# INFLUENCE OF ENTREPRENEURIAL MANAGEMENT PRACTICES ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN JUBA, SOUTH SUDAN

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A RESEARCH THESIS SUBMITTED IN PARTIAL FULFILMENT FOR THE

AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE OF

KENYA METHODIST UNIVERSITY

SEPTEMBER, 2019

# **DECLARATION**

# **Declaration by the Student**

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I declare that this research thesis is my original work and has not been presented in any other
university.
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Approval by the Supervisors
This research thesis has been submitted for examination with our approval as university
supervisors.
Signed
Dr. Dorothy Kirimi
SignedDate

# **DEDICATION**

This work is dedicated to my beloved wife, Mary Agotich Buol (Mama Ago	(got
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# **ACKNOWLEDGEMENT**

My sincere appreciation goes to my supervisors, Dr. Dorothy Kirimi and Dr. Douglas Ogolla for their encouragement, critiques and patience throughout the period of compilation of this work.

### **ABSTRACT**

Small and Medium Enterprises (SMEs) sector development is one of the recent key issues in developing countries. As a developing country, the development of the SME sector in South Sudan is essential. The growth of SME as a support industry helps to strengthen the large industries. SME development is a foundation of large industries because every large enterprise, has had the experience of starting their businesses as an SME. Thus, the future of the large enterprise is dependent on the development of SME. SME development is also an important aspect for the labour market because it employs the labour force and offers wages to workers. There has been ongoing debate on whether entrepreneurial management practices would have effect on performance of small and medium enterprises. The purpose of this study is to investigate the relationship between entrepreneurial management practices and performance of small and medium enterprises in juba, South Sudan. The objectives of the study were to establish the effect of strategic orientation, entrepreneur's commitment, and management structure and business appraisal on the performance of SMEs. This study adopted descriptive research designs. The target population was 10,000 SMEs operating in Juba, South Sudan. Fisher, Laing and Stoeckel formula was used to obtain a sample size of 95. The data collection instruments were questionnaires. Descriptive analysis was used to analyse quantitative data obtained from closed ended and likert scale questions. The Statistical Package for Social Sciences (SPSS) computer software was used for data analysis. The study found that strategic orientation effects performance of SMEs in Juba. The SMEs continually monitor customers and competitors to find new ways to improve customer satisfaction. Entrepreneurs' commitment and performance have a significant positive relationship. The entrepreneurs' commitment increases their positive attitude towards the business and ultimately increases the productivity of the business. Management structure was also found to have effect on performance of SMEs in Juba. The SMEs owners emphasise getting things done by following formal processes and procedures. Business appraisal and performance were found to have a significant positive relationship. Business appraisal helps determining the worth of their business and in planning where the business is going to be in the future. The study recommends that SMEs need to identify and acquire new customers. They should encourage customers to give feedback about the products and services to be informed on customers' future needs. Entrepreneurs need to be committed, ambitious and confident in their abilities. The commitment will increase the entrepreneurs' positive attitude towards the business and ultimately increase the productivity of the business. The SMEs should continue designing the management structure as well as ensure that the effective communication is maintained. The entrepreneurs need to continue performing business appraisals to help determining the worth of their business and in planning where the business is going to be in the future. Assessing the value of the business is expected to motivate to achieve their targets. The researcher recommends further studies which can include investigation of external factors which may have influence on performance of SMEs in Juba, South Sudan.

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### **CHAPTER ONE**

### INTRODUCTION

### 1.1 Background of the Study

Small Medium Enterprises (SMEs) development is considered as a tool for economic survival during the country's crises (Frank & Land-strom, 1997). According to Khan (2002), SMEs are increasingly becoming more significant for poor and developing countries. SME sector, in global perspective, plays a significant role in the economy (Philip, 2010). It is regarded as an engine of growth in the sense that it creates employment, enhances innovation and contributes in the agenda of poverty reduction (Stokes, 2003 & Prasad, 2004). According to Barney (1991), the necessary condition for developing competitive advantage and reaching company's strategic goal is the availability of resources. He argues that sustainable competitive advantages of a company come from its resources that are unique and valuable but cannot be imitated by the competition. However, due to the limitation of SMEs resource potential, it is apparent that SME sector would need extra support to develop.

South Sudan is in a dire need to identify factors that would have positive impact on the development of SME. Some of the negative factors currently affecting private sector development in South Sudan include; political insecurity, weak government institutions, weak rule of law and high levels of corruption, lack of physical infrastructure, limited access to land, access to finance, multiplicity of taxes, lack of input and output markets, and a lack of skilled workers and well-educated managers (World Bank, 2008). Due to these factors, entrepreneurial orientation, which is regarded as one of the most important factors for a firm's growth and profitability is stalled in South Sudan. Research has shown that high growth correlates with a firm's entrepreneurial orientation. Hence, growth can be associated with innovativeness, pro-activeness and risk-taking behavior of the firm, which refers to an entrepreneurial orientation dimension (Zainol & Ayadurai, 2011).

The private sector component in the government's Growth Strategy and Vision 2040 underscores the need for encouraging and nurturing local entrepreneurship with a view to broadening growth and employment opportunities. Focus is also on changing the strong tendency of educated people in South Sudan to see the public sector as the only economic activity they can undertake. Basically, all formal businesses in South Sudan are small and medium sized enterprises (SMEs). SMEs dominate all sectors of the economy, including retail and wholesale trade, construction, hotels and restaurants, and transport and communication. SMEs are highly diversified in terms of ownership, type of enterprise, number of employees, capital investment and stage of development. The number of registered businesses in Juba has grown gradually from 471 in 2006 to 8 894 in 2010. This situation, however, is by no means representative of the country, as formal business activity outside the capital remains extremely limited (African Development Bank [ADB], 2011).

There are numerous constraints for private sector development in South Sudan: political insecurity, weak government institutions, weak rule of law and high levels of corruption, lack of physical infrastructure, limited access to land, access to finance, multiplicity of taxes, lack of input and output markets, and a lack of skilled workers and well-educated managers. According to the World Bank Doing Business Report, in 2008 the number of new registrations was highest while fewer companies registered in 2009 and 2010, as oil prices fell and uncertainty grew over the outcome of the national elections and the referendum in January 2011. Most of the newly registered firms are operating in the trading sector, which offers relatively high returns. (World Bank [WB], 2008)

According to the banking survey done by International Finance Corporation (IFC) in 2006/2007 of the SME Market, in Sri Lanka, SMEs constitute 80-90 percent of total establishments and 20 percent of industrial value added and around 70 percent of employment opportunities have been generated. Further the contribution of SME sector has

been increased from 40 percent in 2010 to 52 percent in 2011 (Ministry of Finance and Planning, Annual Report [MFPAR], 2011). Several factors influenced in the development of SMEs in Sri Lanka; shortage of capital, less infrastructure, labour intensive nature of the sector, potential to mobilize and divert financial resources in the economy, promote balanced regional development, nurtures entrepreneurial talents and play a complementary role to large industries through sub-contracting and facilitating the linkage between the formal and informal sector (Gamage, 2003).

Some of the entrepreneurial talents are described by Entrepreneurial orientation. has recently been recognized as one of the most important factors for a firm's growth and profitability. Research has shown that high growth correlates with a firm's entrepreneurial orientation. Hence, growth can be associated with innovativeness, pro-activeness and risk-taking behavior of the firm, which refers to an entrepreneurial orientation dimension (Zainol & Ayadurai, 2011).

Small and Medium Enterprise (SME) sector development is one of the recent key issues in developing countries (Davidsson, 2004). As a developing country, the development of the SME sector in Cambodia is important. The assistance of SME as a support industry helps to strengthen the large industries (LIs). SME development is the future candidate of LI because every large enterprise (LE) has had the experience of starting their business as an SME. The future of the LE is dependent on the development of SME. SME development is also an important issue for the labor market because it employs the labor force and offers wages to workers (Kirchhoff, 1994). In Cambodia, the development of the SME sector is not only a key issue for the industry development, but also for the socio-economic development of the country.

The role of SMEs has been recognized as important by every nation around the world. It is considered an engine for growth and poverty reduction for the country through the creation of jobs and incomes for the people (World Bank Group [WBG], 2004); domestic production and export (McMillan & Woodruff, 2002); entrepreneurial skills and industrial linkages (MohdShariff, 2003); and individual collective initiative and social values (Clapham, 1985). It would be fair to say that this role has achieved a consensus by all parties involved. According to the President of the World Bank Group, James D. Wolfensohn: "SMEs are the private sectors for employment generation and sustainable growth" (World Bank Group, 2004). The concern of transitional economies from the former Soviet Union to Central and Eastern Europe to China and Vietnam are similar in one important aspect: SMEs help to improve and sustain the health of the market economy in terms of job creation, domestic production, and exports (McMillan & Woodruff, 2002).

This is true especially when the surplus of labor, scarcity of capital within the rapidly growing population in the poor and developing countries are high (Khan, 2002). Clapham (1985) also indicated that SMEs help to promote individual collective initiative, basic social values, and are highly viewed as a crucial tool towards achieving a social and regional integration. Evidence from the World Bank Group (2004) shows that SMEs in China helped nearly 200 million people escape from extreme poverty as a result of the economic reform in 1979. As in the case of Taiwan, SMEs dominated 97.81 percent of total industrial establishments and contributed 69.27 percent of total employment; 32.11 percent of total sale values; and 48 percent of total exports for the country's economy (Ministry of Economic Affair [MEA], 1997). SMEs not only helped during the period of economic growth but also in economic recession. It also becomes the engine for growth of Multinational Companies (MNCs) in Singapore (Goh & Chew, 1996). The strong turbulence in the world economy in

1970s had made many large firms in developed countries lay off their employees. SMEs then were regarded as the problem solver to these structural changes (Frank &Landstrom, 1997).

### 1.1.1 Small and Medium Enterprises (SMEs)

Small and medium enterprise (SME) is the phrase used for special type of enterprises that are becoming very important in the last decades of the 20th century. SMEs are recognized as: the engine of national economies growth; the biggest potential of self-employment; the new job generator, companies that have great influence in the national, regional and local development and as companies that obtained international character. SMEs are a key source of national economies growth (Spicer & Sadler-Smith, 2006). SMEs are determined using the criteria defined by the European Commission as companies with up to 250 employees, whose annual turnover does not exceed 50 million Euros and/or whose total capital does not exceed 43 million Euros (The New SME definition [TNSD], 2005). SMEs, as the largest category of companies 99.8% of total enterprises in the EU and Serbia are SMEs have many common features, despite the diversity and specificity of each of them.

According to Barney (1991), the necessary condition for developing competitive advantage and reaching company's strategic goal is the availability of resources. He notes that sustainable competitive advantages of a company come from its resources that are valuable, irreplaceable and difficult to imitate. Due to the limitation of SMEs" resource potential, it is obvious that SMEs need extra help.

Shortage of financial resources (as a universal resource) is one of the most commonly used justification for the problems and failures of SMEs. SMEs" owners have difficulties with finance because they invest their personal savings and assets and the funds borrowed from family and friends into their business (Irwin, 1998). Based on the characteristics of SMEs (in particular -on the basis of modest resource capacities) and the problems they face, it can be

concluded that the SME sector needs the help and support. SMEs" environment is a potential source of help and support.

SMEs' environment is an important factor, viewed from the aspect of SMEs' support that is explored in this paper. The business environment is the business potential and resource of SMEs (Lazic-Rašović & Omerbegović-Bijelović, 2006). According to Porter (1990) "root of companies" competitiveness is in the nature of their business environment". Actors of SMEs" business environment are its stakeholders: customers, suppliers, competitors, banks and investors, educational and research institutions, the government and its institutions, local communities, environmentally oriented organizations, media, organizations and agencies that provide support to the SME sector (Omerbegović-Bijelović, 2006).

About 99% of all firms in South Sudan are classified as small and medium-sized enterprises—SMEs. For example, a recent field assessment in the state of Northern Bahr el Ghazal found that 97% of the firms sampled were micro or small enterprises, and 3% medium; none was classified as large. South Sudan has a narrow trade basket that is heavily dependent on a single export commodity mineral fuel which makes the country's economy vulnerable to shocks from changes in production, global demand and world prices. Other potential export items, not currently exploited, include gum Arabic, fish, timber, and gold. The country's trade surplus is largely a result of its oil exports, and increased from South Sudanese Pounds (SSP)11.8 billion (equivalent to US\$3.99 million if evaluated at the official exchange rate of SSP 2.96/\$1)in 2009 to SSP 20.5billion(about US\$6.93 million)in 2012,reflecting the increase in oil exports. However, since 2013 South Sudan imports have been greater than exports resulting in trade deficit (Government of the Republic of South Sudan [GRSS], 2014)

The skewed productive structure of South Sudan's economy is at the root of the country's instability. Oil exports dominate the economy and government revenue. They generate large revenues (about US\$20 billion from 2005 to 2014, equivalent to 98% of the annual government budget), but weak governance has meant that these have not been used to invest in building productive capacity. Slight changes in oil production, prices and demand quickly translate into massive economic shocks. Reliance on a single commodity has created inertia against institutional reform, and the political incentives of the nascent state are being shaped by capturing the gains from oil exports. At the other end of the production spectrum are people living at subsistence level. Between the two, the middle ground is virtually empty. The key challenge that remains unaddressed is filling this void by building productive capacity and diversifying production and trade. (Deng *et al.*, 2014).

According to new SMEs are regarded as a significant component of the solution to South Africa's development issues. The creation and sustainability of new SMEs should be a huge concern to the economic prosperity of South Africa because without new SMEs, South Africa risks economic stagnation. The formal and public sector failed in South Africa to absorb the growing number of job seekers. Hence, enhancing focus on entrepreneurship and creation of new firms with potential for contributing to economic growth and job creation is the only advisable way to go. This argument concurred with Gree and Thurnik (2003) who claimed that the contributions of the SME sector cannot be continued without the creation of new ones. The argument also supports the submission of earliest economists; Schumpeter (1934) who believes in new firm creation. According to Schumpeter, new firms are the main reason for advancement of capitalism. Schumpeter believes that the innovative activity of entrepreneurs feeds a creative "destruction process" by triggering persistent disturbances to an economic system in equilibrium, creating opportunities for economic rent. Entrant of new

SMEs leads to introduction of new products and development of new technologies. They bring competitive pressure on established firms as they are source of innovation.

### 1.1.2 Overview of SMEs in South Sudan

According to a survey carried out by African Development Bank, a business registry in Juba shows that the number of formal businesses grew gradually from 471 businesses in 2006 to 8,894 in 2010 (South Sudan: Competitiveness and Cross Border Trade with Neighbouring Countries, 2013). Currently, the registry at the registrar of companies and societies has recorded over 27,000 businesses and only about 10,000 have membership from South Sudan Chamber of Commerce, Trade and Industry as SMEs. This means that at least over 90 percent of all formal businesses in the country are Small and Medium Enterprises (SMEs). These SMEs dominated most of the sectors of the economy, including the retail and wholesale trade, construction, hotels and restaurants, transport and communication sectors. The SMEs are also highly diversified by type of ownership, number of employees and stage of development. The major constraints that were faced by formal businesses in South Sudan included: acute power shortages, high energy costs, high labour costs, limited access to foreign exchange and credit facilities, high rental costs for office space, poor transport infrastructure, and entrepreneurial skills.

Being a young nation, South Sudan has not yet developed a precise definition of SMEs in terms of size of the enterprise, number of employees, annual turnover and /or annual balanced sheet. However, certain characteristics are notable for the SMEs in South Sudan; Over 90% of the formal businesses are less than 8 years old, over 85% rely on internal resources by using owners' savings to finance 80% of their start-up capital, about 90% of formal establishments employed less than 20 employees, about 70% of the firms are engaged in wholesale and retail trade. Only 2.7% of the total number of businesses in the country is in

Manufacturing and agro-processing firms in South Sudan: Competitiveness and Cross Border Trade with Neighbouring Countries, 2013.

### 1.1.3 Performance of SMEs

SMEs have been recognized as critical in the economic and social development of most countries. They serve as a crucial element of technology dynamics of modern economies because of their flexibility and vicinity to clients (Musa & Danjuma, 2007). They argued that despite their roles as agent of economic development, this group of entrepreneurs is most vulnerable, their vulnerability stems from their limitation to access basic factors of production, access to finance remains a dominant constraint, however, other very important constraints abound which militate against effective operations of small scale entrepreneurs, these include: lack of access to appropriate technology; this they also cited as having difficulty to get machines, spare parts, and raw materials (Musa and Danjuma, 2007). Ayodeji and Balcioglu (2010), also added that SMEs offer the preparatory environment for the growth and expansion of home-grown entrepreneurs.

Furthermore, SMEs help in the distribution of financially viable performance through promoting the expansion and transformation of these activities' exterior to the main community neighbourhood. Much has been written in support of the importance attached to entrepreneurship and SME development (Gangi & Timan, 2013). On the contrary, (Shane, 2009) opposed the continued funding of start-ups of innovative businesses with marginal growth, rather attention should be given to businesses with high growth prospect. His divergent view relates to how entrepreneurial policies direct people to initiate negligible enterprises that are unlikely to be successful or have slight economic effect as well as creating minor employment. Furthermore, Musa and Danjuma (Musa & Danjuma, 2007) argue that increase in employment creation of SMEs is not continually associated with

enhancement in productivity. Notwithstanding both arguments about the impact of SME on employment and job creation, the key function performed by these business enterprises cannot be ignored as SMEs have advantages above their larger scale rivals (Musa & Danjuma, 2007).

Entrepreneurial performance is referred to the growth in profit made by the entrepreneur (Ahmad, 2010). Financial and non-financial measures are both used to evaluate performance. Meanwhile, some researchers tried to define performance in terms of turnover, growth and sustainability. According to Naala, and Falola, (2016) business performance is referred to the ability of the entrepreneurs to use relevant market strategies in order realize their objectives such as high profit, high quality products, good financial results, long term survival and large market share. According to Jogaratnam (2017), It is wrong for entrepreneurs to put emphasis on financial aspects when measuring business performance since such estimations may mislead entrepreneurs to overlook other strategic goals. Researchers suggested that business performance measurement should equally include both financial and non-financial dimensions (Kashemi, 2013).

### 1.2 Research Problem Statement

Small and medium enterprises (SMEs) are increasingly seen as playing an important role in the economies of many countries. Thus, governments throughout the world focus on the development of the SME sector to promote economic growth. One of the best ways to address unemployment is to leverage the employment creation potential of small businesses and to promote small business development (FinMark Trust, 2006). SMEs face many problems in their growth performance (Kirby, 2003). These problems can be due to the lack of entrepreneurial values, financing and markets (Kirby, 2003). Other external factors such as the macroeconomic environment, government policies and regulations, and the availability of physical infrastructures also affect the growth performance of SMEs. Stokes (1989) found

that the potential factors that influence SMEs' growth performance in Hungary are economic, political, and the social infrastructure. Therefore, the strategies that will best promote SMEs' growth performance are still being discussed among the theorists, economists, policy makers, and entrepreneurs.

Producers in South Sudan face many constraints, including lack of infrastructure, finance and poor governance (Basnett, 2010). Little has been done in simplifying document requirements, training of SMEs in best business practices, and resolving issues of land title deeds. Policies that would support the banking environments to boost productive sectors as well as expansion of financial services across the country are hardly in place. Hence the private sector capacity is not substantial for the functioning of local markets and trade diversification.

However, there was no known study on the relationship between entrepreneurial management practices and small medium enterprises performance in South Sudan. Therefore, the researcher was motivated in bridging the gap in knowledge.

### 1.3 General Objective

The general objective of the study was to investigate the influence of entrepreneurial management practices on performance of small and medium enterprises in juba, South Sudan.

### 1.3.1 Specific Objectives

The study was guided by the following specific objectives:

- To establish how strategic orientation affects performance of SMEs in Juba, South Sudan.
- To investigate whether entrepreneurs' commitment affects performance of SMEs in Juba, South Sudan

- iii. To assess if management structure affects performance of SME's in Juba, South Sudan.
- iv. To establish how business appraisals affects performance of SMEs in Juba, South Sudan.

### 1.4 Research Questions

This study was guided by the following research questions:

- i. How does strategic orientation affect the performance of SMEs in Juba, South Sudan?
- ii. To what extent does entrepreneurs' commitment affect the performance of SMEs in Juba, South Sudan?
- iii. What is the impact of management structure on the performance of SME's in Juba, South Sudan?
- iv. To what extent does business appraisals affect performance of SMEs in Juba, South Sudan?

### 1.5 Justification of the Study

This study investigated the relationship that links performance of SMEs to the entrepreneurial management practices of the businesses. The findings may be of importance for the business owners/entrepreneurs in trying to boost the growth of their businesses. The findings may also form the basis of government interventions by way of formulating favourable policy options on strengthening SMEs.

### 1.6 Limitations of the Study

This study was limited to the registered and operating SMEs in Juba which is the capital of South Sudan. Some SMEs have not been legally registered by Chamber of Commerce and it presented a challenge in estimating the total number of SMEs operating in Juba. There was

also a problem of insufficiency of secondary data on this specific area of study, coupled with the fact that there is no well documented definition of SMEs in South Sudan.

### 1.7 Delimitation of the Study

The researcher used the recent registry of chamber of commerce, registrar of societies and companies in the national Ministry of Justice, and South Sudan Microfinance Development Facility. This is in spite of the fact that, some of these institutions were recently established at the eve of independence in less than a decade ago.

### 1.8 Significance of the Study

The study may provide Small and medium enterprises employees and managements with information and knowledge concerning entrepreneurial management practices and its relationship with SMEs performance.

This study may be beneficial to the entrepreneurs in enhancing performance of small medium enterprises. Moreover, the research may provide recommendations on the best entrepreneurial management practices practices that yield good business results. This study may benefit the government for making policy decisions and accelerate the performance of the SMEs sector to improve the economy of the country.

The outcome of the study may be useful to the scholars, academicians and researchers in validating previous research, facilitating theory building in the area of entrepreneurial management practices and organizational performance. This may also be a source of reference material for future studies to those who undertake research study in related topics. This study can also be used as a basis of further research and also in academics in the area of entrepreneurial management practices and performance of SMEs.

### 1.9 Scope of the Study

The study sought to investigate the relationship between entrepreneurial management practices and performance of small and medium enterprises. The study was limited to four independent variables; strategic orientation, entrepreneurs' commitment, business appraisal and management structure. The study was carried and limited to SMEs in Juba, South Sudan.

### 1.10 Operational Definition of Terms and Variables

The operational definition of terms and variables are the specific ways in which they measured in a particular study. The terms and variables in this study are:

**Entrepreneurial management practices** - these are practices of taking entrepreneurial knowledge and utilizing it for increasing the effectiveness of new business venturing as well as small- and medium-sized businesses. It's the independent variable which is not determined in this model.

**Strategic orientation-** for the purposes of this study, strategic orientation means strategic planning which is a focus on the big picture and the future direction of the enterprise, and in using this definition to direct and guide the efforts of all in the organization.

**Entrepreneurs' commitment-** Commitment of entrepreneurs to opportunities and resources

**Management structure**- this is how an enterprise organizes its management hierarchy.

**Business appraisal-** it is the valuation of a business to determine its value and overall performance.

**Performance of Small, Medium Enterprises (SMEs) -** refers to accomplishment of a given pre-determined indicators of success. It's the dependent variable which is determined in this model which is allegedly influenced by the entrepreneurial management practices (independent variable).

SME's – in the context of this study, SMEs refer to the licensed start-up enterprises with internal financing and less than 20 employees businesses in South Sudan.

### **CHAPTER TWO**

### LITERATURE REVIEW

### 2.1 Introduction

This chapter presents the theoretical and literature reviews. The existing literature, theories, information and publication on the topic related to the research problem by accredited scholars and researchers are reviewed in this chapter.

### 2.2 Theoretical Review

This study reviews four theories which best explain why the research problem under the study exist. The theories are presented in a theoretical framework in figure 2.1:

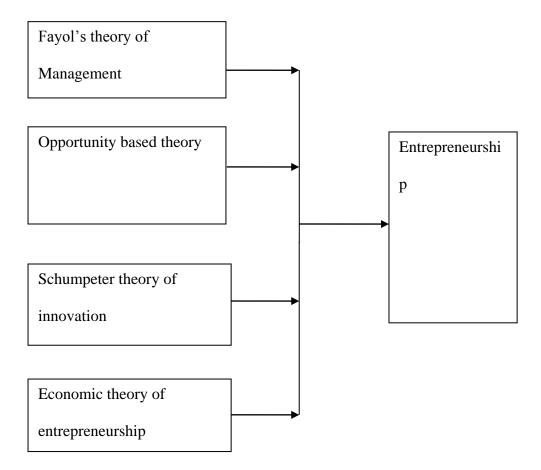


Figure 2.1 Theoretical framework

The figure 2.1, demonstrates how the researcher used the existing theories to explain entrepreneurship. By understanding entrepreneurship as illustrated and vividly discussed in

the theoretical perspective, the researcher was able to underscore the influence of entrepreneurial management practices on the performance of small medium sized enterprises in South Sudan as revealed by the data collected and analysed. The theories are discussed as follows:

### 2.2.1 Henri Fayol's Management Theory

According to management theory of Henry (1949), management is the harmonization of collective efforts of personnel in an organization to achieve desired results. Henri Fayol's 14 Principles of Management have been a significant influence on modern management theory. His practical list of principles helped early 20th century managers learn how to organize and interact with their employees in a productive way.

Henry (1949) identified six groups of activities or essential functions to which all industrial undertakings give rise – technical activities (production, manufacture, adaptation); commercial activities (buying, selling, exchange); financial activities (search for and optimum use of capital); security activities (protection of property and persons); accounting activities (stocktaking, balance sheet, costs, statistics); and managerial activities (planning, organization, command, co-ordination, control). Our primary concern in this paper, as with Henry (1949), is with the managerial activities, which are concerned with drawing up the broad plan of operations of the business, with assembling personnel, Co-ordinating and harmonizing effort and activity (Fayol, 1949). For Fayol (1949), to manage is to forecast and plan, to organize, to command, to co-ordinate and to control, to foresee and provide means examining the future and drawing up the plan of action, to organize means building up the dual structure, material and human, of the undertaking, to command means maintaining activity among the personnel, to co-ordinate means binding together, unifying and harmonizing all activities and efforts and to control means seeing that everything occurs in

conformity with established rule and expressed command. The Henri Fayol's Management Theory was used to explain the impact of strategic orientation on performance of small & medium enterprises.

### 2.2.2 Opportunity-Based Theory

This theory was advanced by Stevenson (1983). The theory views entrepreneurial management practices as a set of opportunity-based management practices which help firms remain vibrant in their contributions to themselves and value creation to the society.

The theory conceptualizes entrepreneurship as a management approach. Stevenson classified the management behavior of the promoter and trustee types along six dimensions which include: Strategic Orientation, Commitment to Opportunity, Commitment of Resources, Control of Resources, Management Structure and Reward Philosophy (Stevenson, 1983; Stevenson & Gumpert, 1985). He developed his thoughts with trivial variations in a series of subsequent papers where he overtly added two more dimensions: Entrepreneurial Culture and Growth Orientation (Stevenson & Gumpert, 1985; Stevenson & Jarillo, 1986; 1990).

Ideally, Stevenson's view of entrepreneurial management practices puts opportunity-based behaviour at the core and thus unlike Fayol's Theory of Management, this theory was used to explain the impact of strategic orientation, entrepreneurs' commitment, business appraisal and management structure on performance of the SMEs.

### 2.2.3 Schumpeter's Theory of Innovation

The famous innovative theory of entrepreneurship was developed by Joseph Schumpeter. He was interested in the case of a capitalist closed economy which, according to him, is in a state of stationary equilibrium. Schumpeter believes that entrepreneurs disturb the stationary circular flow of an economy by introducing new innovations which take the economy to a new stage of development. Thus, he believes that the activities of the entrepreneurs create the

disequilibrium as they affect the routine circular flow of an economic system. In this context, therefore, Schumpeter argues that innovations of entrepreneurs are responsible for the speedy economic development of any nation.

Schumpeter, referred to an innovation as new combinations of the factors of production. He considered the role of innovator to the entrepreneur, who is not a person of ordinary managerial abilities, but one who presents something completely new. He argued that innovation could involve: innovation of new products, innovation in novel methods or processes of production, the opening up of a new market, finding new sources of supply of raw materials, innovation in management, which means the reorganization of an industry. The introduction of new products means the products which the clients are not familiar with and they are of a new and better quality and usefulness. A new method of production means a novel process not yet been used in commercial production which may improve the productivity and minimize cost of production. The discovery of a new market refers to a new market which might have been in existence before but was not entered by the enterprise for commercial purposes. The new sources of raw materials refer to the sources which has not been commercially discovered by the enterprises. Innovation in management means rearrangement and reconciliation of the position of the enterprise in the industry by building a monopolistic approach and disorganizing the existing monopolistic tendencies of the competitors in the industry.

Schumpeter differentiates invention from innovation. According to him, invention means creation of new materials and innovation means application of new materials into practical use in an industry. Likewise, there is a difference between an innovator and an inventor. According to Schumpeter, the inventor is the one who invents new materials and new methods, while the innovator is the one who utilizes these inventions in order to make new

combinations. Thus, the main task of the entrepreneur is to bring about innovations and not the maintenance of the enterprise. Schumpeter believes that innovation is considered as an indispensable driver of competitiveness and economic dynamics. Thus, he believes that anyone seeking profits must innovate and this will lead to the different employment of economic system's existing supplies of productive means. He argued that invention is not the cause: discovery and execution are "two entirely different things." "The pure new idea is not adequate by itself to lead to implementation. It must be taken up by a strong character (entrepreneur) and implemented through his/her influence". To him, entrepreneurship is not just the power of ideas but the power that gets things done. Schumpeter's theory of entrepreneurship is still considered as momentous in the development of entrepreneurship theories today. Thus, it was used in this study to explain who an entrepreneur is and how do entrepreneurial actions determine performance of an enterprise.

### 2.2.4 Economic Theory of Entrepreneurship

The two gentlemen Papanek and Harris separately, and at different times, argued that the economic incentives are the main factors which influence entrepreneurial activities. They believe that economic gains instinctively enhance the willingness among the entrepreneurs to advance varied entrepreneurial initiatives. The duo argues that relationship between an individual's inner urge and the anticipated economic gains has a deep influence on the development of entrepreneurial competencies. Hence, they concluded that entrepreneurship development and economic growth transpire whenever certain economic conditions are favourable in any given environment. This theory was used to explain entrepreneurs' commitment affect performance.

# 2.3 Conceptual framework

The researcher's synthesis of the literature is conceptualized for the purpose of this study as illustrated in figure 2.2

# Independent variables Strategic orientation Entrepreneur's commitment Business appraisal Management structure

Figure 2.2 Conceptual framework

Source: (Researcher, 2019)

### 2.4 Operationalization Framework

The researcher further operationalized the conceptual framework by breaking down the variables under investigations as illustrated in figure 2.3

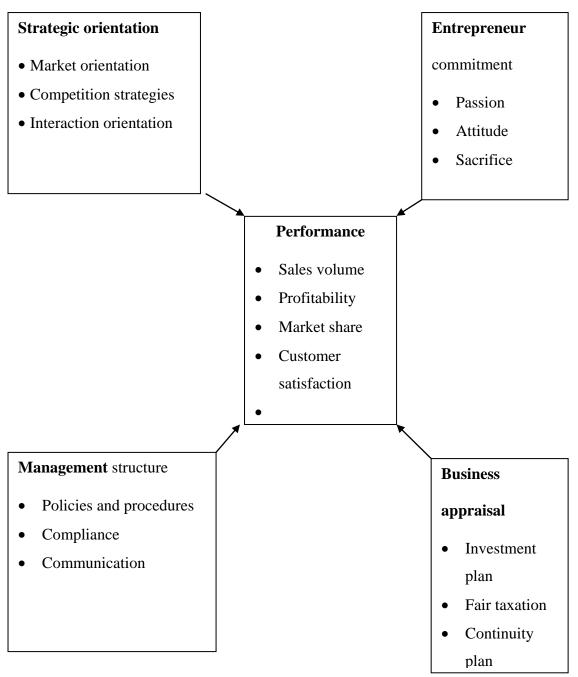


Figure 2.3 Operationalization framework

Source: (Researcher, 2019)

Figure 2.3 presents the operationalization of the variables in this study. The independent variable which is also referred to as an explanatory variable is broken down into four researchable variables, which include: strategic orientation, entrepreneurs' commitment, management structure and business appraisal. These are the variables in which the researcher was investigating their influence in explaining variations in dependent variable (performance of Small Medium-sized Enterprises in Juba, South Sudan). The researcher further presented the indicators of each variables for both the independent  $(X_i)$  and dependent  $(Y_i)$  variables.

### 2.4.1 Strategic Orientation and Business Performance

A key trait of any successful business is its ability to continually improve their product offerings and adopt the most cutting-edge marketing techniques. These traits can be subsumed under the concept of innovation. Innovation enables businesses to improve the quality of their products or services, differentiate themselves from competitors and contribute to superior firm performance in the long run (Morgan & Strong, 2003).

The owner or manager must be able to manage the process of innovation right from opportunity recognition to the delivery of the end product or service. Rhee (2010) add that other factors such as marketing clout, financial resources, production capabilities might moderate the strength of innovation strength. He argues that innovation can enable organizations to improve their overall performance and transform them into corporate entities with the ability to expand and compete internationally. Incorporating the right mix of strategies to boost innovation can enable firms to attract more customers and increase sales. Organizations can renew themselves through innovative strategies, adjust to new business environments and even move into new areas of business.

The entrepreneurial orientation is needed for an organization to survive and achieve its goals. Previous empirical research (Rhee, 2010) shown that entrepreneurial orientation is an

important factor for firm performance. Firm innovativeness has emerged as a key factor related to the acquisition of sustainable types of competitive advantages.

Organization/firms with strategic orientation are willing to act proactively relative to environmental opportunities, be aggressive toward competitors, take risks and utilize their limited resources better. The availability of resources in organization /firms allows them to experiment with proactive, risky and aggressive strategies that might not be approved in a resource-constrained environment by using better ways; more efficient, more effective than rival firms is considered as a major component in gaining competitive advantage. A unique configuration of the capabilities will strengthen their source of competitive advantage and encounter the barriers for organization/firm.

The environmental changes in the market require the organization to increase their market intelligence efforts to enable the implementation of new strategies which prefer customer demands and offer them better value in terms of additional benefits and/or lower prices, through achieving customer satisfaction and loyalty in the long run. Firm organization should provide a unique blend of product, service, price, distribution, and communication elements. Strategic assists customer and competitor oriented firms in developing appropriate marketing capabilities for the actual deployment of chosen strategic behaviors into the marketplace (Morgan, 2009). The process of actual implementing strategies in the marketplace both requires and facilitates the development of appropriate marketing capabilities. Slater, (2012) found that organization pursue cost reduction to achieve competitive advantage and therefore contribute to the process improvement through cost reductions and increased performance. Cost-orientation places a high level of in-depth knowledge regarding the costs of providing products and services to the market by lowering; average and marginal costs are the benefits of this type of strategic orientation.

Jaworski & Kohli (1993) argued that availability of resources is likely to influence firm's decision to enter and compete in a new business to exploit an opportunity. An opportunity, per se, has little or no intrinsic value, it is only through the process of exploitation of resources through appropriate strategy that brings opportunity to fruition through its introduction in the marketplace—is the firm able to capture the opportunity's potential contribution to firm's growth (Hakala, 2010). Market oriented organizations tend to constantly restructure departmental resources to optimize customer value. Therefore, it is more likely that firms with a market orientation will possibly be more innovative and adapt new products, services, and processes. For instance, market orientation functions as a motivational factor that promotes firm innovativeness. Im and Workman (2004) noted that market orientation plays an important part in firm innovation success. They also argue that market-oriented organizations are proactive to satisfy customers and maintain strong, positive relationships with firm innovativeness.

Findings of Gupta (2015) while researching on the business orientation and enterprises performance in India, found that entrepreneurial orientation makes companies to devise new ways in which products and services that meet the consumers' requirements are provided. Gupta findings were in agreement with the study by Pulendran et al. (2003) which confirms that market orientation is dependent on marketing plans. (Hayes & Wheelwright, 1984) who argue that firms characterized by high technological uncertainty compete more on the basis of technology than on the basis of market orientation in contrast to firms characterized by low technological orientation in order to increase the performance. This is a confirmation that enterprises' performance depends on technological proficiency. These finding are agreement with studies carried out by Barsky (1992) and Hallowell (1996) in which they note customer satisfaction as essential factor for achieving customer loyalty. Their studies empirically support the notion that customer satisfaction is positively related to customer loyalty. The

findings are also agreeing with argument of Deshpandé, Farley, Webster and (1993) that customer orientation is a set of beliefs which puts the customer's interest first, while not excluding those of all other stakeholder; in order to nurture a long-term profitable enterprise. The findings are in line with the argument of Lukas and Ferrell (2010) who note that by continuously seeking new opportunities, firms' strategic orientation should take into account the strategies of their competitors, networking and entrepreneurial capacity. The findings are also entirely consistent with Mwania (2011) who argued that there is significant relationship between strategic orientation and SME performance. This is consistent with (Guzman 2010) that application of ICTS tools in business processes is a dominant tactic for SMEs growth and survival and that encouraging creativity and differentiation gives the business a competitive advantage. Continuous innovation was evident in the study and businesses that continuously innovated presented a continuous positive business growth, which is consistent Colm O'Gorman (2011) who noted that continuous innovation should be a major component of human resource in SMEs as it ensures solid business plan thus giving the business a competitive edge.

Ibrahim (2008) in his study on factors affecting performance of small and medium enterprises in Nigeria found that SMEs are challenged by market constraints such as inability to sell their products, lack of access to appropriate and relevant information and he further attributes such challenges to the fact that most SMEs lack adequate staff with managerial skills to plan and strategize with proper marketing strategies. Ibrahim's findings concurred with Tlhomola (2008), while studying factors associated to the performance of SMEs in South Africa, found that businesses perform poorly when they are not properly marketing their products and services. He argued that for SMEs to improve their performance, they need to improve the way they market their products as reflected in his research finfdings where majority of the

respondents (65.8%) agreed that many businesses collapse because of poor marketing strategies.

## 2.4.2 Entrepreneurs' commitment and SME's performance

The entrepreneurs' commitment is their dedication to their work in and their eagerness to remain in that enterprise (Vandenburg & Scarpello, 199). Commitment facilitates flexibility in the organisation and helps to construct risk-taking abilities in entrepreneurs (Sopelana, et al., 2011; Fairlie & Holleran, 2012). It indicates intention for the organisation to remain operating in the market, and it allows for potential of improvement of services through innovative processes (Bartol, 1979; Wood, Bhuian, Kieker, 2000).

Successful entrepreneurs are generally ambitious and confident in their abilities. They may have many ideas; some of them are more workable than others. Failure is viewed as a learning opportunity, so it's no disaster that some ideas don't actually get done the first time. Some people need a predictable schedule, for family reasons, or just peace of mind. Entrepreneurs need to be flexible, and assume there will be long working hours (Mort, Weerawardena & Carnegie, 2003).

Many people involved with startups are working hard, but are looking forward to retirement. The committed entrepreneurs wouldn't think of retiring, even if they made millions from the current project. They enjoy work too much to stop, and can't wait to start their next venture. Making a commitment is a serious matter and one which should not be taken lightly, especially in a startup venture where the team needs to pull its weight together to achieve goals. Individuals who need structure and workload predictability won't be able to maintain the high levels of enthusiasm and motivation of a startup team (Huarng & Yu, 2011).

Entrepreneurial commitment is also defined as the commitment of the entrepreneurs to their project itself (Fayolle, Basso, & Tornikoski, 2011), i.e. it corresponds to entrepreneurs'

persistence in their efforts despite experiencing negative outcomes (Garud & Van de Ven, 1992) or underperformance (DeTienne, Shepherd, & Castro, 2008). To the extreme, it can lead to the well described syndrome of escalation of commitment (Staw, 1981). However, this persistence might explained by ambiguity (Garud & Van de Ven, 1992), i.e. the uncertainty of nascent markets where determining precisely when a goal is unreachable is hard (Nesse, 2001b). There might be value in persisting, and persistence may eventually lead to success.

Entrepreneurial commitment, to the organizational domain or to the project, has other benefits: it helps convince investors (Garud & Van de Ven, 1992) and other stakeholders such as employees, the support of whom is necessary for the venture to acquire resources. This is because a stakeholder invests in the relation with the entrepreneur, and like any relation, the investment does not make sense unless both parties expect the relationship to continue for an extended period (Frank, 2001). For instance, entrepreneurial commitment to the project in turn leads to employee commitment to the venture, a crucial but challenging task (Breugst, Domurath, Patzelt, & Klaukien, 2012).

Richard Steers (1977) found that more committed entrepreneurs wish to terminate from the Business at minimum level. There will be higher intention of these entrepreneurs, who are committed to their business, to remain in the business and they work hard in performing their tasks that will increase their positive attitude towards the business and that thing will ultimately increase the productivity of the business. This thing will result in higher organizational performance. Steers (1977) found that entrepreneurs' commitment is directly related with the company turnover. Organizational performance will be enhanced by higher level of entrepreneurial commitment. Arthur also found productivity of the organization ultimately increased with the help of organizational commitment. Tasnim and Singh, 2016 also found in his studies that committed entrepreneurs lead to higher organizational

performance. Effective organizational commitment is always a result of the core behavior of the major employees along with their behavioural factors like turnover intention (Addae, Parboteeah

Davis, 2006).

A study of over 400 start-ups which revealed that a positive effect of affective commitment and normative commitment on the development of entrepreneurial commitment, which is an indication of the entrepreneur's strong emotional attachment to their venture and desire for it to succeed, will always lead to a higher level of entrepreneurial commitment. Similarly, the entrepreneur's assumed obligation resulting from the internalization of norms, the profitability of the business that induces a need to stimulate the acceptance of responsibilities, positively affects the development of entrepreneurial commitment and hence leading to better performance (Tasnim & Singh, 2016). The findings of the study of over 400 start-ups also concur with Cardon et al., (2012) and Chen, et al., (2009) who argue that entrepreneurs who are passionate about their entrepreneurial tasks to earn competitive advantage in the business will always remain loyal to their objectives while enjoying the results of their hard work. Thus, entrepreneurs' commitment is solidly tied to the passion an entrepreneur has towards the business. There has to be a stable emotional attachment to the business from the start-up phase, and throughout the journey of growth of the business. Bouazza (2015), while researching on the factors affecting growth of SMEs in Algeria, also argues that entrepreneurs' commitment was the main reason why many SMEs in Algeria did not maximise on profits because many operators did not accept their work thus leading to lack of commitment on how they operated their enterprises.

Entrepreneurial performance is referred to the growth in profit made by the entrepreneur (Ahmad, 2010). Financial and non-financial measures are both used to evaluate performance. Meanwhile, some researchers tried to define performance in terms of turnover, growth and

sustainability. According to Naala and Falola, (2016) business performance is referred to the ability of the entrepreneurs to use relevant market strategies in order realize their objectives such as high profit, high quality products, good financial results, long term survival and large market share. According to Jogaratnam (2017). It is wrong for entrepreneurs' to put emphasis on financial aspects when measuring business performance since such estimations may mislead entrepreneurs to overlook other strategic goals. Researchers suggested that business performance measurement should equally include both financial and non-financial dimensions (Kashemi, 2013).

Kuratko and Hodgetts (1995) believe that there are four factors which influence the success of an enterprise. These factors are: the first factor is existence of a business opportunity. They believe that one of the main factors in the success of any small business is the existence of a real business opportunity. However, they further argue that existence of business opportunity is not enough exist, but the manner in which the opportunity is exploited. The second factor is the management ability. They believe that ability of the owner or manager to allocate scarce resources effectively and efficiently is dependent on management's abilities.

Kuratko & Welsch (2004) and Megginson, et al (2003) in their separate studies found that lack of management abilities is the main reason for failure of small businesses. Another factor is inadequate capital and lack of credit facilities. Kuratko and Hodgetts (1995) believe that the greater the amount of capital the owners invest in a business, the greater the chances of survival. They went further and stated that banks are mostly risk adverse when small business owners require loans. South African banks continue to display a crippling obsession with avoiding risk when dealing with loan applications from small businesses. The existence of modern business methods is the fourth factor. According to Kuratko and Hodgetts (1995), enterprises must strive to apply modern business methods, robust and efficient system and procedures where applicable. The application of modern business methods in their today to

day operations will ensure that small businesses remain competitive, efficient and effective, hence enhancing their performance. According to Carland et al. (1983), the owner of an SME is an individual who establishes and manages a business for the principle purpose of fostering personal goals. The owners perceive the business as an extension of their identity and are intricately bound with family needs and desires. The business is a primary source of income to the owner and thus it always consumes much of the owner's time and resources.

## 2.4.3 Management structure and SME's performance

Management Structure reflects the desired degree of structural organicity. Firms with a more entrepreneurial approach have organic and flat structures composed of multiple informal networks to enable employees to freely seek opportunities. On the other hand, administrative firms possess mechanistic structures with a formalised hierarchy and clearly defined authority lines, routines, responsibilities, and systems for measuring efficiency (Brown, 2001).

The management structures incorporate a network of roles and relationships and usually help in the process of ensuring that collective effort is explicitly organized to achieve specified ends. According to Craig (2009), management in all business and organizational activities is the act of getting people together to accomplish the desired goals and objectives efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technology resources, and natural resources (Armstrong, 2009).

Craig (2009) point out that since organizations can be viewed as systems, management can also be defined as human action, including design to facilitate the production of useful outcomes from a system, a view that opens the opportunity to manage oneself which is a prerequisite to attempting to manage others. Craig (2009) states that in for-profit work,

management has as its primary function the satisfaction of a range of stakeholders while Sagimo (2000) points out that the same satisfactions apply to non-profit management although importance of keeping the faith of donors is necessary.

Sagimo (2000) further states that management operates through various functions, often classified as planning, organizing, staffing, leading or directing and controlling or monitoring. Planning is deciding what needs to happen in the future and generating plans for action. Organizing is implementing or making optimum use of the resources required to enable the successful execution of plans. Staffing is job analysis, recruitment, and hiring individuals for appropriate jobs. Leading or directing is determining what needs to be done in a situation and getting people to do it; while Controlling or Monitoring involves checking progress against plans. According to Heery Blyton, Bacon, and Fiorito (2008), motivation is also a kind of basic function of management because without motivation, employees cannot work effectively. Gustav (2010) while researching on improvement of financial performance in businesses in Austria, he noted that good management structure is key to organizational business growth. Gustav in his study clearly notes that good management structure is a considerable factor in economic crisis as business organizations that do not have good management practices are doomed to fail. South Sudan is currently facing economic crisis emanating from unceasing civil conflicts and therefore it requires strategically prepared entrepreneurs with clear management structures to survive and grow in spite of the prevailing market challenges in South Sudan. Kazooba (2006) also revealed in his study that poor recordkeeping and a lack of basic business management experience and skills are major contributors towards business performance. While the research by Bennet (1997), defines management as concerned with the utilization of resources such as materials, human and finance in line with the organization structure for purposes of achieving desired goals.

## 2.4.4 Business appraisals and SME's performance

Business appraisal is the process of determining how much a firm is worth. The value of the firm is obtained by discounting expected cash flows to the firm, i.e., the residual cash flows after meeting all operating expenses and taxes, but prior to debt payments, at the weighted average cost of capital, which is the cost of the different components of financing used by the firm, weighted by their market value proportions (Hitchner, 2011).

Business appraisal can be regarded as business valuation which determines the fair market value of a firm. There is a difference between 'fair market value' and 'fair value'. Fair value is the value of a shareholder's pro rata portion of the entire corporation. Generally, minority discounts are not taken into account when determining fair value. Fair market value is the value of shareholder's percentage interest in the corporation, which takes into account minority discounts and discounts for lack of marketability of the shares (Mäkeläinen, 1998).

According to Hitchner (2011) all valuations are biased and there is no such thing as one correct value of a company. You could also state that there are more correct values for one company. It depends on multiple factors and choices why people come up with a certain value. It is generally best to consider all types of valuation approaches and apply as many as are relevant to the particular case. This is because each approach has biases, and the best way to determine overall value is to use a number of relevant approaches and find the central tendency.

Normally, companies need to know about their fair market values in order to know the amount of tax they have to pay. Valuations for tax purposes should seriously take the changes of laws and regulations into consideration. (Business appraisal, Litigation support, and Corporate Finance 2007, 1-3). If a company wishes to donate or give all or part of their

business away, tax offices needs to determine the value of the business to support the deduction for a year in which the gift was given.

There are cases in which shareholders do not agree with the share price or they want to exit the business with reasonable sale price or suspect about the best course of action for a company. In these cases, a business appraisal may need to be attached in a formal buy - sell agreement in order to settle disputes on the shares value. In a joint ownership of a closely-held business, if one or more owner wants to split up, they will also have to retain the business and allocate the value of the shares. (Selvaraj A. 2012)

Business owners who are considering selling their business need business valuation to see how much their company is worth, thus giving a suitable price. It can also bring involved parties the final values that might encourage them to invest or to reconsider. Due to regulations prohibit paying more than fair value of the shares. Therefore, the formation of an Employee stock ownership plans (ESOP) and the subsequent selling of shares to the related trust require an independent appraisal. These plans must be independently appraised every year to publish fair market value for administrative purposes, purchase price and the value of contributions.

When obtaining debt or equity financing, often the lender or investors will obtain an independent business valuation to validate their investment. For smaller business interest, a loan might be an option for debt financing. A certain loans package usually requires an independent business appraisal file. (Frykman & Tolleryd 2003, 11-15). There are many different valuation approaches that can be applied to determine the value of a business. However, all of those valuation methods can be categorized into 4 types of approaches based on the sources of input and valuation processes: income approaches, market approaches, asset-based approaches and option pricing approaches (Koller, Goedhart & Wessels 2005,

47). A study by Byaruhanga (2014), while assessing the effect of systems of internal control on performance in financial perspective of sugarcane out grower firms in Kenya, found that there is a positive significant effect of systems of internal control on performance in financial perspective. Byaruhanga findings concur with the argument of Leng and Zao (2013 that the appraisals of firms' internal control practices are the most effective activity business leaders use to minimize fraud and improve business performance. The findings of Byaruhanga (2014) and Leng and zao (2013) concurred with Bowen et al., (2009), who studied the effect of policies on SMEs in Kenya by sampling businesses that were less than three years old and the results suggested a high failure rate due to lack of creativity and innovative strategies, resulting from the lack of business appraisals on business performance. Implying that application of basic internal controls coupled with accounting functions improve performance while minimizing chances of employee theft. The internal control should also reduce instances whereby small business owners reward themselves unnecessarily by buying expensive cars and going for luxury trips. The money used to finance such expensive activities usually belongs to the business and this is what is referred to as mismanagement of resources due to lack or compliance to internal control (Tlhomola, 2013)

#### 2.5 Research Gaps

Much effort has been taken to address issues on affecting SME growth but much of these studies have focused on finance, structures and policies. Various explanatory researches in the past have addressed training, ethical practice and innovative strategies shallowly (Hayton, 2013). These determinants were addressed in detail in an effort to familiarize completely with the variables. Majority of SME operators lack the necessary training, skills, experience, ethical practice and creativity to effectively run the enterprise (King and McGrath, 2012). This study aimed at informing concerned parties on the best training, ethical traits and

innovative strategies to successfully run an enterprise. Various literatures were identified on the best practices and empirical literature and research gaps have been thoroughly outlined. Theoretical and conceptual framework was also well outlined.

Most of the research carried out locally and abroad regarding SMEs focuses on issues to do with finance, policies and structures. Issues such as training, ethical practices and innovative strategies have been narrowly approached. There is scarcity of literature touching on these issues. Available literature has focused on issues affecting established corporations. That notwithstanding the scarce literature addressing SMEs fails to explain clear strategies on how to implement the identified determinants for effective growth.

This research focused on the influence of entrepreneurial management practices on performance of small and medium enterprises in juba, South Sudan. There was very little literature or no literature at all as regards the framework for implementing these key determinants in a business organisation. The theories in this review do not explain the various measures for the variable they address. These theories fail to explain to what extent these variables affect the growth of an organization. Unavailability of reliable and valid data about in juba, South Sudan is a major challenge. This research through the scarce data will help provide clear strategies on how to harness the three determinants and ensure salient business growth.

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter discusses the research methodology adopted for this study in order to achieve the research objective which is to investigate the influence of entrepreneurial management practices on the performance of small medium enterprises (SMEs) in Juba city, South Sudan. The chapter is therefore structured to highlights the research design, target population, sampling procedure, methods of data collection, methods of data analysis and presentation, operational definition of variables and ethical considerations.

## 3.2 Research Design

According to Kothari (2004), research design is the arrangement of the conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In a nutshell, it is the blue print for the collection, measurement and analysis of data. Therefore, this study adopted a descriptive research design since the study intends to gather quantitative and qualitative data that was describe the relationship between entrepreneurial management practices and performance of small and medium enterprises (SME's).

According to Mugenda and Mugenda (2003) descriptive research is used to obtain information concerning the current status of the phenomena to describe what exists with respect to variables or conditions in a situation. The study considers this design appropriate since it facilitated gathering of reliable and accurate data that was clearly described the relationship between entrepreneurial management practices and performance of small medium enterprises (SME's) with special references on Juba city, South Sudan.

## 3.3 Target Population

Target population is defined by Frederic (2010) as a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. Mugenda and Mugenda (2003) also define the target population as a complete set of individuals, case or objects with the same common observable characteristics. SMEs have got the same observable characteristics and thus they make the target population of this study.

The study targeted SMEs in Juba because the country is barely young and there are very few SMEs operating outside the capital Juba. There were about 10,000 businesses found in the registry of Chamber of Commerce, which are perceived to be the SMEs (Chamber of Commerce, Trade & Industry, 2016). Therefore, the target population in this study was 10,000 SMEs.

## 3.4 Sample and Sampling Technique

According to Denning (2001), sampling is the process by which a relatively small number of individuals, objects or events are selected and analysed in order to find out something about the entire population from which the sample is selected.

The study used Fisher, Laing and Stoeckel (1983) formula to arrive at the sample. Fisher, Laing and Stoeckel formula is used when the target population is large and that is why it's chosen for this study. The selection formula is as follows:

$$n = Z^2 p. q \frac{N}{e^2(N-1) + Z^2 p. q}$$

Where n= the required sample size

P = proportion of population with the required characteristics of the study

Q = proportion of population without the required characteristics of the study (1-P)

N= Total population =10000

e = accuracy level required. Standard error = 1%

Z=Z value at the level of confidence of 95% = 1.96

$$n{=}\;1.96^2\;*\;0.5*\;0.5(\frac{{{10000}}}{{(0.1^2*9999)} + (1.96^2*0.5*0.5)})$$

$$n{=0.9604}\big(\tfrac{10,000}{(99.99)+(0.9604)}\big)$$

$$n = \left(\frac{9604}{(100.89)}\right)$$

n = 95.19

n = 95

Therefore, this study had a total of 95 respondents.

Table 3.1: Table: target population and sample size

Target Population	Sample Size
10,000	95

# 3.5 Data collection Instruments

Primary data was collected by use of questionnaires. Questionnaires were used as they are convenient in saving time and are economical in terms of finances. Use of questionnaires provided ample time for the respondents to attend to questions without undue pressure. According to Mugenda & Mugenda (2003), a questionnaire is a written set of questions to which subjects respond in writing. Questionnaires ensured anonymity of the respondents thus was expected to enhance their honesty. Questionnaires allowed the respondents to freely

express themselves (Mugenda & Mugenda 2003). The questionnaires had both close ended and projective questions which required respondents to indicate feelings, opinions and suggestions.

#### 3.6 Methods of data collection

The researcher administered the questionnaire individually to all respondents of the study. Gall and Borg (1996) points out that, questionnaires are suitable for studies since they question about feelings, attitudes, motivations, accomplishments and individuals' experiences and these are information which are not easily observable. The study exercised care and control to ensure all questionnaires issued to the respondents were received and to achieve this, the study maintained a register of questionnaires, which were administered and which were received. Self-administered questionnaires permit the respondents to answer the questions by themselves with an opportunity of sufficient time to think on their responses (Monsen & Horn, 2008). The questionnaires were administered using a drop and pick later method to give time to respondent which could enhance chances of 100% collection.

#### 3.7 Operational definition of variables

The operational definition of a variable is the specific way in which the variables measured in a study. The variables in this study are:

**Entrepreneurial management practices:** This is the independent/explanatory variable which is not determined in this model and its denoted by (Xi)

**Performance of Small Medium Enterprises (SMEs):** This is the dependent variable which is determined in this model and it's denoted by (Yi). The variation in this variable could be influenced by the entrepreneurial management practices (Xi).

**Table 3.2 Operationalization of Variables** 

Objective	Variables	Indicators
	(explanatory)	
To investigate the influence of entrepreneurial management practices on performance of small and medium enterprises (SMEs) in Juba, South Sudan	Strategic orientations	-The enterprise continually monitors customers and competitors to find new ways to improve customer satisfaction -Marketing personnel in our business unit spend time discussing customers future needs with other functional departments -The changes introduced in the business are usually important -Firm encourages customers to give feedback about its products and services -Firm consciously seeks to identify and acquire new customers individually
To investigate the influence of entrepreneurial management practices on performance of small and medium enterprises (SMEs) in Juba, South Sudan	Entrepreneurs' commitment	-Business owners are passionate about the business performance -Business owners are aware about control polices to minimize losses -Business owners have positive attitudes towards the business -Business owners demonstrate sense of obligation to continue supporting business operations -Business owners are confident in their abilities to expand the business
To investigate the influence of entrepreneurial management practices on performance of small and medium enterprises (SMEs) in Juba, South Sudan	Management structure	-There are departments with specific tasks.  -There specific desired goals to be achieved.  -There is specified effective recruitment procedure  -There are clear communication channels  -There is strong emphasis on following formal processes and procedures.  -Staffs have formal job descriptions and they comply with
To investigate the influence of entrepreneurial management practices on performance of small and medium enterprises (SMEs) in Juba, South Sudan	Business Appraisal	-Investment plan document exist -Suppliers are selected on cost basis -There are cost control polices -Business continuity plan exist -There are competence staffs -Indicators of profit monitoring exit

## 3.8 Pilot Study

The study carried out a pilot study to pre-test and validate the questionnaire. According to Connelly (2008), existing literature suggests that a pilot study sample should be 10% of the sample projected for the larger parent study. However, Hertzog (2008) cautions that it is not a straight forward issue to resolve or determine because these types of studies are influenced by many factors. Isaac & Michael (1995) suggested 10 to 30 participants for pilots in research and Hill (1998) shared the same suggestion of 10 and 30 participants. This study therefore took the minimum representative sample of 10 individuals which is about 10% of the parent sample size of 95 projected participants. The pilot data was not included in the actual study.

## 3.9 Validity of Research

Validity addresses the problem of whether a measure measures what it is supposed to measure (Zimund, 2000). According to Thietart (2001), the main concerns with the validity are whether the measured data is relevant and precise, and the second is the extent to which we can generalize from those results. In this research, it brought up the question of whether the interviewer was measured in the right way and also all the interviewed questions have been proper and go well with the research's objective and purpose. Therefore, the researcher gave questionnaires to 20 respondents who helped the researcher in knowing whether the key aspect of desired information was provided by the respondents using the questionnaire.

## 3.10 Reliability of Research

According to Mugenda And Mugenda (1999) reliability is a measure of the degree to which research instruments yields consistent results or data after repeated Trials. Silverman (1993) outlined a number of ways that reliability can be achieved in qualitative research: pre-testing interview protocols and questions; using fixed-choice responses; and systematically collecting, transcribing and reporting field notes and transcripts for others to review as

necessary. The pilot study allowed for pre-testing of the research instruments for reliability

by correcting any inconsistencies arising from the instruments, which shall ensure that they

measure what is intended clarity of the instrument items to the respondents shall be necessary

so as to enhance the instrument's reliability. Reliability was also be increased by including

many similar items on a measure, by testing a diverse sample of individuals and by using

uniform testing procedures.

3.11 Methods of Data Analysis

Descriptive analysis was used to analyse quantitative data obtained from closed ended and

likert scale questions, the study used weighted means, standard deviation, relative frequencies

and percentages to interpret the quantitative data (Mugenda and Mugenda, 2003). The

Statistical Package for Social Sciences (SPSS) computer software was used for analysis to

generate data array that would be used for subsequent analysis of the data. The data was then

coded to enable the responses to be grouped into various categories. Descriptive statistics was

used to summarize the data. Content analysis was used to test data that is qualitative in

nature or aspect of the data collected from the open-ended questions.

In order to establish the relationship between the entrepreneurial management practices

(strategic orientation, entrepreneurs' commitment, management structure and business

appraisal) and the performance of SMEs in Juba, South Sudan, below multiple regression

analysis was used:

 $Y = \beta_0 + X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$ 

Where:  $(Y, X_1, X_2, X_3 & X_4 \text{ are variables})$ 

Y = SME Performance

 $X_1$  = Strategic orientation

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 $X_2$  = Entrepreneur commitment

 $X_3 = Management structure$ 

 $X_4 = Business appraisal$ 

 $\varepsilon$  = Error term (random term or stochastic variable)

 $\beta_0 \dots \beta_4$  are parameters of the model

 $\beta_0$  = Constant (Intercept of SME performance)

 $\beta_1 \dots \beta_4$  are regression coefficients of the explanatory/independent variables  $(X_1 \dots X_4)$ 

## 3.12 Ethical Considerations

The principle of voluntary consent in which the respondents are supposed to participant with willingness is vital and for that matter, it was taken care of by way of proper identification of the researcher, while highlighting the purpose of the research and benefits, that will come with it, to the participants. Mugenda (2008) argued that participation in the study is voluntary and target participants are permitted at any time to disengage on the study without any consequences. The researcher therefore communicated this information to the respondents before the study commenced. Hence, there was no any participant forced to take part in the study instead everyone participated voluntarily. The identities of the respondents were kept confidential and all the information gathered, including statistical figures of the SMEs were used only for the purposes of this study. The researcher was also cautious by acknowledging scholars whose works have been referenced to in this study.

## CHAPTER FOUR

#### RESULTS AND DISCUSSIONS

#### 4.1 Introduction

This chapter covers data presentation, interpretation and discussions, which vividly brings out the detailed analysis of the research findings. The main objective of the study was to investigate the relationship between entrepreneurial management practices and performance of small and medium enterprises in juba, South Sudan. The first part of the analysis deals with the response rate, reliability of instruments and demographics characteristics of the respondents. While the subsequent parts deal with information on the relationship and effect of entrepreneurial management on performance, and summary of interpretations and discussions of results in relations to existing literature.

# 4.2 Response rate, reliability of instruments and demographics

The response rate, reliability results and demographic characteristics are presented as follows.

# **4.2.1 Response Rate**

The study targeted a sample size of 95 respondents. The 95 questionnaires were distributed and only 83 usable responses were received representing 87.4 % response rate, which is an excellent response in research. Mugenda and Mugenda (2003) argues that the response rate above 70% is excellent, and response rate of 60% is good while the response of 30% is not feasible in research.

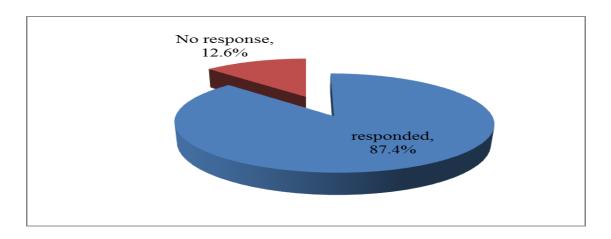


Figure 4.1: Response Rate

## 4.2.2 Reliability of data collection instruments

Data was collected using a psychometrically tested questionnaire. The reliability results of the questionnaire are presented in Table 4.3

**Table 4.3: Reliability of data collection instruments** 

Variable	Cronbach's Alpha	N of Items
Strategic Orientation	0.751	5
Entrepreneur's Commitment	0.782	5
Business Appraisal	0.760	6
Management Structure	0.906	6
Performance	0.923	16

Table 4.3 shows management structure had the highest reliability of  $\alpha$ = 0.906 among the independent variables, followed by Entrepreneurs' Commitment ( $\alpha$ = 0.782), business appraisal ( $\alpha$ = 0.760) and strategic orientation ( $\alpha$ = 0.751). while the performance (dependent variable) had the highest ( $\alpha$ = 0.923) among all the variables. All the variables/constructs were reliable because the Cronbach alpha statistic was at least 0.7 which is the acceptable threshold for similar studies.

## 4.2.3 Demographic data of respondents

The study sought to establish the gender, and the research findings on the distribution of the respondents by gender are illustrated in Table 4.4

Table 4.4: Response by gender

	Frequency	Percentage	
Female	17	20.5	
Male	66	79.5	
Total	83	100	

From table 4.4, the results show that the majority (79.5%) of the respondents were male. This implies that majority of the SMES in Juba are operated by men. This could be attributed to the fact that men could be having better chances in accessing the capital than women. Women have little time to do business as much of their time is taken up by attending to household duties. According to plachek (1981), women are commonly disadvantaged when competing with men for enterprises and job opportunities. At times societies expect women to leave the labor market to men and concentrate on child bearing, among other domestic responsibilities. These actions, therefore, do not support the millennium development goal that is aimed at promoting gender equality and empower women.

# 4.3 Entrepreneurial management practices and performance

The results upon analysis of responses to questionnaires on the state of management practices and how they were thought to affect performance are presented in this section.

## 4.3.1 Effects of strategic orientation on performance of SMEs

Respondents were asked to indicate whether they thought that strategic orientation, affects performance of SMEs in Juba, and the results were presented in table 4.5

Table 4.5: Whether strategic orientation affects performance of SMEs

	Frequency	Percentage	
No	9	10.8	
yes	74	89.2	
Total	83	100	

On whether the strategic orientation affects performance of SMEs in Juba, the findings presented in table 4.5 confirm that majority (89.2%) of the respondents agreed that strategic orientation affects performance of SMEs in Juba, with only 10.8% of the respondents having contrary opinions.

The study further sought to establish the extent to which strategic orientation affects performance of SMEs in Juba, and the results are as shown in table 4.6

Table 4.6: Extent to which strategic orientation affects performance

	Frequency	Percentage
Very Great Extent	23	27.7
Great Extent	54	65.1
Moderate Extent	5	6.0
Low Extent	1	1.2
Total	83	100.0

From table 4.6, the research findings presented in table 4.6, majority (65.1%) of the respondents indicated that strategic orientation affects performance of SMEs in Juba, to a great extent, 27.7% indicated to a very great extent, 6% indicated to a moderate extent while 1.2% indicated to a low extent. This infers that strategic orientation affects performance of SMEs in Juba, South Sudan to a great extent. Strategic orientation is important as it influences the decisions that lead to improvement of business performance.

The study sought to find out the effects of strategic orientation on performance of SMEs. The respondents were requested to indicate their level of agreement on statements provided as presented on table 4.7.

Table 4.7: Effects of strategic orientation on performance of SMEs

Statements	N	Minimum	Maximum	Mean	Std. deviation
The enterprise continually monitors customers and competitors to find new ways to improve customer satisfaction	83	1.00	4.00	1.93	0.274
Marketing personnel in our business unit spend time discussing customers future needs with other functional departments	83	1.00	5.00	2.09	0.239
The changes introduced in the business are usually important	83	1.00	3.00	2.11	0.174
Firm encourages customers to give feedback about its products and services	83	1.00	3.00	2.06	0.234
Firm consciously seeks to identify and acquire new customers individually	83	1.00	4.00	2.04	0.256

The findings on the level of agreement on measures used in strategic orientation on performance of SMEs are tabulated in table 4.7. The low standard deviation supports the mean showing that the responses were very close.

On whether the enterprise continually monitors customers and competitors to find new ways to improve customer satisfaction, the respondents agreed as shown by the mean of 1.93. This result agrees with the finding of Gupta (2015) who, while researching on the business orientation and enterprises performance in India, found that entrepreneurial orientation makes companies to devise new ways in which products and services that meet the consumers' requirements are provided.

On whether marketing personnel in their business units spend time discussing customers' future needs with other functional departments, the respondents agreed as supported by a

mean of 2.09. This is agreement with the argument of Pulendran et al. (2003) which confirms that market orientation is dependent on marketing plans.

When asked whether the technological changes introduced in the business are usually important, the respondents agreed as supported by a mean of 2.11. The findings concur with (Hayes & Wheelwright, 1984) who argue that firms characterized by high technological uncertainty compete more on the basis of technology than on the basis of market orientation in contrast to firms characterized by low technological orientation in order to increase the performance. This is a confirmation that enterprises' performance depends on technological proficiency.

On whether firms encourage customers to give feedback about their products and services, the respondents agreed as shown by a mean of 2.06, This finding is in agreement with studies carried out by Barsky (1992) and Hallowell (1996) in which they note customer satisfaction as essential factor for achieving customer loyalty. Their studies empirically support the notion that customer satisfaction is positively related to customer loyalty. The findings are agreeing with argument of Deshpandé et al (1993) that customer orientation is a set of beliefs which puts the customer's interest first, while not excluding those of all other stakeholder; in order to nurture a long-term profitable enterprise.

On whether firm consciously seeks to identify and acquire new customers individually, the respondents agreed as supported by a mean of 2.04. The findings are in line with the argument of Lukas and Ferrell (2010) who note that by continuously seeking new opportunities, firms' strategic orientation should take into account the strategies of their competitors, networking and entrepreneurial capacity.

The findings are also entirely consistent with Mwania (2011) who argued that there is significant relationship between strategic orientation and SME performance. The results also

concur with Henry (1949) supposition that to manage is to forecast and plan, organize, command, co-ordinate and control, foresee and examine the future by strategically drawing up the plan of actions, the SMEs in Juba are able to influence the performance of their enterprises. This is consistent with (Guzman 2010), that application of ICTS tools in business processes is a dominant tactic for SMEs growth and survival and that encouraging creativity and differentiation gives the business a competitive advantage. Continuous innovation was evident in the study and businesses that continuously innovated presented a continuous positive business growth, which is consistent Colm O'Gorman (2011) who noted that continuous innovation should be a major component of human resource in SMEs as it ensures solid business plan thus giving the business a competitive edge.

The research findings are also in agreement with the findings of Ibrahim (2008). In his study on factors affecting performance of small and medium enterprises in Nigeria, Ibrahim found that SMEs are challenged by market constraints such as inability to sell their products, lack of access to appropriate and relevant information and he further attributes such challenges to the fact that most SMEs lack adequate staff with managerial skills to plan and strategize with proper marketing strategies. The findings also concurred with Tlhomola (2008), while studying factors associated to the performance of SMEs in South Africa, found that businesses perform poorly when they are not properly marketing their products and services. He argued that for SMEs to improve their performance, they need to improve the way they market their products as reflected in his research findings where majority of the respondents (65.8%) agreed that many businesses collapse because of poor marketing strategies.

## 4.3.2 Effect of entrepreneurs' commitment on performance of SMEs

The study sought to establish whether entrepreneurs' commitment affects performance of SMEs in Juba, South Sudan. The findings are presented in table 4.8

Table 4.6: Effect of entrepreneurs' commitment on performance of SMEs in Juba

	Frequency	Percentage	
Yes	75	90.4	
No	8	9.6	
Total	83	100	

The findings in table 4.8 revealed that majority (90.4%) of the respondents indicated that entrepreneurs' commitment affects performance of SMEs in Juba, South Sudan, while only 9.6% of the respondents did not agree. These findings confirm that entrepreneurs' commitment affect the performance of SMEs. Through entrepreneur's commitment, the SMEs are able to raise their business turnovers which in turns help them develop confidence and positive attitudes toward their businesses.

The study further sought to determine the extent entrepreneurs' commitment affects performance of SMEs in Juba, South Sudan.

Table 4.9: The extent to which entrepreneurs' commitment affects performance of SMEs in Juba

	Frequency	Percentage
Very Great Extent	29	34.9
Great Extent	50	60.2
Moderate Extent	3	3.6
Low Extent	1	1.2
Total	83	100.0

The findings in table 4.9 revealed that majority (60.2%) of the respondents indicated that entrepreneurs' commitment affects performance of SMEs in Juba to a great extent, 34.5% of the respondents indicated to a very great extent, 3.6% indicated to a moderate extent while

1.2% of the respondents indicated to a low extent. These responses confirm that entrepreneurs' commitment affects performance of SMEs in Juba by great extent as supported by the highest response of 60.2%. This could be largely attributed to the amount of extra efforts the entrepreneurs adopted to enable them remain in operations despite the levels of market challenges resulting from the civil unrest in South Sudan.

The respondents were asked to indicate their level of agreement with the following statements relating to effects of entrepreneurs' commitment on performance of SMEs that best suits their organization.

Table 4.10: level of agreement with the following statements relating to effects of entrepreneurs' commitment on performance of SMEs

Statements	N	Minimum	Maximum	Mean	Standard deviation
Business owners are passionate about the business performance	83	1.00	3.00	2.08	0.300
Business owners are aware about control polices to minimize losses	83	1.00	5.00	2.03	0.284
Business owners have positive attitudes towards the business	83	1.00	3.00	1.92	0.248
Business owners demonstrate sense of obligation to continue supporting business operations	83	1.00	4.00	2.22	0.251
Business owners are confident in their abilities to expand the business	83	1.00	4.00	1.94	0.232

From the findings in table 4.10, the respondents agreed that the entrepreneurs commitment enhances their attitude towards the business and ultimately increase the productivity of the business as shown by mean of 1.92, successful entrepreneurs are generally ambitious and confident in their abilities as shown by mean of 1.94, committed entrepreneurs to their business remain in the business and work hard in performing their tasks and minimizing losses as shown by mean of 2.03, entrepreneurs' commitment with passion increases the business turn over as shown by mean of 2.08 and that entrepreneurial commitment increases sense of obligation to continue supporting the business as shown by mean of 2.08. The low standard deviation supports the mean showing that the responses were very close.

The results are consistent with the findings of a study of over 400 start-ups which revealed that a positive effect of affective commitment and normative commitment on the development of entrepreneurial commitment, which is an indication of the entrepreneur's strong emotional attachment to their venture and desire for it to succeed, will always lead to a higher level of entrepreneurial commitment. Similarly, the entrepreneur's assumed obligation resulting from the internalization of norms, the profitability of the business that induces a

need to stimulate the acceptance of responsibilities, positively affects the development of entrepreneurial commitment and hence leading to better performance (Tasnim & Singh, 2016). The findings are also in agreement with Cardon et al., (2012) and Chen, et al., (2009) who argue that entrepreneurs who are passionate about their entrepreneurial tasks to earn competitive advantage in the business will always remain loyal to their objectives while enjoying the results of their hard work. Thus, entrepreneurs' commitment is solidly tied to the passion an entrepreneur has towards the business. There has to be a stable emotional attachment to the business from the start-up phase, and throughout the journey of growth of the business.

The research findings also concur with Bouazza (2015), while researching on the factors affecting growth of SMEs in Algeria, he argues that entrepreneurs' commitment was the main reason why many SMEs in Algeria did not maximise on profits because many operators did not accept their work thus leading to lack of commitment on how they operated their enterprises.

# 4.3.3 Effect of management structure on performance of SME's in Juba, South Sudan

The study sought to find out whether management structure affects performance of SMEs in Juba, South Sudan. The respondents' opinions were as follows;

Table 4.11: Whether management structure affects performance of SMEs

	Frequency	Percentage	
Yes	69	83.1	
No	14	16.9	
Total	83	100	

From the findings presented in table 4.11, majority of the respondents (83.1%) indicated that management structure affects performance of SMEs in Juba, South Sudan. The findings depict that management structure affects performance of SMEs in Juba.

The study further sought to determine to what extent management structure affects performance of SMEs in Juba, South Sudan.

Table 4.12: Extent to which management structure affects performance

	Frequency	Percentage	
Very Great Extent	22	26.5	
Great Extent	51	61.4	
Moderate Extent	7	8.4	
Low Extent	3	3.6	
Total	83	100.0	

From the findings shown in table 4.12, majority of the respondents (61.4%) indicated that management structure affects performance of SMEs in Juba to a great extent, 26.5% of the respondents indicated to a very great extent, 8.4% indicated to a moderate extent while 3.6% of the respondents indicated that management structure affects performance of SMEs in Juba to a low extent. This deduces that management structure affects performance of SMEs in Juba, to a great extent. The study sought to find pout the respondents' level of agreement with the following statements relating to effects of management structure on performance of SMEs that best suits their organization.

Table 4.13: Effects of management structure on performance of SMEs

Statements	N	Minimum	Maximum	Mean	Standard deviation
There are departments with specific tasks.	83	1.00	5.00	1.99	0.275
There specific desired goals to be achieved.	83	1.00	5.00	2.21	0.174
There is specified effective recruitment procedure	83	1.00	5.00	2.13	0.233
There are clear communication channels	83	1.00	4.00	2.19	0.218
We there is strong emphasis on following formal processes and procedures.	83	1.00	5.00	1.94	0.283
Staffs have formal job descriptions and they comply with	83	1.00	5.00	2.01	0.234

From the findings, respondents agreed on that they strongly emphasise getting things done by following formal processes and procedures as shown by a mean of 1.94, the management structure allows managers to break down the entire operation of a department into several phases as shown by a mean of 1.99, there is a strong emphasis on staff compliance in adhering to their formal job descriptions as shown by a mean of 2.01, the management structure allows for proper planning and staffing by recruiting competence employees for purposes of accomplishing specific goal as shown by a mean of 2.13, there are clear communication channels from top across the management levels in the organization as shown by a mean of 2.19 and that the management structure is geared at getting people together to accomplish desired goals and objectives efficiently and effectively as shown by a mean of 2.21. The findings were supported by low standard deviations which imply that the respondents' opinions were close.

These findings concur with a study by Kazooba (2006) which revealed that poor recordkeeping and a lack of basic business management experience and skills are major contributors towards business performance. Implying that the respondents in Juba confirm that their management structures would have negative impact on business performance

depending on how well they are established. The research findings also agree with Bennet (1997) who defines management as concerned with the utilization of resources such as materials, human and finance in line with the organization structure for purposes of achieving desired goals.

The findings of this research are also consistent with Gustav (2010) while researching on improvement of financial performance in businesses in Austria, he noted that good management structure is key to organizational business growth. Gustav in his study clearly notes that good management structure is a considerable factor in economic crisis as business organizations that do not have good management practices are doomed to fail. South Sudan is currently facing economic crisis emanating from unceasing civil conflicts and therefore it requires strategically prepared entrepreneurs with clear management structures to survive and grow in spite of the prevailing market challenges in South Sudan.

## 4.3.4 Effect of business appraisals on performance of SMEs in Juba, South Sudan

Respondents were asked to indicate whether business appraisals affect performance and the results are presented in table 4.14

Table 4.14: Effect of business appraisals on performance of SMEs in Juba, South Sudan

	Frequency	Percentage	
Yes	68	81.9	_
No	15	18.1	
Total	83	100	

From the findings presented in table 4.12, majority of the respondents (81.9%) indicated that business appraisals affect performance of SMEs in Juba, South Sudan. The findings depict that business appraisals affects performance of SMEs in Juba.

The study further sought to determine to what extent business appraisals affects performance of SMEs in Juba, South Sudan.

Table 4.15: Extent to which business appraisals affects performance of SMEs in Juba

	Frequency	Percentage	
Very Great Extent	17	20.5	
Great Extent	55	66.3	
Moderate Extent	6	7.2	
Low Extent	5	6.0	
Total	83	100.0	

From the findings shown in table 4.15, majority of the respondents (66.3%) indicated that business appraisals affects performance of SMEs in Juba to a great extent, 20.5% of the respondents indicated to a very great extent, 7.2% indicated to a moderate extent while 6% of the respondents indicated that business appraisals affects performance of SMEs in Juba to a low extent. This infers that business appraisals affects performance of SMEs in Juba, to a great extent.

The study sought to find out the respondents' level of agreement with the following statements relating to effects of business appraisals on performance of SMEs that best suits their organization.

Table 4.16: Statements relating to effects of business appraisals on performance of SMEs

Statements	N	Minimum	Maximum	mean	Standard deviation
Investment plan document exist	83	1.00	5.00	2.27	0.256
Suppliers are selected on cost basis	83	1.00	5.00	2.00	0.279
There are cost control polices	83	1.00	5.00	1.91	0.301
Business continuity plan exist	83	1.00	4.00	2.03	0.275
There are competence staff	83	1.00	4.00	2.10	0.261
Indicators of profit monitoring exit	83	1.00	5.00	1.99	0.255

From the study findings presented in table 4.16, the respondents agreed that there are investment plan documents which guide the investment decisions of the business as shown by mean of 1.91, suppliers are selected on cost basis as an attempt to minimize cost as supported by a mean of 1.99, there are cost control polices as shown by mean of mean of 2.00, there is business continuity plan as shown by mean of 2.03, there are competence staff working for

the enterprise as supported by a mean of 2.10, and that there are indicators of profit monitoring as shown by a mean of 2.27. The low standard deviations denote that the respondents' opinions were close. The findings agree with the study by Byaruhanga (2014, while assessing the effect of systems of internal control on performance in financial perspective of sugarcane out grower firms in Kenya, found that there is a positive significant effect of systems of internal control on performance in financial perspective. The findings also concur with the argument of Leng and Zao (2013 that the appraisals of firms' internal control practices are the most effective activity business leaders use to minimize fraud and improve business performance. The findings are consistent with Bowen et al., (2009), who studied the effect of policies on SMEs in Kenya by sampling businesses that were less than three years old and the results suggested a high failure rate due to lack of creativity and innovative strategies, resulting from the lack of business appraisals on business performance.

The research findings are also in agreement with Slater (2012) who found that organization pursue cost reduction to achieve competitive advantage and therefore contribute to the process of improvement through cost reductions and increased performance. Cost-orientation places a high level of in-depth knowledge regarding the costs of providing products and services to the market by lowering; average and marginal costs, are the benefits of this type of management practice. Jaworski & Kohli (1993) also argued that availability of resources is likely to influence firm's decision to enter and compete in a new business to exploit an opportunity. Implying that the performance of SMEs is dependent on the cost reduction and venturing into new products and market which refer proper appraisal mechanism of available resources and capabilities.

#### 4.3.5 Performance

The study sought to determine the extent to which the following performance indicators are affected by the elements indicated as presented in table 4.17

**Table 4.17: Performance indicators** 

	N	Minimum	Maximum	mean	Standard deviation
Strategic Orientation					
Market share	83	1	3	2.07	0.267
Profits	83	1	3	2.04	0.211
Sales volume	83	1	3	2.00	0.258
Customer satisfaction	83	1	4	2.09	0.274
<b>Entrepreneurs' Commitment</b>					
Market share	83	1	3	2.05	0.241
Profits	83	1	3	2.01	0.258
Sales volume	83	1	3	2.02	0.216
Customer satisfaction	83	1	4	2.21	0.188
<b>Business Appraisal</b>					
Market share	83	1	3	2.14	0.214
Profits	83	1	4	2.17	0.264
Sales volume	83	1	3	2.10	0.259
Customer satisfaction	83	1	4	2.11	0.270
Management Structure					
Market share	83	1	4	2.17	0.281
Profits	83	1	4	2.10	0.239
Sales volume	83	1	3	2.13	0.389
Customer satisfaction	83	1	3	2.18	0.275

From the findings shown in table 4.17, the study revealed that performance indicators have been affected by strategic orientation to as follows; sales volume (mean 2.00), Profits (mean 2.04), Market share (mean 2.07) and customer satisfaction (mean 2.09). The performance indicators have been affected by Entrepreneurs' Commitment to as follows; Profit (mean 2.01) sales volume (mean 2.02), market share (mean 2.05) and customer satisfaction (mean 2.21). The performance indicators have been affected by business appraisal as follows; sales volume (mean 2.10), customer satisfaction (mean 2.11) market share (mean 2.14) and Profits (mean 2.17).

The performance indicators have been affected by management structure as follows; Profits (mean 2.10), sales volume (mean 2.13), market share (mean 2.17) and customer satisfaction (mean 2.18). From these findings, the it's evident that entrepreneurial management practice has an influence on the performance of SMEs in Juba, South Sudan. The findings are in agreement with the Balanced Score Card which suggests that managers should view organization's performance from four dimensions, customer perspective, internal perspective, innovation & learning perspective, financial perspective (Kaplan and Norton 1996). The objectives and measures of Balanced Score Card are derived from strategic organization's vision and mission. It provides staff with an all-inclusive outline that explains a company's strategy into specific targets of performance measures. The findings agree with the argument of Ahmad (2010) who refers entrepreneurial performance to the growth in profit made by the entrepreneur. The internal factors which depend on entrepreneurs' actions studied in this research confirm their influence on the performance as presented in table 4.15. Financial and non-financial measures are both used to evaluate performance. According to Naala and Falola (2016) business performance is referred to the ability of the entrepreneurs to use relevant market strategies in order realize their objectives such as high profit, high quality products, good financial results, long term survival and large market share, hence concurring with findings of this research. The findings also agree with the argument of Jogaratnam (2017) who stated that it is wrong for entrepreneurs to put emphasis on financial aspects when measuring business performance since such estimations may mislead entrepreneurs to overlook other strategic goals. The findings were not only financial in this study as it is also echoed by other researchers that business performance measurement should equally include both financial and non-financial dimensions (Kashemi, 2013).

### 4.4 Relationship and effect of entrepreneurial management practices on performance

# 4.4.1 Strength of the relationship between management practices and performance

In order to answer the objectives of the study, correlation analysis using Pearson's product moment correlation was conducted and the results are shown on table 4.16

Table 4.18: Strength of the relationship between entrepreneurial management practices and performance

Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	83				
Strategic orientation	Pearson Correlation	.571**	1			
	Sig. (2-tailed)	0.001				
	N	83	83			
Entrepreneurs commitment	Pearson Correlation	.453**	.214	1		
	Sig. (2-tailed)	0.001	0.003			
	N	83	40	40		
Management structure	Pearson Correlation	.576**	.347	.384**	1	
	Sig. (2-tailed)	0.001	0.002	0.001		
	N	83	83	83	83	
Business appraisal	Pearson Correlation	.534**	.294**	.313	.212**	1
	Sig. (2-tailed)	0.001	0.000	0.000	0.002	
	N	83	83	83	83	83
** Correlation is sig	gnificant at the 0.01 leve	el (2-tailed)	).			

The correlation results presented in table 4.18 revealed that there was a strong positive correlation between performance and strategic orientation as shown by correlation coefficient of 0.571 which is significant at the 0.001 significance level. There was a moderate positive correlation between performance and entrepreneurs' commitment as shown by correlation coefficient of 0.453 which is significant at the 0.001 significance level. There was a strong positive correlation between performance and management structure as shown by correlation coefficient of 0.576 which is significant at the 0.001 significance level. There was a strong

positive correlation between performance and business appraisal as shown by correlation coefficient of 0.534 which is significant at the 0.001 significance level. The strongest correlation is between management structure and performance (r=0,576, p<0.001) while the least is between performance and entrepreneurs' commitment (r=0.453, p<0,001).

### 4.4.2 Influence of entrepreneurial management practices on performance

In order to assess the influence of entrepreneurial management practices on performance, multiple regression analysis was conducted and the results (model summary, model fit and coefficients) are presented in the tables 4.19, 4.20 and table 4.21

**Table 4.19: Model summary** 

Model	R	R Square	Adjusted R Squ	uare Std. Error of the Estimate
1.000	.608a	0.37	0.337	0.6514
a Predic	ctors: (Co	onstant), man	agement structure	e, business appraisal, strategic orientation,

a Predictors: (Constant), management structure, business appraisal, strategic orientation, entrepreneurs" commitment

Table 4.19 provides the model summary of the study variables. R squared indicated there is a coefficient of determination which tells us the variation in the dependent variable (SME Performance) due to changes in the independent variable (Entrepreneurial Management Practices). From the findings in the model summary table 4.19, the value of adjusted R squared was 0.337 indicating that there was variation of 33.7 percent on performance due to changes in management structure, business appraisal, strategic orientation and entrepreneurs' commitment at the 95 percent confidence level. This shows that 60.8 percent changes in performance could be accounted to management structure, business appraisal, strategic orientation and entrepreneurs' commitment.

Further, the model fit results are presented in table 4.18

**Table 4.20: Model fit (Analysis of variance)** 

Model		Sum of Squares	df	Mean Square	F	Sig.
1.000	Regression	19.402	4	4.85	11.43	$.000^{b}$
	Residual	33.1	78	0.424		
	Total	52.502	82			

a Dependent Variable: Performance

From the ANOVA statistics in table 4.20, the processed data, which is the population parameters, had a significance level of 0.000 which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. It also indicates that the model was statistically significant.

In addition, the relative influence of each of the entrepreneurial management practices is found in table 4.21 (Regression coefficients)

**Table 4.21: Regression coefficients** 

	Unsta	ndardized	Standardized		
	Coeffi	cients	Coefficients	t	Sig.
	В	Std. Error	Beta		
(Constant)	1.152	0.272		4.235	.000
Strategic Orientation	0.643	0.174	0.618	3.695	.006
Entrepreneurs' Commitment	0.653	0.172	0.625	3.797	.005
Management Structure	0.678	0.165	0.641	4.109	.001
Business Appraisal	0.602	0.164	0.581	3.671	.012

a Dependent Variable: Performance

Source: (Author, 2019)

As presented in table 4.21, the empirical model of the influence of entrepreneurial management practices on performance is:

# $Y_i = 1.152 + 0.643 X_{1i} + 0.653 X_{2i+0.678} X_{3i+0.602} X_{4i}$

The results in table 4.21 imply that strategic orientation, entrepreneurs' commitments, management structure and business appraisals significantly influence performance of SMEs

b Predictors: (Constant), management structure, business appraisal, strategic orientation, entrepreneurs' commitment

in Juba, South Sudan. Specifically, at 5% level of significance and 95% level of confidence, all the variables were significant (p<0.05). The most influential variable was management structure ( $t=4.109,\ p=0.001$ ) while the least influential entrepreneurial management practice was business appraisal ( $t=3.671,\ p=0.012$ )

### **4.5 Discussion of Findings**

The discussions of each result in line with existing literature are presented under this section:

### 4.5.1 Effects of strategic orientation on performance of SMEs

The study found that majority of the respondents (89.2%) indicated that strategic orientation affects performance of SMEs in Juba. The respondents agreed that the enterprise continually monitor customers and competitors to find new ways to improve customer satisfaction. SMEs consciously seek to identify and acquire new customers individually. They encourage customers to give feedback about its products and services. This infers that strategic orientation affects performance of SMEs in Juba. This is entirely consistent with Mwania (2011), who argued that there is significant relationship between strategic orientation and SME performance. Many SME operators felt that strategic orientation directly influenced their performance.

This is consistent with (Guzman 2010), that application of ICTS tools is business processes is a dominant tactic for SMEs growth and survival and that encouraging creativity and differentiation gives the business a competitive advantage. Continuous innovation was evident in the study and businesses that continuously innovated presented a continuous positive business growth, which is consistent Colm O'Gorman (2011), who noted that continuous innovation should be a major component of human resource in SMEs as it ensures solid business plan thus giving the business a competitive edge.

On whether firms encourage customers to give feedback about their products and services, the respondents agreed as shown by a mean of 2.06, This finding is in agreement with studies carried out by Barsky (1992) and Hallowell (1996) in which they note customer satisfaction as essential factor for achieving customer loyalty. Their studies empirically support the notion that customer satisfaction is positively related to customer loyalty. The findings are agreeing with argument of Deshpandé et al (1993) that customer orientation is a set of beliefs which puts the customer's interest first, while not excluding those of all other stakeholder; in order to nurture a long-term profitable enterprise.

On whether firm consciously seeks to identify and acquire new customers individually, the respondents agreed as supported by a mean of 2.04. The findings are in line with the argument of Lukas and Ferrell (2010) who note that by continuously seeking new opportunities, firms' strategic orientation should take into account the strategies of their competitors, networking and entrepreneurial capacity.

### 4.5.2 Effect of entrepreneurs' commitment on performance of SMEs in Juba

The study revealed that majority of the respondents (90.4%) indicated that entrepreneurs' commitment affects performance of SMEs in Juba, South Sudan. The respondents agreed that the entrepreneurs' commitment increase their positive attitude towards the business and ultimately increase the productivity of the business. Successful entrepreneurs are generally ambitious and confident in their abilities.

The research findings also concur with Bouazza (2015), while researching on the factors affecting growth of SMEs in Algeria. The researcher argued that entrepreneurs' commitment was the main reason why many SMEs in Algeria did not maximise on profits because many operators did not accept their work thus leading to lack of commitment in how they operated their businesses. The respondents agreed that committed entrepreneurs to their business

remain in the business and work hard in performing their tasks. Entrepreneurs' commitment increases the business turn over. Organizational performance is enhanced by higher level of entrepreneurial commitment. From the regression analysis entrepreneurs' commitment and performance were found to have a significant positive relationship.

The results are consistent with the findings of a study of over 400 start-ups which revealed that a positive effect of affective commitment and normative commitment on the development of entrepreneurial commitment, which is an indication of the entrepreneur's strong emotional attachment to their venture and desire for it to succeed, will always lead to a higher level of entrepreneurial commitment. Similarly, the entrepreneur's assumed obligation resulting from the internalization of norms, the profitability of the business that induces a need to stimulate the acceptance of responsibilities, positively affects the development of entrepreneurial commitment and hence leading to better performance (Tasnim & Singh, 2016). The findings are also in agreement with Cardon et al., (2012) and Chen, et al., (2009) who argue that entrepreneurs who are passionate about their entrepreneurial tasks to earn competitive advantage in the business will always remain loyal to their objectives while enjoying the results of their hard work. Thus, entrepreneurs' commitment is solidly tied to the passion an entrepreneur has towards the business. There has to be a stable emotional attachment to the business from the start-up phase, and throughout the journey of growth of the business.

### 4.5.3 Effect of management structure on performance of SME's

The study found that majority of the respondents (83.1%) indicated that management structure affects performance of SMEs in Juba, South Sudan. The findings depicts that management structure affects performance of SMEs in Juba. The respondents agreed that they strongly emphasise getting things done by following formal processes and procedures.

The management structure allows managers to break down the entire operation of a department into several phases.

The respondents also agreed that there is a strong emphasis on getting line and staff personnel to adhere closely to their formal job descriptions. The SMEs management structure allows for proper planning, organizing, staffing, directing, and controlling for the purpose of accomplishing a goal. There is a clear method of communication from top across the management levels in the organizations. From the regression analysis management structure and performance were found to have a significant positive relationship.

These findings concur with a study by Kazooba (2006) which revealed that poor recordkeeping and a lack of basic business management experience and skills are major contributors towards business performance. Implying that the respondents in Juba confirm that their management structures would have negative impact on business performance depending on how well they are established. The research findings also agree with Bennet (1997) who defines management as concerned with the utilization of resources such as materials, human and finance in line with the organization structure for purposes of achieving desired goals.

The findings of this research are also consistent with Gustav (2010) while researching on improvement of financial performance in businesses in Austria, he noted that good management structure is key to organizational business growth. Gustav in his study clearly notes that good management structure is a considerable factor in economic crisis as business organizations that do not have good management practices are doomed to fail. South Sudan is currently facing economic crisis emanating from unceasing civil conflicts and therefore it requires strategically prepared entrepreneurs with clear management structures to survive and grow in spite of the prevailing market challenges in South Sudan.

### 4.5.4 Effect of business appraisals on performance of SMEs

The study established that majority of the respondents (81.9%) indicated that business appraisals affects performance of SMEs in Juba, South Sudan. The respondents further agreed that business appraisal helps determining the worth of their business. Business appraisal helps us plan where the business it's going to be in the future. Business appraisal has enabled their enterprise to acquire loan for expansion of the business.

The respondents also agreed that business appraisal help allocate the value of the shares. Assessing the value of the business is a source of their motivation to achieve their targets. Business appraisal prevents over taxation of their business enterprise. From the regression analysis business appraisal and performance were found to have a significant positive relationship.

These study findings were that business appraisals greatly influence business growth. The findings are consistent with Bowen et al., (2009), who while studying the effect of policies on SMEs in Kenya concluded that most of the businesses sampled were less than three years old and the results suggested a high failure rate due to lack of creativity and innovative strategies. The findings also concur with the argument of Leng and Zao (2013 that the appraisals of firms' internal control practices are the most effective activity business leaders use to minimize fraud and improve business performance. The findings are consistent with Bowen et al., (2009), who studied the effect of policies on SMEs in Kenya by sampling businesses that were less than three years old and the results suggested a high failure rate due to lack of creativity and innovative strategies, resulting from the lack of business appraisals on business performance.

#### **CHAPTER FIVE**

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

The chapter presents the summary of the study findings on the relationship between entrepreneurial management practices and performance of small and medium enterprises in juba, South Sudan. The chapter is structured into summary of the findings, conclusion, recommendations and areas for further studies.

### 5.2 Summary of Findings

The findings of this study support the conceptual and theoretical frameworks and have answered the research questions as summarized under specific variables which were considered for this study:

### 5.2.1 Effects of strategic orientation on performance of SMEs

The study found that strategic orientation affects performance of SMEs in Juba. The respondents agreed that the enterprise continually monitor customers and competitors to find new ways to improve customer satisfaction. SMEs consciously seek to identify and acquire new customers individually. They encourage customers to give feedback about its products and services. Continuous innovation was evident in the study and businesses that continuously innovated presented a continuous positive business growth. The SMEs ensures that there are solid business plans for marketing thus giving the business a competitive edge.

The respondents further agreed that marketing personnel in their business unit spend time discussing customers' future needs with other functional departments. The changes introduced in the business are usually important. From the inferential analysis strategic orientation and performance were found to have a significant positive relationship.

### 5.2.2 Effect of entrepreneurs' commitment on performance of SMEs in Juba

The study revealed that entrepreneurs' commitment affects performance of SMEs in Juba, South Sudan. The respondents agreed that the entrepreneurs' commitment increase their positive attitude towards the business and ultimately increase the productivity of the business. Successful entrepreneurs are generally ambitious and confident in their abilities.

The respondents further agreed that committed entrepreneurs to their business remain in the business and work hard in performing their tasks. Entrepreneurs' commitment increases the business turn over. Organizational performance is enhanced by higher level of entrepreneurial commitment. From the regression analysis entrepreneurs' commitment and performance were found to have a significant positive relationship.

## 5.2.3 Effect of business appraisals on performance of SMEs

The study established that business appraisals affects performance of SMEs in Juba, South Sudan. The respondents agreed that business appraisal helps determining the worth of their business. Business appraisal helps SMEs plan where the future plan of business. Business appraisal has enabled the enterprises to acquire loan for expansion of their businesses.

The respondents also agreed that business appraisal help allocate the value of the shares. Assessing the value of the business is a source of their motivation to achieve their targets. Business appraisal prevents over taxation of their business enterprise. From the regression analysis business appraisal and performance were found to have a significant positive relationship.

### 5.2.4 Effect of management structure on performance of SME's

The findings depict that management structure affects performance of SMEs in Juba, South Sudan. The respondents agreed that they strongly emphasise getting things done by following formal processes and procedures. The management structure allows managers to break down the entire operation of a department into several phases.

The respondents also agreed that there is a strong emphasis on getting line and staff personnel to adhere closely to their formal job descriptions. The SMEs management structure allows for proper planning, organizing, staffing, directing, and controlling for the purpose of accomplishing a goal. There is a clear method of communication from top across the management levels in the organizations. From the regression analysis management structure and performance were found to have a significant positive relationship.

#### **5.3 Conclusion**

The conclusions were drawn from findings, interpretations and discussions in relations to the specific objectives of the study.

# 5.3.1 Effects of strategic orientation on performance of SMEs

Strategic orientation affects performance of SMEs in Juba. The SMEs continually monitor customers and competitors to find new ways to improve customer satisfaction. This implies that if the SMEs identify and acquire new customers and encourage customers to give feedback about the products and services their performance is expected to improve.

### 5.3.2 Effect of entrepreneurs' commitment on performance of SMEs in Juba

Entrepreneurs' commitment and performance have a significant positive relationship. The entrepreneurs' commitment increases their positive attitude towards the business and ultimately increases the productivity of the business.

Successful entrepreneurs are generally ambitious and confident in their abilities.

The respondents further agreed that committed entrepreneurs to their business remain in the business and work hard in performing their tasks. Entrepreneurs' commitment increases the business turn over. Organizational performance is enhanced by higher level of entrepreneurial commitment.

### **5.3.3** Effect of business appraisals on performance of SMEs

Business appraisal and performance were found to have a significant positive relationship. Business appraisal helps determining the worth of their business and in planning where the business is going to be in the future. Business appraisal has enabled their enterprise to acquire loan for expansion of the business. Business appraisal as well helps allocate the value of the shares. Assessing the value of the business is a source of their motivation to achieve their targets. Business appraisal prevents over taxation of their business enterprise

# 5.3.4 Effect of management structure on performance of SME's

Management structure affects performance of SMEs in Juba. The SMEs owners emphasise getting things done by following formal processes and procedures. There is a clear method of communication from top across the management levels in the organizations. The management structure allows managers to break down the entire operation of a department into several phases.

### **5.4 Recommendations**

The general objective of the study was to investigate the influence of entrepreneurial management practices on the performance of Small Medium Enterprises (SMEs) in Juba, South Sudan. Hence the recommendations were drawn based on the objectives of the study

and the suggestions on further studies as informed by the findings. Therefore, from the recommendation's standpoint, the researcher suggested the followings:

### 5.4.1 Suggestions based on research findings on specific objectives

First, the SMEs need to identify and acquire new customers. They should encourage customers to give feedback about the products and services, and to be conversant on customers' future needs. This will create more market for their products and increase their sales.

Second, entrepreneurs need to be committed, ambitious and confident in their abilities. The commitment will increase the entrepreneurs' positive attitude towards the business and ultimately increase the productivity of the business.

Third, the entrepreneurs need to continue performing business appraisals to help determining the worth of their business and in planning where the business is going to be in the future.

Assessing the value of the business is expected to motivate SMEs to achieve their targets

Fourth, the SMEs should continue designing the management structure as well as ensuring that there is effective communication in the way of doing business. This will allow for proper planning, organizing, staffing, directing, and controlling for the purpose of improving their performance.

### **5.4.2.** Contribution of Knowledge

There are no known studies on the effect of strategic orientation on small medium enterprises performance in South Sudan. Therefore, the findings of this study will bridge the gap in Knowledge. The results will also help the entrepreneurs and policy makers to approach the development of SME sector in South Sudan from an informed perspective.

### **5.4.2.** Suggestions for further research

There could be other factors that explain the performance of SMEs in Juba, South Sudan other than the factors considered in this study since 63% of factors affecting Performance of SMEs in Juba South Sudan are found out not have been influenced by entrepreneurial management practice in this study. Therefore, the researcher recommends further research in the same area of interest to ascertain other factors which could be influencing the performance of SMEs in Juba, South Sudan. The factors assessed in this study were SME's internal factors and therefore, there is a need for research that will include the external factors which may better explain the performance of Small Medium Enterprises (SMEs) in Juba, South Sudan.

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**APPENDICES** 

**Appendix I: Letter of Introduction** 

Dear Sir/ Madam,

Re: Request to Participate in a Study on: Influence of Entrepreneurial Management

Practices on Performance of Small Medium-sized Enterprises in Juba, South Sudan

I am MBA student at Kenya Methodist University carrying out research in Entrepreneurship

on the above research topic.

This research intends to collect data from various SMEs operating in Juba, South Sudan.

You are kindly requested to fill this questionnaire by appropriately ticking your response to

the questions provided. All the data provided will be treated confidentially and used strictly

for academic research purposes only.

Thank you for participating in this study and I will be pleased to share the summary of the

results with you if you provide your email address at the end of this questionnaire.

Yours faithfully

Akoy Dau William

(Mob +211 915 005 000, E-mail: wunagot@gmail.com)

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Appendix II: Resear	rch Que	estionnaires				
Kindly tick in the spa	ice prov	ided ( $$ ) or supply th	e required	inform	nation where required.	
PART A: Backgrou	d Infor	mation				
1. What is your age?						
Below 25 years (				(	)	
36 to 45 years (	)	46 to 55 years		(	)	
Above 56 years (	)					

2. What is your might	est level	OI (	education?
Primary Level		(	)
Secondary Level		(	)
University/College L	evel	(	)
Other		(	) Specify
3. What is your gend	er?		
Male ( ) female	e()		
4. Which state do you	u come i	fron	n?
5. How long have yo	u worke	d fo	or this business?
PART B: Strategic	Orienta	tion	ı
6. Do you think strate	egic orie	enta	tion affects performance of SMEs in Juba, South Sudan.
Yes ( )	No	(	)
7. To what extent d	oes stra	tegi	ic orientation affects performance of SMEs in Juba, South
Sudan.			
Very Great Extent	(	)	
Great Extent	(	)	
Moderate Extent	(	)	
Low Extent	(	)	
No Extent at all	(	)	
8. Indicate your leve	el of ag	gree	ement with the following statements relating to effects of
strategic orientation of	on perfo	rma	ance of SMEs that best suits your organization.
(Scale 1- Strongly Ag	gree, 2 –	- Ag	gree, 3- Neutral, 4 – Disagree, 5 – Strongly Disagree)

Statements	1	2	3	4	5
The enterprise continually monitors customers and competitors to					
find new ways to improve customer satisfaction					
Marketing personnel in our business unit spend time discussing					

customers future											
The changes intr	oduced	in the b	usine	ess are usua	ılly impoı	tant					
Firm encourages services	custom	ers to g	give f	eedback ab	out its pr	oducts and					
Firm consciousl	v seeks	to ide	entify	and acqu	ire new	customers					
individually	<i>J</i>		J	1							
9. How else does str	ategic o	rientatio	on af	fect perforr	nance of	SMEs in Ju	ıba, S	outh	Sud	an?	
				-							
<b>PART C: Entrepre</b>	neurs' (	Commi	tmen	ıt							
		_		22			~			~	
10. Do you think en	trepren	eurs' co	ommi	tment affe	cts perfor	rmance of	SME	s in .	Juba	, So	outh
C 1 0											
Sudan?											
Yes ( )	No	(	`								
ies ( )	110	(	,								
11. To what extent	does en	treprene	eurs'	commitme	nt affects	s performar	nce of	f SM	Es i	n Ju	ıba,
South Sudan.											
South Sudan.											
Very Great Extent	(	)									
very Great Extent	(	,									
Great Extent	(	)									
		,									
Moderate Extent	(	)									
Low Extent	(	)									
No Extent at all	(	)									

12. Indicate your level of agreement with the following statements relating to effects of entrepreneurs' commitment on performance of SMEs that best suits your organization.

(Scale 1- Strongly Agree, 2 – Agree, 3- Neutral, 4 – Disagree, 5 – Strongly Disagree)

Statements	1	2	3	4	5
Business owners are passionate about the business performance					
Business owners are aware about control polices to minimize					
losses					
Business owners have positive attitudes towards the business					
Business owners demonstrate sense of obligation to continue					
supporting business operations					
Business owners are confident in their abilities to expand the					
business					

13. How else does e	ntrepren	eurs' c	commitment	affect ]	performa	ince of	SMEs i	n Juba,	South
Sudan?									
						• • • • • • • • •			
PART D: Business	Appraisa	al							
14. Do you think bus	iness app	oraisal	affects perfe	ormance	e of SME	Es in Ju	ba, South	n Sudan	?
Yes ( )	No	(	)						
15. To what extent	does bus	siness	appraisal a	ffects p	erformar	nce of	SMEs in	ı Juba,	South
Sudan.									
Very Great Extent	(	)							
Great Extent	(	)							
Moderate Extent	(	)							
Low Extent	(	)							
No Extent at all	(	)							
16. Indicate your lev	vel of ag	greeme	ent with the	follow	ing state	ements	relating	to effe	ects of
business appraisal on	perform	ance c	of SMEs that	best su	its your	organiz	ation.		

(Scale 1- Strongly Agree, 2 – Agree, 3- Neutral, 4 – Disagree, 5 – Strongly Disagree)
---

1	2	3	4	5
	1	1 2	1 2 3	1 2 3 4

17. How else does business appraisal affect performance of SMEs in Juba, South Sudan?

PART E: Manage	ment Str	uctur	······································						
18. Does managem	ent struct	ture af	fect pe	erformance of SMEs in Juba, S	outh	Suc	dan?		
Yes ( )	No	(	)						
19. To what extent	do you t	hink 1	nanag	ement structure affect perform	ance	of	SMI	Es ir	ı Juba
South Sudan									
Very Great Extent	(	)							
Great Extent	(	)							
Moderate Extent									
Low Extent									
No Extent at all									
20. Indicate your l	evel of	agreei	nent v	with the following statements	rela	ating	g to	effe	ects o
management struct	ure on p	erforn	nance	of SMEs that best suits your	orga	niza	tion	.( S	cale 1
Strongly Agree, 2 -	- Agree,	3- Nei	utral, 4	4 – Disagree, 5 – Strongly Disa	agree	e)			
							_		_
Statements There are departr	mente wit	h spec	rific to	eke	1	2	3	4	5
There specific de									
There is specified									
There are clear co									
				owing formal processes and					
procedures.	ng empi	idolo (	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	owing formar processes und					
1	al iob des	criptio	ons an	d they comply with					
				e affect performance of SMEs	in Ju	ba,	Sout	h Sı	ıdan?
	υ			1		,			
									•••••

# **Part F: Performance**

22. To what extent has the following performance indicators been affected by the elements indicated below in your firm? Use 1- Very great extent, 2- Great extent, 3- Moderate Extent,

# 4- Low extent, 5- No extent at all

Strategic Orientation		2	3	4	5
Market share					
Profits of the outlet					
Sales volume					
Customer satisfaction					
Entrepreneurs' Commitment					
Market share					
Profits of the outlet					
Sales volume					
Customer satisfaction					
Business Appraisal					
Market share					
Profits of the outlet					
Sales volume					
Customer satisfaction					
Management Structure					
Market share					
Profits of the outlet					
Sales volume					
Customer satisfaction					

# **END**

Appendix III: Research Authorization by the University



P. O Box 267 - 60200, Meru, Kenya, Tel: (+254-020) 2118423-7, 064-30301/31229 Fax: (+254-064) 30162 Email: info@kemu.ac.ke , Website: www.kemu.ac.ke

September 4, 2018.

### TO WHOM IT MAY CONCERN

#### RE: WILLIAM AKOY DENG BUS-3-2147-1/2015

This is to confirm that the above named is a student in the Department of Business Administration, in this university, pursuing a Master of Business Administration.

As a requirement, the student is expected to undertake an independent **primary** research in their area of specialization.

The purpose of this letter is therefore; to introduce the student to you and request you to allow him undertake the research in your organization.

The student has been advised to ensure that all data and information from the organization is treated with utmost confidentiality and only used for academic purposes unless otherwise stated.

Any assistance accorded to him will be highly appreciated.

Yours faithfully,

Dr. Bernard Baimwera, PhD.

Deputy Registrar -Academic Affairs

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The Future is Here!