

Human Resource Capabilities, Financial Support and Enterprise Development in Nebbi District, West Nile Region Uganda

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Abstract:

The study examined the role played by Human resource capabilities, financial availability in supporting enterprise development in Nebbi, west Nile region in Uganda. Purposive and simple random sampling was used and the selected sample of participants was 120. The study found out that Enterprise developers seem to understand the role of financial support and that lack of human resource capabilities encounter increased financial cost. Access to credit is still a challenge due to lack of understanding of SMEs by banks. The study recommended that government should support enterprise development by providing an environment which promotes business, provide access to credit, provide affordable interest rates, and provide subsidies to local enterprise developers. Universities should also develop skills that match employment needs.

Key words: Human Resource Capabilities, Financial Support, Enterprise Development

I. INTRODUCTION

Organizations invest time, effort and financial resources in developing products and services with little or no care of their workforce. Small and Medium Enterprises (SMEs) in both rural and urban areas reduce rural-urban migration by ensuring even supply of economic activities within the region (Ntiamoah, Li, & Kwamega, 2016), but are incapacitated in terms of financial support and workforce management. The ever-changing economic environment typified by high technology, information and communications technology, globalization, deregulation of markets, changes in customer preferences, and investor demands, and product-market-competition requires a human resource approach geared to improving performance by cutting down costs, innovating new products and improving productivity. However, do organizations have the human resource and financial support to improve the needed performance? If the human resource is available, does it have the required capabilities to produce products/services that meet the prevailing market environment that is competitive and customer driven? Do these enterprises and organizations have adequate financial support to improve their productivity at reducing costs? While many studies have been conducted to address these critical questions in enterprise development (Becker & gerhart, 1996); (Tan & Nasurdin, 2011); and (Timosenko, 2012); the current study was conducted to answer some of these questions.

1.1 Problem Statement

The goal of every organization is to maximize profit and minimize losses. This would therefore call for effective human resources capabilities with various skills which would complement each other (Chuang, Liu and Chen, 2015). Organizations would also need financial support to facilitate expansion of enterprises. Most SMEs operating in Nebbi claimed to have competent human resources with various skills and competencies. The availability of many financing sources such as Commercial Banks, Micro Finance institutions, SACCO's

etc in supporting businesses have increased in the district however records in this enterprises have shown that most businesses have not been performing well. It's under this background why the researchers are investigating the causes and challenges of this trend and give a possible solution to avert this misup

1.2 Objective of the study

The study examined the role played by Human resource capabilities, financial availability in supporting enterprise development in Nebbi, west Nile region in Uganda.

II. LITERATURE REVIEW

2.1 Human Resource Capabilities

Capabilities are define as additional knowledge, skills and abilities required for roles within the human resource professional. Organizational capability is having or being able to access the appropriate combination of resources, systems and structures necessary to deliver the organization's outputs to customer-specified levels of performance on an ongoing basis into the future (State Services Commission, 1999). However, human resource capability forms a larger part of organizational capability because organizational capability is a result of interaction of people, physical and financial capital, information and proprietary business systems. Human resource capability of an organization consists of reliable access to the required people with the skills, abilities, attributes and competencies that the organization needs to meet its purpose and deliver its outputs in accordance with strategic goals. Human resource capabilities include human resource practices that facilitate business to sustain their competitive advantage (Chuang, Liu, & Chen, 2015). Human resource capabilities support a full range of workforce management and development activities including role design and description activities, recruitment, performance development, learning development and strategic workforce planning (NSW Government Public Service Commission, 2016). Competencies, capabilities, skills, or strategic assets of the firm are seen as a source of sustainable competitive advantage. Human resource leaders who fail to focus on the capabilities of their workforce risk losing responsibility for workforce planning as executives to marketing, operational design and strategy functions to fulfill their business' needs for critical skills (Defazio, 2017). While anyone can recruit a candidate with the right skill, it is the tangible, tacit, right brain knowledge that relates to creativity and relationship that will differentiate the business from its competitors.

Increasing the core competencies of a firm, especially HR capabilities leads to highly successful performance of SMEs, and so investing resources towards human resource capabilities is crucial. SMEs, with their limited inherent limitations can compete successfully by finding, building and deploying their core capabilities through a combination of external/internal and tangible/intangible elements, which stem mainly from human resource and human resource capital (Carlos M & Miguel, 2013). The personal capabilities needed by HR strategic partners include personal impact, provoke, catalyst, coach and architect (Bath Consultancy Group, 2011). Innovative capabilities do not come on their own. Highly innovative organizations develop employees with broad knowledge bases and strong integrative skills beyond a single discipline (Cunningham, Theilacker, Gahan, Callan, & Rainnie, 2016). They use sophisticated recruitment and retention practices, internal training and development, incentive systems, strong cultures and engagement.

While many enterprise managers have the idea and are conscious of human resource capabilities, lack of funds, personnel, and technology; hinder them from making clear enterprise development strategy (Hepeng, 2014). In addition, the general lack of management development, foresight, and planning slows the process of enterprise development. It should be noted that though HR capabilities are similar for both large and small enterprises, they differ in terms of business managers' personal goals and values (Karami, Jones, & Kakabadse, 2008). In a study by (Terziovski, 2010), SMEs that focus on innovation strategy and formal structure are likely to increase their performance. A focus on innovation culture and strategy, closely aligned to the innovation process grows enterprises. The ability of human resource to be innovative is dependent on their willingness to acquire, assimilate, transform and exploit new knowledge. Knowledge management increases use of the existing tangible and intangible resources, which differentiates an enterprise's offer and its innovative success (Krstic & Petrovic, 2011). The ability of the enterprise to compete in a highly competitive market depends on their employees' accumulation of knowledge and capabilities (Dubra, Unknown). Studying human resource capability from the dynamic point of view; sensing, seizing and reconfiguring capabilities leads to sustainable performance. Firms with a stronger commitment of deploying human resource capabilities such as dynamic

capabilities are more successful and vice versa (Breznik, 2014). The conventional approach of talent attraction should be fused with a focus on recruiting individuals with the appropriate skills using suitable evaluation procedures that verify a candidate's expertise (Kishore, Majumdar, & Kiran, 2012). However, SMEs HR and Promoters need to understand the business dynamics before implementing the standard HR policies, practice and processes. Assessing the current HR capabilities, including the state of the company's leadership and mindset towards human capital development helps growing enterprises to diagnose their maturity level and identify gaps and areas for improvement including recruitment, performance management and training and development (Spring Singapore Enabling enterprise, 2016). A critical burden that remains in enterprise development is the ability to identify the right people for a business and retain key performers. While SMEs may not have enough resources to invest in all workforce capabilities, they should identify those, which are more important and appropriate. Organizations can work better by aligning human resource capabilities to strategic human resource management (Porkiani, Salajeghe, & Ranjbar, 2011).

2.2 Financial Support

Many entrepreneurs front shortage of finance as their major problem. Lack of access to formal finance can be a major problem crippling the ability of business to operate effectively, to maintain or replace machinery, to purchase materials and to modernize or expand (Oyen & Levitsky, 1999). The sources of finance available to beginning small-scale enterprises are personal savings, funds from friends, and credit from suppliers of materials (Eton, Mwosi, Mutesigensi, & Ebong, 2017). Until the business has operated for some time, business owners rarely turn to banks for financing to grow and expand their enterprises. Financial support to SMEs through commercial banks has remained limited due to both SMEs and lenders' characteristics. Firstly, the nature of SMEs: lack of suitable collateral, inadequate financial records, inconsistency in product/service delivery, informalization of operations, weak managerial capacity, and diversion of funds, undercapitalization and highly fragmented sector (Dhliwayo, 2014). This explains the skepticism among banks and lenders towards SMEs. Secondly, banks and lenders are conservative and more inclined to putting resources in small businesses in their later stage (The Small Enterprise Development, 2016). Thirdly, lenders like to rely on SMEs' track record and the security provided by their existing asset base, as these factors help them avoid high transaction costs of conducting detailed due diligence on every SME (Comptroller and Auditor General, 2013).

Limitation to banks involvement in extending financial support to SMEs are: banks have limited branch network, bank's risk-averse behavior, lack of understanding of SME needs, cumbersome administrative behavior, and high lending rates (Dhliwayo, 2014). Whereas access to financing can give people chance to find their way out of poverty, government support of SMEs in form of loans is not effective due to high interest rates, collateral requirements and complicated processes (Ntiamoah, Li, & Kwamega, 2016). This study recommended effective strategies to increase the growth and productivity of the sector, and establishing an enabling environment that would help in the proper structuring of SMEs in order to contribute to economic growth. An inclusive and gender-sensitive approach to microfinance is needed to address women-managed enterprises, addressing specific needs like limited mobility, and lack of land titles as collateral (Corsi, Botti, Rondinella, & Zaccchia, 2006). A focus on improving the institutions and the overall business environment is probably the most effective way to relax the growth constraints SMEs face and facilitate their contribution to economic growth (Timosenko, 2012).

Governments intending to grow their enterprises should offer long-term strategies to shape the future of SMEs. In Europe for instance, EU policies and programs continue evolving to become more SME-friendly in the complete lifecycle of enterprises from birth to development and growth, and further innovation and transfer (Lopriore, 2009). SMEs growth and development can be boosted through adjusting lending rates and floating interest rates; establish scientific and technological innovation fund through free financing; promote SME credit guarantee system for building work; and cultivate and standardize the credit market and improve credit system to upgrade the overall quality and competitiveness against credit risk (Zhao, 2008). While financial support from government boosts sales revenue and labor productivity, knowledge and skills grants are also necessary (Hartsenko & Sauga, 2013).

2.3 Enterprise Development

The contributions of SMEs are significant and are identified as the major engines for growth and enlargement of the economy. Increased SME growth has a direct effect on GDP growth due to increased output,

value addition and profits; bolsters a country's resilience by broadening and diversifying the domestic economy, thereby reducing the vulnerability to sector-specific shocks (Dhliwayo, 2014); provide goods and services to local markets and frequently produces inputs used by large firms, provide employment and income for the majority of the local workers (Directorate of Development of Small and Medium Sized Enterprises, 2011). However, their role can only be realized if there are government supportive policies to help them gain access to capital, technology improvement, quality improvement, skill development and access to both domestic and international markets (Ntiamoah, Li, & Kwamega, 2016).

The concept of enterprise development is used to mean the establishment and development of micro and small-scale enterprises (International fund for Agricultural Development, IFAD, 2011). Enterprise development is a product of both internal and external factors. Internal capabilities of the firm, particularly managerial leadership and human resource skills spur enterprise growth and development. However, external factors such as corruption and deficient supplies from industries constrain enterprise growth. In addition, SME development is affected by structural difficulties such as lack of skills and labor market rigidities, which affect matching of demand and supply of labor, market failures in research, training and innovation as well as a general lack of entrepreneurial spirit (Lopriore, 2009).

One way of upgrading the capabilities of SMEs is by overcoming the disadvantages of their sizes, which impinges on their ability to participate in international production networks (Sato, 2015). The most effective support for enterprise development must take into account the interests of those involved and all relevant government, commercial and community actors, as this fosters innovative and appropriate responses at the local level (County and City Managers' Association, 2012). National support for enterprise development should be tailored to fit local strengths such as geography, demography, employment, tradition and economic assets. Government policy support to facilitate SMEs include SME capability upgrading; indirect support to create institutional environments conducive for SME development; and establishing support for effective SME policy making and implementation (Sato, 2015). From an African, particularly, Sub Saharan Africa, there is need to mainstream project enterprise development interventions into local government structures at the project design stage (International fund for Agricultural Development, IFAD, 2011). This secures the commitment of the local government to enterprise development and helps to ensure continuous support after the project's end. While financial constraints are key limitations to enterprise development, entrepreneurs decry a difficulty in the business environment, which is mainly associated with a complicated regulatory framework, as well as extensive and costly administrative procedures, which affect the level of entrepreneurial activity (Directorate of Development of Small and Medium Sized Enterprises, 2011). Enterprises progress in business environments that have clarity on ownership rights, tax policy, foreign trade, credit policy, labor market, unfair competition and grey economy.

III. METHODOLOGY

The study was conducted based on cross section design which was intended to ensure accuracy of what existed on the ground at that particular time. The target population was SMEs operating in Nebbi district. Data from 120 respondents was collected using structured questionnaire. Purposive and simple random sampling methods were used. The research strategy employed was both descriptive and correlations analysis.

The questionnaire was tested and the results indicated that the items used were reliable and credible to test the study variables. A 5- point Likert scale ranging from 1-5 where 1(strongly disagree), 2(disagree), 3 (Not sure), 4 (agree), 5(strongly agree) was used to gather data.

IV. RESULTS

4.1 Background Characteristics

The gender characteristics of respondents indicate that (75.8%) were male (24.5%) were females (24.5%), thus male dominated the study. (45.0%) of the respondents belonged to (30- 39) years' age brackets while (7.5%) belonged to (20- 29) years' age bracket. Regarding their marital statuses, (80.0%) were married while (16.7%) were single. Only (4.0%) indicated 'others', majority of which were divorced. At least (73.3%) of the respondents had tertiary and university education. The (26.7%) of the respondents who indicated 'others' pointed to secondary and primary. About (71.7%) of the respondents had been in business for not more than five years while only (9.2%) had been in business for over 10 years. Regarding the nature of business, (54.2%) were

service providers, (30.0%) belonged to works, while (15.8%) were producers. (70.8%) of the respondents employed not more than 10 workers in their enterprises while (14.2%) employed up to five workers. (87.5%) respondents were privately financing their businesses, (6.7%) had been supported by NGOs and (5.8%) had received some support from government. Of the female respondents, (65.5%) belonged to service, (20.7%) belonged to production while (13.8%) belonged to works. Only (3.4%) of the female respondents had received funding from government compared to (6.6%) of their male counterparts. Of the enterprise developers below the age of 30 years, only (22.2%) had ever received funding from government, while (77.8%) were funding their enterprises privately. Respondents with masters degrees employed at least more than five workers in their enterprises, while (23.1%) of those with diplomas employed not more than five workers. Of the respondents who were 50 years and above, only (9.1%) had been in business for over 10 years.

Table 1 Reliability Statistics

Variables	Cronbach's Alpha	N of Items
Human Resource Capabilities	.858	14
Financial Support	.854	13
Enterprise Development	.836	13

Cronbach's alpha coefficient measures the internal consistency based on the average of inter-item correlation. The study indicated inter-item correlations above ($\alpha > .70$). This indicates that the data collected were internally stable and reliable for generalization of results.

Table 2 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Human Resource Capabilities	120	1.57	4.57	3.3601	.79509
Financial Support	120	1.31	4.69	3.6442	.75547
Enterprise Development	120	1.54	4.62	3.6449	.70931
Valid N (listwise)	120				

An analysis on the mean results indicates less significant differences in responses on financial support and enterprise development than human resource capabilities (mean = 3.3601). Furthermore, (std. deviation = .79509) indicates a lower consistency of responses on human resource capabilities than on financial support and enterprise development. This seems to suggest that enterprise developers feel a greater need for financial support than building human resource capabilities.

Table 3 Correlations

		Human Resource Capabilities	Financial Support	Enterprise Development
Human Resource Capabilities	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	120		
Financial Support	Pearson Correlation	.641(**)	1	
	Sig. (2-tailed)	.000		
	N	120	120	
Enterprise Development	Pearson Correlation	.384(**)	.668(**)	1

Sig. (2-tailed)	.000	.000	
N	120	120	120

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

Correlation coefficients ($r = .641$ and $r = .668$) indicate strong relationships between human resource capabilities and financial support; and financial support and enterprise development respectively. The implication with these statistics is that a variation in financial support is associated with a strong variation in enterprise development. On the other hand, ($r = .384$) indicate a weak relationship between human resource capabilities and enterprise development. The strong relationship between financial support and enterprise development suggests that financial support is much needed in enterprise development than human resource capabilities perhaps.

Table 4 Regression Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.420	.250		5.676	.000
	Human Resource Capabilities	-.068	.080	-.076	-.849	.398
	Financial Support	.673	.084	.717	8.022	.000
	R	.671				
	R Square	.450				
	Adjusted R square	.440				
	Std. Error of the estimate	.53060				

Dependent Variable: Enterprise Development

Predictors: (Constant), Financial Support, Human Resource Capabilities

The regression model was used to determine the extent to which human resource capabilities and financial support contribute to enterprise development. From the study (R Square = .450) indicates that both human resource capabilities and financial support contribute 45.0% of the level of enterprise development. To support comparability of results, the study adopted Adjusted R square to explain the contribution of the predictor variables. Thus (Adjusted R Square = .440) indicates a 44% contribution of human resource capabilities and financial support to enterprise development. This statistic is above 40%, which suggests the relevancy of the model in this study. Considering the role of each variable in the model, standardized beta coefficient ($\beta = .717$) indicates that financial support contributes 71.7%. On the other hand, ($\beta = -.076$) indicates that human resource capability negatively affects enterprise development by 7.6%. Treated in isolation however, a variation in human resource capabilities is most likely to slow enterprise development.

Table 5 Factor analysis of human resource capabilities

	Component		
	1	2	3
1. Workers broad knowledge	.753		
2. Willingness to acquire knowledge	.728		
3. Willingness to apply knowledge	.714		
4. Incentive system		.606	
5. Business culture		.553	
6. Integrative skills			.566
7. Innovative workers			.496
8. Good business catalysts			.484

Extraction Method: Principal Component Analysis.

a 3 components extracted.

Several indicators were used to measure human resource capabilities. However, factor analysis extracted such indicators with high factor loadings to explain human resource capabilities. From the study, the human resource capabilities needed for enterprise development include workers' broader knowledge ($r = .753$), willingness to acquire knowledge ($r = .728$), willingness to apply knowledge ($r = .714$), and integrative skills ($r = .566$). Whereas incentive systems ($r = .606$) and business culture ($r = .533$) appeared among the variables with higher loadings, they were more of strategic human resource management, which affect the entire organization than human resource capabilities, which affect the individual worker.

Table 6 Factor analysis for financial support

	Component	
	1	2
1. Inconsistent product/service delivery	.730	
2. Banks lack understanding of SMEs	.692	
3. Complicated credit procedures	.691	
4. High lending rates	.675	
5. Poor loan administrative behavior	.658	
6. Suitable collateral		.544
7. Inadequate capital		.398
8. Weak managerial capacity		.354
9. Diversion of funds		.326

Extraction Method: Principal Component Analysis.

a 2 components extracted.

The financial challenges cited in this study are bank related, which include lack of understanding of SMEs ($r = .692$), complicated credit procedures ($r = .691$), high lending rates ($r = .675$), poor loan administrative behavior ($r = .658$) and lack of suitable collateral ($r = .544$). The indicators with loadings below the average were discarded from analysis.

Table 7 Factor analysis for financial support enterprise development

	Component		
	1	2	3
10. Administrative procedures	.793		
11. Labor market	.700		
12. Skill development	.685		
13. Quality improvement		.811	
14. International markets		.811	
15. Competition from foreign firms			.569

Extraction Method: Principal Component Analysis.

a 3 components extracted.

The above factor analysis indicates that cheap administrative procedures ($r = .793$) fairness in the labor market ($r = .700$), skill development ($r = .685$), quality improvement ($r = .811$), and access to international markets ($r = .811$) promote enterprise development.

V. DISCUSSION OF RESULTS

The study revealed a very small percentage of women who had received funding from government to finance their businesses. These results agree with (Cors *et al.*, 2006) who proposed increasing the growth and productivity of SMEs by establishing an enabling environment that is gender-sensitive. Governments and microfinance institutions need to cater for the specific needs of women-managed enterprises like limited mobility, and lack of land titles as collateral for them to contribute effectively to economic growth. The study indicated a less significant difference in responses on financial support and enterprise development than human resource capabilities. A high significant difference on responses on human resource capabilities indicates a laxity in enterprise development to identify the right people for the business to remain key performers. The results disagree with (Porkiani, Salajeghe, & Ranjbar, 2011) who advised that aligning human resource capabilities to strategic human resource management can help organizations perform better. The same results also explain the weak relationship between human resource capabilities and enterprise development. The less importance given to human resource capabilities in the study disagrees with (Spring Singapore Enabling enterprise, 2016) who advised human resource experts to grow their enterprise by diagnosing the level of their maturity and identifying gaps and areas for improvement such as recruitment, performance management and training and development.

The study indicated a strong relationship between human resource capabilities and financial support. These results agree with (Hepeng, 2014), who advanced that while many enterprise managers have the idea and are conscious of human resource capabilities, lack of funds, personnel and technology hinder them from making clear enterprise development. Hartsenko & Sauga (2013) further observed that though financial support from government can boost sales revenue and labor productivity, knowledge and skills grants are necessary. The study further indicated a strong relationship between financial support and enterprise development. The results indicate that financial support promotes enterprise development. The findings are in support of (Oyen & Levitsky, 1999) who cited lack of access to finance as a major problem crippling the ability of businesses to operate effectively. Due to limited finances, (Eton *et al.*, 2017) observed that beginning enterprises gather finances from personal savings, funds from friends, and credit available from suppliers of materials. Ntiamoah, Li, & Kwamega (2016) noted that financing business from government can give people chance to find their way out of poverty, however government support to SMEs in form of loans is not effective due to high interest rates, collateral requirements and complicated processes. The study indicated workers' broader knowledge, willingness to acquire knowledge, willingness to apply knowledge and integrative skills as key human resource capabilities needed for enterprise development. These statistics were supported by (Krstic & Petrovic, 2011) who stated that knowledge management increases use of the existing tangible and intangible resources, which differentiates an enterprise' offer from its innovative success. Highly innovative organizations develop employees with broad knowledge base and strong integrative skills beyond a single discipline (Cunningham *et al.*, 2016). The study indicated that banks which do not understand SME needs, have complicated credit procedures, offer high lending rates, and have poor administrative behavior. These results support (Dhliwayo, 2014) who contended that banks have limited branch network, lack understanding of SME needs, cumbersome administrative behavior and high lending rates. Ntiamoah, Li, & Kwamega (2016) further observed the processes and requirements for accessing credits are complicated. The study also indicated that their business environment has complicated administrative behavior, unfair labor market, poor skills development, despite promoting quality improvement and access to international markets. These statistics support (Directorate of Development of Small and Medium Sized Enterprises, 2011) in which it was reported that amidst financial constraints, entrepreneurs decry a difficulty in the business environment, which is mainly associated with a complicated regulatory framework, extensive and costly administrative procedures which affect the level of entrepreneurial activity.

VI. CONCLUSION

Both men and women participate in business however, though women are dominant in services than production and works. These include restaurants, saloons, secretarial services, mobile money, and nursery schools. The participation of more women in the service industry is partly due to the feminine nature of some of the businesses and affordable capital required to start them. The business environment does not however; seem not to favor women, particularly in accessing credit, due to the high collateral requirements, which in most cases include land titles. Enterprise developers seem to understand the role of financial support in enterprise

development than human resource capabilities. The need for building human resource capabilities peaks when the enterprise seeks to employ a reasonable number of workers, which is not the case with most of the enterprises investigated. Enterprises that lack human resource capabilities encounter increased financial costs, since they miss recruiting brains, whose innovation and skill increase production alongside cutting down costs. In particular, workers with broader knowledge, willingness to acquire knowledge, willingness to apply acquired knowledge and integrative skills foster innovative success. While grown enterprises look to banks for their financing, growing enterprises look to their own savings, family donations and credit from suppliers for financing. Access to credit from banks and other lending institutions is still a challenge due to lack of understanding of SME by banks, limited branch network, complicated loan procedures, high lending rates and poor loan administrative behavior. Though this is a weakness of the lenders, SMEs are still characterized with inconsistency in service/product delivery, weak managerial capacity and diversion of borrowed funds. Government intervention in enterprise development has been pronounced in availing financial support through banks, promotion of quality improvement and access to international markets; however, the interest rate remains high. In addition, the business environment has complicated administrative procedures, unfair labor market, low skills development leave alone exposing local enterprises to competition from foreign markets.

VII. RECOMMENDATIONS

Since SMEs are the major engines of growth and enlargement of the economy, government should support enterprise development by providing a business environment that promotes business. The complicated regulatory framework, the costly administrative procedures, which affect enterprise development could be minimized or eliminated. Providing access to credit while maintaining high interest rates is self-defeating. Government, through its monetary policies should provide interest rates that are affordable for both existing and beginning enterprises. Complicated administrative procedures can be minimized by introducing online registration of new companies and businesses. This will reduce the costs of paperwork and travels to the headquarters in Kampala, and the time wasted in registration processes. A fair tax policy that provides tax holidays to both foreign and local investors should be promoted. Rather than taxing local enterprise developers who employ a greater chunk of university and tertiary graduates, government should provide subsidies to local enterprise developers to stand competition from foreign firms. The low skills development is still an impediment to enterprise development. Government, through its regulatory bodies, like National Council for Higher Education (NCHE), should ensure that instructions and academic programs at universities and tertiary institutions are skill building. For example, Entrepreneurship Development Training (EDT), a program offered by most universities and tertiary institutions should be reviewed to provide for tangible and practical entrepreneurial skills to trainees. Computerized accounting packages like PASTEL, which is taught in Uganda Colleges of Commerce should be replaced with Tally and Quickbook, which are needed in the job market. Universities should develop programs that match the employment needs in the country. Unless academic programs provided in academic institutions are reviewed to align the current employer needs, the disparity of employee seekers without the required skills will continue. Due to the scope of this study, an assessment of academic programs and Uganda's current employment needs should be conducted.

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