

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

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2009/HD10/17130U

**A DISSERTATION SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION OF
MAKERERE UNIVERSITY**

PLAN A

AUGUST, 2013

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.