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ICT Adoption, Managerial Competency and Financial Performance of Small and Medium-Sized Confectionery Enterprises in Central Uganda

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Abstract: This study sought to examine the relationship between ICT adoption, managerial competency and financial performance of small and medium sized confectionery enterprises in Uganda. Quantitative research methods were used to collect, analyse and present the data. Survey questionnaires were used to collect data from a sample of 48 SME confectionery enterprises with 5 staff members from each confectionery enterprise participating in the study bringing a total of 215 respondents. Data was analysed using descriptive statistics, factor analysis, correlation and regression analysis methods having passed the validity and reliability analysis tests. The empirical findings from the study revealed that there is a positive significant relationship between ICT adoption, managerial competency and financial performance of small and medium sized confectionery enterprises in Uganda. In the findings, both ICT adoption and managerial competency significantly predicted financial performance although managerial competency was found to be a better predictor of financial performance. The study therefore recommends the need for government to extend support to small and medium sized confectionery enterprises, sensitization on the benefits of ICT adoption, the need for the managerial teams to be equipped with managerial technical skills, managerial technical knowledge and managerial behaviour so as to improve financial performance of the confectionery enterprises.
Key Words: ICT adoption, Managerial Competency, Financial Performance of Confectionery enterprises.

Introduction

SMEs have an important role in the economic development of many nations globally and they continuing to be of significant importance to many developing countries and according to the OECD Report (2017), SMEs represented 99% share of total establishments, and added over 50% of value to Gross Domestic Product (GDP) of the OECD community. In Uganda, SMEs are believed to dominate the manufacturing and agro-processing sector representing over 90% in the manufacturing sector. These have significantly contributed to the country's GDP and employment sector contributing over 75% to the country's GDP and employing over 2.5 million Ugandan citizens (Ssentamu, 2016; Hatega 2007). SMEs are believed to be the driving force towards economic development in any country by providing employment opportunities hence income generation.

Among the SMEs in Uganda are the bakery firms also known as confectionery firms dealing in manufacture of confectionery products such as bread, cakes, biscuits, buns, doughnuts, among other processed foods (Uganda Manufactures Association,2019). There exists quite a large number of small and medium sized confectionery enterprises comprising of newly established companies and those that have been in existence for years. According to the Uganda Ministry of Trade, industry and Cooperatives (2019) and the Allied market research (2019), Uganda has over 150 small and medium sized enterprises dealing in either food processing or dealing in manufacture of confectionery products although there exists a literature gap and lack of data on the confectionery industry and contribution to the Ugandan economy.

Small and medium sized confectionery enterprises in general have not only brought about employment of many Ugandans, but have also contributed to the country's GDP growth and economic development. However, the financial performance of many small and medium sized confectionery firms in Uganda is poor (Turyahebwa et al., 2013; Abesiga, 2015). This is partially attributed to failure to access finance from banking institutions, internal managerial weaknesses, lack of better financing options given that majority rely on internal funds and retained earnings to meet their long-term financing needs and this significantly limits their ability to take advantage of new market opportunities, access to and adoption of new technology and build internal capacity (Lutwama, 2008; Ombongi and Long, 2018). Others also attribute the poor financial performance to low level technical and management skills, lack of professionalism, poor managerial competence/ Lack of effective management, poor internal control measures and the stiff competition (Turyahebwa et al., 2013; Mutambi, 2013; Turyahikayo, 2015; Akinselure, 2016).

In order to mitigate some of these challenges, several initiatives have been started by the government of Uganda to ensure that the business environment favours all SMEs. For instance, the Private Sector Foundation Uganda (PSFU) is an initiative with the mandate of providing business information, business training, skills development, trade development and financial support to SMEs (PSFU,2018). The Uganda ministry of trade, industry and cooperatives also came up with the Micro, Small and Medium Enterprise (MSME) Policy to guide and support the operations of many SMES including small and medium sized confectionery firms in the country (Ministry of Trade, Industry and Cooperatives, 2015), financial institutions such as banks and microfinance institutions offer funding to small and medium sized confectionery enterprises at unfavourable interest rates (Businge, 2017). However, while almost 10% of Ugandans ventured in business in 2015 due to the above initiatives, a fifth of individuals also discontinued their business in the same past year (The Guardian, 2016). It is from this background that this study draws attention to factors such as ICT adoption and managerial competence and particularly how they influence the success of confectionery firms in Uganda in relation to financial performance.

Problem statement

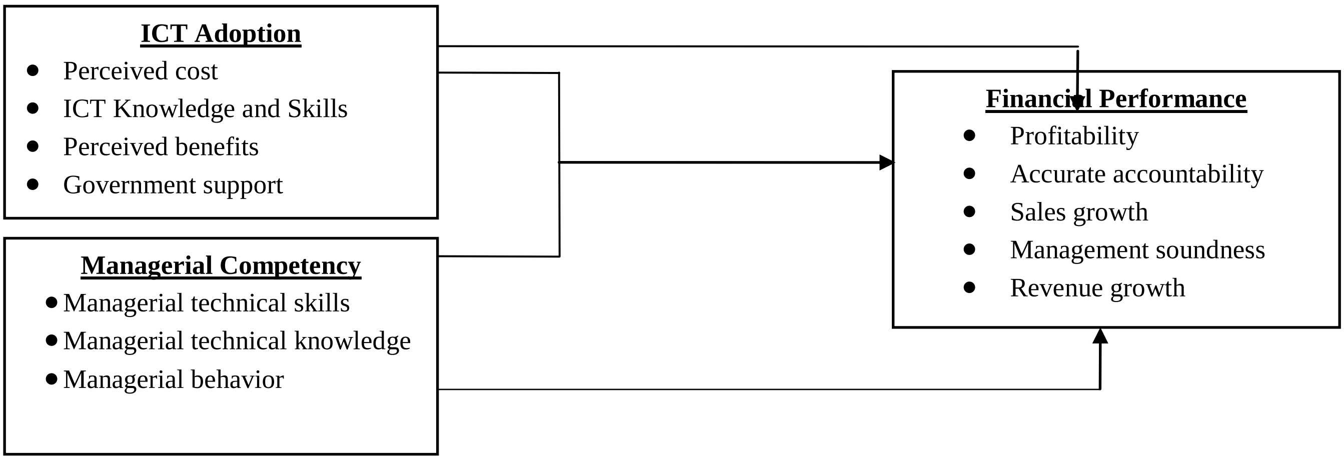
In Uganda, SMEs represent over 90% of business firms with many of them dealing in trade, agro-processing, small and medium manufacturing were small and medium sized confectionery enterprises belong (Ssentamu, 2016; Turyahebwa et al., 2013). However, the financial performance of many of these small and medium sized confectionery in Uganda has remained poor, despite efforts of adopting modern management techniques and government’s heavy investment in information technology to enhance performance. This is reflected in reports showing over 70% of SMEs in Uganda existing and collapsing barely 24 months in existence for reasons relating to finances, government taxation policies and poor management strategies (Ojiambo, 2016). It is further reported that other than poor management strategies, SMEs particularly confectionery firms are also faced with competition amongst themselves and also from major supermarkets who now do in-house baking of their confectionery products (Mutambi, 2013; Sserunjogi, 2013). OECD report (2017) also indicated that majority of the small and medium sized confectionery enterprises were lagging behind in the adoption of digital technologies.

Therefore, it is from this background that the researcher seeks to investigate whether ICT Adoption and Managerial Competency have an effect on financial performance of selected small and medium-sized confectionery enterprises in Uganda. Particularly, the study sought to examine whether;

i. ICT adoption significantly influences financial performance within small and medium sized confectionery enterprises in Uganda.
ii. Managerial competency significantly influences financial performance within small and medium sized confectionery enterprises in Uganda.
iii. Both ICT adoption and Managerial competency combined significantly predict financial performance within small and medium sized confectionery enterprises in Uganda.

The study focused mainly on small and medium sized confectionery enterprises in Central region of Uganda. This district was mainly because of the available evidence indicating that majority of confectionery firms are located in central region of Uganda (UBOS, 2016) and are engaged in production of a wide variety of baked products and majority of the confectionery firms’ clients are situated in the Central region of Uganda. This gave the researcher a higher chance of reaching out to many confectionery enterprises and hence studying the problem of financial performance deeper.

Conceptual model



Source : Adopted from Davies et al. (1989) ; Bourne & Franco-Santos (2010); Ssentamu (2015); Eniola et al. (2016); Abiola (2012)

Literature

According to Ssentamu (2015) financial performance is an aspect of management control which indicates how far corporate strategies and objectives could have been met. It is also looked at as the ability of an enterprise to meet its specific objectives measured against its known benchmarks (Business Dictionary, 2014; Tarwirei, 2015). It is worth noting that sound financial performance of SMEs requires effective management strategies coupled with adoption of appropriate technology to achieve maximum growth and profitability. In management, financial Performance is often measured to ascertain whether there is need to reinforce action or to diverse alternative course of action (Ssentamu, 2015). Financial performance involves measuring the result of a firm's policies and operations in monetary terms (Odongkara, 2016) and this can be measured in terms of profitability, liquidity, accountability, revenue growth, return on capital employed, sales growth, financial soundness, management soundness, among others (Kisanyanya, 2018; Ssentamu, 2015; Mawanda, 2008).

ICT adoption in this study refers to the wide range of computerized information communication Technologies such as desktop computers, laptops, mobile devices, business productivity software, such as text editor, spreadsheet, business audit software, data storage, network security and many others, that enterprises such as small and medium sized confectionery enterprises can adopt and use so as to improve on their efficiency and ultimately financial performance (Enríquez et al., 2015). ICTs adoption have become an integral part and catalysts for business processes for many enterprises, becoming support tools for business management and thus generating financial sustainability of SMEs over time (Stern, 2002). Many businesses today have widely adopted ICTs and these are helping to rapidly change global production, work and business methods and trade and consumption patterns in and between enterprises and consumers (Alam and Noor, 2009).

In relation to managerial competence, Mishra *et al.*, (2014), noted that having a competent management with relevant managerial skills, knowledge and behavior is an essential contributor to the financial performance of many small and medium sized confectionery enterprises since it focuses on ensuring that management has the ability to mobilize start-up capital, satisfy customers and network with suppliers and competitors (Bennett, 2014). Further, Ssekakubo *et al.* (2014) pointed out that managerial competence is a valuable resource since it enables small and medium sized confectionery enterprises to attain superior financial performance and that it involves knowledge, skills, personal traits and abilities which are predictors of success that in turn affect small and medium sized confectionery enterprises performance.

Theoretical Review

This study is hinged on two theories, namely the Innovation Diffusion Theory by Rogers (2003) and Silva's Management Competency Theory (Silva *et al.*, 2014). The Innovation Diffusion Theory posits that the adoption of technological innovations by individuals or entities is determined by their perceptions regarding the relative advantage, compatibility, complexity, trialability, and observability of the innovation, as well as social norms. In this study, we use relative advantage to refer to perceived cost and benefits of the innovation. For instance new technology is considered to possess a relative advantage over existing technology based on its perceived usefulness or its ability to enhance the user's state of wellbeing defined either economically, financially, physically or socially. Compatibility is defined in reference to the possession of the required skills and knowledge of individuals. Several studies have adopted the Innovation Diffusion Theory to explain ICT adoption and use in different contexts (Subagja *et al.,* 2022; Ashiru *et al.,* 2022). On the other hand, Silva's management competency theory argues that managers of enterprises need to posses certain key competencies in management and that it is essential to have the right skills and knowledge of the fundamentals of the task at hand (Silva *et al.,* 2014). Accordingly, managers need to posses the right practical, technical and professional skills and knowledge in the workplace as well as having integrity and commitment.

Empirical Review

Relationship between ICT adoption and financial performance

Universally, studies on the influence of ICT tools adoption on improving financial performance of SMEs have been conducted by numerous scholars and academia with many proponents arguing that ICT adoption is vital in improving financial performance of various SMEs including small and medium sized confectionery enterprises (Alam and Noor, 2009; Ndiwalana, *et al.,* 2009; Tarute and Gatautis 2014; Enríquez *et al.,* 2015; Chairoel *et al.,* 2015). Notably, a study by Enríquez *et al.* (2015) revealed that adoption of ICT positively impacts in the financial performance of enterprises. Particularly, enterprises that innovated their processes with ICTs experienced a positive effect on their financial performance. Likewise, Chairoel *et al.* (2015) indicated that the adoption and efficient use of ICTs in SMEs leads to increased enterprise performance, productivity and access to market for which enterprise performance includes increase in sales, market share and profitability hence improved financial performance. However, Chowdhury & Wolf (2003) in their survey conducted in Tanzania and Kenya found that there is no significant impact of ICT investments on financial performance of SMEs. Therefore, there is need to take caution that not only ICT adoption could lead to improved financial performance given that other factors too can lead to improved financial performance of SMEs. From the above, we therefore assert that;

H1. ICT adoption has a significant positive influence on financial performance of small and medium sized confectionery enterprises

Relationship between Managerial Competence and Financial Performance

From literature reviewed, Managerial competence has been identified as a strategic imperative for improving financial performance among SMEs (Ssentamu, 2015; Anggadwita and Mustafi, 2013). In support of this view, Hawi *et al.* (2015) pointed out that having middle managers with managerial skills such as Team Leadership, Problem solving and decision making, Strategic skills and customer focusing competency will greatly, positively impact on the financial performance a firm. The authors' views are consistent with the finding of Tarwirei (2015) who argued that managerial competence in terms of Skills (acquired competencies), Knowledge (acquired mental processing skills) and Experience (skills acquired from repetition) leads to improved financial performance of SMEs. In a nutshell, Ssekakubo *et al.* (2014) stated that there was a significant relationship between managerial competency and financial performance in the sense that an improvement in the skills and knowledge of the Managers for these enterprises is associated with an improvement in their profitability hence financial performance. Whereas a decline in the skills and knowledge of the managers could also lead to a decline in the profitability and hence financial performance of these enterprises. Hence our hypothesis;

H2. Managerial Competence has a significant positive influence on Financial Performance of small and medium sized confectionery enterprises

Relationship between ICT adoption, managerial competence and Financial performance

Managerial competence of human resource in terms of knowledge and skills coupled with adoption of modern technologies which brings about improved product quality, new product development, productivity and efficiency remain fundamental aspects in predicting financial performance for any organization (Anggadwita and Mustafi, 2013). In particular, competence of the human resource in terms of skills, knowledge and capabilities as well as technology adoption coupled with other factors are strong determinants of SMEs financial performance (Anggadwita and Mustafi, 2013). This is also in agreement with Tarwirei (2015) who argued that SMEs performance is significantly affected by appropriate application of innovative technology and managerial experience. However, while it appears that there is a relationship between ICT adoption, Managerial competence and financial performance, there is a dearth of literature relating these three variables in a single study. This study will therefore attempt to bridge this gap by examining the relationship between ICT adoption, Managerial competence and financial performance of small and medium sized confectionery enterprises in a single study.

H3. ICT adoption and managerial competence have a significant positive influence on financial performance of small and medium sized confectionery enterprises

Methodology

The study was conducted using a quantitative cross-sectional survey approach where data was collected at a particular point in time. The kind of research design was preplanned and structured, and was typically based on a large sample (Jackson, 2011). The study focused on the nature of the study objectives, a cross sectional survey design which deemed suit abled to gather quantitative data and make statistical predictions and correlations of factors. More so, the finds from cross-sectional study were generalized to the overall population, from which the sample were drawn (Field, 2009). The study used closed ended questionnaires designed based on Likert scale. The study population comprised of 48 small and medium sized confectionery enterprises based in central region of Uganda, particularly Wakiso district. The choice of respondents included management and employees involved in administration of the confectionery enterprises such as accountants, internal auditors, financial officers, managers, CEOs, sales officers, marketing officers and production officers. The choice of the group was based on the assumption that such people were involved in administration and management of these enterprises and therefore steer their enterprises towards improved financial performance.

From the population of 48 small and medium sized confectionery enterprises, 43 confectionery enterprises were used as the representative sample which was supported by Krejcie and Morgan (1970) table of sample size selection, considering a 95% confidence interval and a 5% margin of error. The formula used by Krejcie and Morgan (1970) given in their sample size selection table. 5 management and administration staff were selected from each confectionery enterprise to participate in the study. Which brought the total of the selected respondents to 215. Purposive sampling method was used to identify respondents involved in the administration and management of these confectionery enterprises. The main goal of purposive sample was to focus on particular characteristics of a population of interest that best enables us to answer our research questions (Etikan *et al.*, 2016).

In relation to measurement of the variables, ICT adoption was measured based on perceived cost, ICT knowledge and skills, perceived benefits, and government support. These constructs were emphasized by Abiola (2012) as realistic dimensions in ICT adoption measurement. Similarly, in complete agreement with Mishra et al., (2014); Ssekakubo et al. (2014) and Ssentamu (2015), managerial competency was measured in terms of managerial technical skills, managerial technical knowledge and managerial behavior. To measure financial performance adequately, aspects of profitability. Accurate accountability, sales growth, management soundness and revenue growth was considered as articulated by Kisanyanya (2018); Eniola *et al.* (2016); Ssentamu (2015); Mawanda (2008).

In order to measure for validity, the study used the Content Validity Index (CVI) which helped to confirm the dimensions of the concepts under the study which was operationally defined, to ensure appropriateness of results (Polit, 2006). To ensure reliability of the data collection instrument, a pilot study (pretesting) was conducted on 10 respondents to ensure the questions consistent and not vague. A reliability test was also carried out to ensure that the instrument was reliable (Sekaran, 2000). Results of validity and reliability as shown in Table 1.

Table 1 Validity and reliability statistics for the study variables

Study variables	No of items	Cronbach's Alpha coefficient (CAC)	Content validity index (CVI)
ICT Adoption	8	0.700	0.78
Managerial Competency	8	0.849	0.94
Financial Performance	10	0.799	0.87

Source: Primary data

In order to prepare for data analysis, data was collected, edited, coded and checked to ensure the quality, accuracy and completeness. The data was then tabulated, inputted and analyzed with the help Statistical Package for Social Science research (SPSS version 20) program that provides descriptive outputs. Descriptive statistics analysis using percentages, means and frequencies was employed especially in analysis of background characteristics of the respondents. Correlation and regression analysis tool which was carried out to establish the nature and strength of the relationship between the study variables.

Findings

Descriptive Statistics for the study variables

The study used descriptive statistics to describe the basic features of the relationship between ICT adoption, managerial competency and financial performance of small and medium confectionery enterprises in Uganda. The results are indicated in Table 2.

Table 2: Descriptive statistics results

Variable	Mean	Std. Deviation	N
1) ICT adoption	3.811	.540	181
2) Managerial competency	3.835	.728	181
3) Financial performance	3.979	.568	181

Source: Primary data

Results in table 2 reveal that respondents were positive on questions asked on ICT adoption in terms of perceived cost, ICT knowledge and skills, perceived benefits, and government support (Mean=3.811, agreed). Respondents also agreed with the questions asked on managerial competency in terms of managerial technical skills, managerial technical knowledge and managerial behavior (Mean=3.835, agreed). Further in relation to questions asked on financial performance of small and medium confectionery enterprises, responded were also positive in terms of profitability, accurate accountability, sales growth, management soundness and revenue growth (Mean=3.979, agreed).

Correlation analysis of the study variables

The study used Pearson correlation coefficient as a statistical test to examine whether ICT adoption and managerial competency significantly influence financial performance of small and medium confectionery enterprises in Uganda. The results are indicated in Table 3.

Table 3: Correlation results

Study Variable	1)	2)	3)
1) ICT adoption	1		
2) Managerial competency	.427**	1	
3) Financial performance	.401**	.617**	1
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: primary data

Relationship between ICT adoption and financial performance

The Results in Table 3 reveal that there is a positive significant relationship between ICT adoption and financial performance (r=.401**, P≦0.01). This finding implies that a positive change in the ICT adoption strategies can lead to a corresponding positive change in the financial performance of small and medium confectionery enterprises in Uganda. Thus, when workers perceive the cost of internet to be affordable, have necessary ICT Knowledge and Skills, perceive ICTs to be benefits, and Government provides confectionery enterprises with infrastructure support and subsidies on ICT acquisition, then there is likely to be an improvement of confectionery enterprises in terms of profitability, accurate accountability, sales growth, management soundness and revenue growth hence improving on the financial performance of confectionery enterprises. This therefore confirms our hypothesis *H1* that ICT adoption significantly influences financial performance of small and medium confectionery enterprises in Uganda.

Relationship between managerial competency and financial performance

The study also established a statistically significant relationship between managerial competency and financial performance of small and medium sized confectionery enterprises in central Uganda (r=.617**, P≦0.01). The implication is that, strengthening the managerial competency of the management of staff of confectionery enterprises in terms of managerial technical skills, managerial technical knowledge and managerial behavior would lead to a corresponding boost in financial performance of these confectionery enterprises. Therefore, management of confectionery enterprises should step up efforts for improving managerial competency of their top staff if they want to promote sound financial performance. This confirms our hypothesis *H2* that managerial competency significantly influences financial performance of small and medium confectionery enterprises in Uganda.

Regression analysis

A multiple regression analysis was used to examine the combined predictive potential of the independent variables of ICT adoption and managerial competency on financial performance of small and medium sized confectionery enterprises in central Uganda. This helped in answering the study objective three and research question three. The obtained results are summarized in Table 4.

Table 4: Multiple regression of the combined effect of ICT adoption and managerial competency on financial performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.644	.256		6.424	.000		
	ICT adoption	.183	.070	.168	2.627	.009	.818	1.223
	Managerial competency	.426	.050	.546	8.532	.000	.818	1.223
R square		.404						
R2 Change		.404						
F Change		60.409						
Adjusted R^2		.398						
Sig. F Change		.000						
Sig.		.000						
Std. Error of the Estimate		.44077						
F		60.409						

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Managerial competency, ICT adoption

Source: primary data

The regression results in table 4 reveal that ICT adoption contributes 0.168 to financial performance of small and medium sized confectionery enterprises. Thus, every unit change in ICT adoption results into an increase in financial performance by 0.168 as in indicated by the Standardized Coefficients Beta result and is significant (P=.009, t=2.627). The findings further show that managerial competency contribute 0.543 to financial performance. Thus, every unit change in managerial competency results into an increase in financial performance by 0.546 (Beta=0.546) and is significant (P=.000, t=8.532). Therefore, ICT adoption and managerial competency are all significant predictors for financial performance, though managerial competency is the most significant predictor of financial performance. This confirms our hypothesis *H3* that both ICT adoption and managerial competency combined significantly predict financial performance of small and medium sized confectionery enterprises in central Uganda.

Table 4 also showed statistical results of F=60.409, Sig.=.000 in relation to the predictability of ICT adoption and managerial competency which signifies a statistically substantial and predictive ability of the study variables on financial performance. The findings further reveal that the model is good enough to predict financial performance (F Change= 60.409) given that it free from multi-collinearity since the collinearity values in terms of VIF<5 and Tolerance value>0.1 Therefore, the regression model is fit to be based upon to derive valid findings. ICT adoption and Managerial competency explain financial performance of confectionery enterprises in central Uganda by 39.8% (Adjusted R2=.398). This means that other factors outside this model can explain 60.2% of the variances in financial performance.

Discussion, Conclusion and Recommendations

The findings of this study were discussed as shown below in comparison with the reviewed literature to determine if they are in a consensus or in disagreement with findings from other scholars.

Relationship between ICT adoption and financial performance

Findings from this study revealed a positive significant relationship between ICT adoption and financial performance of small and medium sized confectionery enterprises in Uganda. In other words, when confectionery enterprises perceive the cost of using ICTs to be affordable in terms of internet and maintenance, when the staff have the necessary ICT knowledge and skills, when they perceive using ICTs to be beneficial and when government supports confectionery enterprises in terms of subsidies in acquisition of ICTs as well as provision of necessary ICT infrastructure, then confectionery enterprises are likely to benefit in form of improved financial performance witnessed by increased profitability, increased sales, management soundness, accurate accountability and revenue growth. These findings confirm hypothesis H1.

These findings are in agreement with Enríquez *et al.* (2015) who argued that enterprises that innovated their processes with ICTs experienced a positive effect on their financial performance and this was witnessed from the improved profitability levels resulting from improvements in the management of information technology innovations. Likewise, Chairoel *et al.* (2015) indicated that the adoption and efficient use of ICTs in

SMEs lead to increased enterprise performance, productivity and access to market for which enterprise performance includes increase in sales, market share and profitability hence improved financial performance. Tarute and Gatautis (2014) also agreed that adopting ICTs can positively affect a firm's financial performance in terms of increased productivity, profitability, market value and market share. However, Chowdhury and Wolf (2003) in their survey conducted in Tanzania and Kenya argued on the contrary that investing in ICTs did not significantly impact on financial performance of SMEs and therefore advised need to take caution on relying on only ICT investments as a way of improving financial performance as there are other factors that can directly influence financial performance of SMEs.

Relationship between managerial competency and financial performance

Findings reveal a significant positive influence of managerial competency on the financial performance of small and medium sized confectionery enterprises in Uganda. In other words, when management of the confectionery enterprises are equipped with managerial technical skills, managerial technical knowledge and managerial behavior, then there is a likelihood that they will become competent in running the confectionery enterprises hence leading to improved financial performance in terms of increased productivity, profitability, accurate accountability and increased sales growth. These findings confirm hypothesis H2 and they are in line with Ssentamu (2015), Anggadwita and Mustafi (2013) who identified managerial competency as a strategic imperative for improving financial performance among SMEs.

In agreement with the above scholars and the findings of this study, Hawi *et al.* (2015) also pointed out that having middle and line managers equipped with managerial skills such as team leadership, problem solving and decision making, strategic skills and customer focusing competency will greatly positively impact on the financial performance a firm. Ssekakubo *et al.* (2014) also identified managerial competency as one of the rarest and valuable resources that can enable firms to attain strong financial performance. Knowledge, skills, experience and personal abilities of managers enables them to run the enterprises in a way that leads to an increase in the profitability of SMEs hence improved financial performance (Tarwirei, 2015), whereas a decline in the skills and knowledge of the managers could also lead to a decline in the profitability and hence decline in financial performance of these enterprises (Ssekakubo *et al.,* 2014).

Relationship between ICT adoption, managerial competency and financial performance

Findings further reveal that a combination of ICT adoption and managerial competency are significant predictors of financial performance of small and medium sized confectionery enterprises in Uganda. The findings further revealed that managerial competency contributes more to financial performance than ICT adoption. This relationship can be explained by the fact that perceived cost, ICT knowledge and skills, perceived benefits, government support coupled with managerial technical skills, managerial technical knowledge and managerial behavior constitute the most critical strategies applied by enterprises in order to manage their financial performance. For instance, management staff of confectionery enterprises with the necessary managerial competency skills are in position to influence the adoption of ICT innovations that can be used to improve financial performance of their enterprises.

This finding confirms hypothesis H3 and is consistent with Anggadwita and Mustafi (2013) who argued that managerial competency of human resource in terms of knowledge and skills coupled with adoption of modern technologies can bring about improved product quality, new product development, productivity and efficiency which are fundamental in predicting financial performance for any organization. Tarwirei (2015) also agreed that SMEs performance is significantly affected by appropriate application of innovative technology and managerial competency.

Conclusion

This study revealed that ICT adoption has a statistically significant relationship with financial performance and so is the aspect of managerial competency. The study established that ICT adoption strategies in relation to perceived cost, ICT Knowledge and Skills, perceived benefits, and Government support can influence financial performance of small and medium sized confectionery enterprises. Therefore, management of these confectionery enterprises need to put strategies for adoption and use of ICT innovations if they are to benefit from improved financial performance. Similarly, the study showed that indeed managerial competency has a reasonably significant relationship with financial performance of small and medium sized confectionery enterprises. Thus having competent management with the necessary managerial technical skills, managerial technical knowledge and managerial behavior can lead to improvements in financial performance.

The study also revealed that both ICT adoption and managerial competency are significant predictors of financial performance of small and medium sized confectionery enterprises. Therefore, there is need to embrace the use of ICT innovations in the production and day to day running of confectionery enterprises coupled with equipping the supervisors, line and middle managers with the necessary managerial competency skills if confectionery enterprises are to boost their financial performance which in a long run can improve on the overall performance and sustainability of confectionery enterprises in Uganda.

Recommendations

Study findings revealed that there is a significant positive relationship between ICT adoption and financial performance of small and medium sized confectionery enterprises in Uganda. This finding implies that an increase in ICT adoption can lead to a corresponding increase in the financial performance of small and medium sized confectionery enterprises. Therefore, in order to improve financial performance of confectionery enterprises in Uganda, there is need for government to support these small and medium sized enterprises with subsidies on the cost of internet usage since it helps in market research, government should also provide the necessary infrastructure to support the use of ICT innovations such as first and reliable broadband internet. Management of confectionery enterprises should also provide the necessary ICT knowledge and skills training to all the line managers, middle managers and other technical staff. There is also need to sensitize the management of the confectionery enterprises in Uganda on the benefits of using ICTs in running and managing their day to day activities as these benefits can go a long way in reducing the cost of running organization tasks hence improving the financial performance of these enterprises.

The study findings also revealed that managerial competency can influence financial performance of small and medium sized confectionery enterprises in Uganda. This implies that an increase in managerial competency also leads to a corresponding increase in the financial performance of small and medium sized confectionery enterprises. Therefore, there is need for management of the confectionery enterprises to equip their managerial team with the necessary managerial technical skills, managerial technical knowledge and managerial behavior such as ICT skills, project management skills, leadership skills, financial reporting knowledge, essential skills of planning, communicating, motivating, delegating, problem solving and decision making, encouraging the managerial staff to abide by the universally acceptable ethical standards and organization policies, equip the managerial team with the necessary strategic skills of determining the weaknesses and strong aspects of the organization environment. This can go a long way in improving the financial performance of small and medium sized confectionery enterprises in Uganda.

The study further revealed a combined influence of ICT adoption and managerial competency on financial performance of small and medium sized confectionery enterprises. This therefore means that there is need for deliberate efforts towards strengthening the strategies that promote ICT adoption by confectionery enterprises and improve managerial competency of the managerial team of the confectionery enterprises in Uganda. These factors are seen as significant predictors of financial performance and therefore there is need for a concerted effort from government, SMEs and other stakeholders such as ministry of ICT and NITA-Uganda, Private sector foundation Uganda that are responsible for establishing sound fiscal policies for effective adoption and implementation of ICT and managerial competency strategies among SME confectionery enterprises in Uganda.

Limitations to the study

Matters of financial performance are very sensitive to private enterprises especially where there is competition. Therefore, some respondents were hesitant to provide the information for fear that they could be implicated if they released the information and secondly they feared that the information could leak to their competitors. This probably explains the fewer returned questionnaires compared to the administered questionnaires. However, the researcher assured potential respondents that the information they provided would be kept confidential. In addition, the researcher displayed the written permission from the university as a form of approval to allow the data collection exercise since it is for only academic purposes and this helped to minimize any suspicion on the side of respondents.

Additionally, the study was constrained by difficulty in accessing respondents, given their busy schedules and nature of work. This was handled by ensuring that many follow-ups were made in order to achieve timely completion of questionnaires by respondents.

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