me through His son Jesus Christ to see to it that I succeed in writing this noble piece of work to completion. May His name be praised.

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#### **LIST OF ACRONYMS/ ABBREVIATIONS**

BDS	Business Development Services
BOU	Bank Of Uganda
CVI	Content Validity Index
GEM	Global Entrepreneurship Monitor
KPMG	A Global Organization for selecting Graduate Recruitment or Internship Program
KRA	Key Result Area
LIBRES	Library and Information Science Research Electronics
MUBS	Makerere University Business School
NORAD	Norwegian Agency for Development Cooperation report
NPA	National Planning Authority
OCAP	Operant Competencies and Profiling Analysis model
OECD	Organization for Economic Cooperation and Development
SBHC	Business Health Checks
SEDA	Small Enterprise Development Agency in Uganda
SMEs	Small and Medium Enterprises
SPSS	Package for Social Sciences
TEA	Total Entrepreneurial Activity Index

UBOS	Uganda Bureau of Statistics
UIA	Uganda Investment Authority
URA	Uganda Revenue Authority

### **ABSTRACT**

The study sought to investigate the relationship between entrepreneurial competencies, innovation and firm performance of SMEs in Kawempe division, Kampala district in Uganda. The study was guided by the following research objectives; to examine the relationship between entrepreneurial competencies and firm performance, establish the relationship between entrepreneurial competencies and innovation and to establish the relationship between innovation and firm performance of SMEs in Kawempe division, Kampala district.

Using the Krejcie and Morgan (1970) sample size determination criteria, a sample size of 306 SMEs were selected from a population of 1,500 using Convenience random sampling technique. A cross-sectional research survey design was adopted, and data were collected from firm Owners or Managers. A self-administered questionnaire was used to collect the data and analyzed using a statistical package for social scientists (SPSS V16.0) software. The results indicated that there was a significant relationship among the study variables.

The findings revealed that there was a significant and positive relationship between entrepreneurial competencies and firm performance ( $r = .509^{**}$ ,  $p < 0.01$ ), innovation and firm performance ( $r = .621^{**}$ ,  $p < 0.01$ ), entrepreneurial competencies and innovation ( $r = .667^{**}$ ,  $p < 0.01$ ). However the results from the regression analysis model indicate that entrepreneurial competencies and innovation have the potential to explain 39.7% of the variance as a predictor of firm performance.

Using this finding, it is therefore recommended that SME owners and managers should be encouraged to know, acquire and exercise entrepreneurial competencies as this will help to improve on their innovativeness and thus impact positively on the firm performance.