

Socio-demographic Distribution of Persons with Small and Medium Enterprises in Uganda: A Case Study of Kabale Municipality South, Western Uganda

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ABSTRACT

This study was conducted to identify the business constraints affecting the performance of small and medium enterprises in Uganda, through a case study of Kabale Municipality. The objectives of the study were: to identify and explain the constraints of small medium enterprises. To assess the performance of small medium enterprises in Uganda, and to examine how business constraints affect the performance of SMEs. Using a mixed method design, both qualitative and quantitative methods were used. Data was collected from 270 small and medium enterprise owners in Kabale Municipality, the District Community Development Officer, the District Commercial Officer, Community Development Officers and LC1 chairpersons, using a researcher made questionnaire. Data was analysed using the SPSS package, and descriptive statistical measures.

Keywords: Socio-Demographic profile, small, medium, business, Kabale Municipality

INTRODUCTION

Small scale enterprises have been accepted worldwide as an instrument of economic growth and development [1]. Uganda Investment Authority (UIA) reports that the Uganda SME sector employs over 2.5 million people which constitute about 90% of employees in the private sector. The government of Uganda has made tremendous efforts to establish policies and programs that enhance the capacity of small and medium scale enterprises. This has been evident with examples like: Rural Farmers' Scheme, "Bona Bagagawale"

scheme, Loans on Personality basis, "Entandikwa" Scheme, Family Youth Livelihood and Women Entrepreneurship Enterprise Schemes, wealth creation schemes among others. However, despite the government's effort and policies to support enhancing the capacity of small and medium scale enterprises, their performance has not met the expectation. The study was done to find out the constraints of Small and Medium Enterprises in Kabale Municipality.

RESEARCH METHODOLOGY

Research Design

To achieve the study objectives a mixed research design was used. That is, both quantitative and qualitative methods of data collection were used.

Area of Study

The study was carried out in Kabale Municipality among enterprise owners who are engaged in SMEs.

The Total Population

Kabale Municipality has 831 people that own small and medium enterprises

which are engaged in a number of different activities which include; Bakery and confectionery, Grain/cereal utilization, metal casting and fabrication, handcrafts, beverages and food processing, grain milling, tailoring, tie and dye, textiles and garments, leather products, woodworks, pottery and clay molding, sand works, Herbs, shop keeping, mining and quarry, knitting, printing and publishing, hair salons, crude 'waragi'

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distillation, building contracts, blacksmith, charcoal burning, bricks and tile making, technical services, transport, petrol station operations, motor repair garages, recording studios, saw milling, TV, Radio, and Electronic Repair workshops. Kabale Municipality is the center of trade activities and most activities are located in the central division. There also several SACCOs, Banking and financial institutions which provide support in terms of funding to the above small scale business activities to boost their performance [2].

The Study Population Owners of businesses were selected on the basis of being the best people to describe the business constraints affecting their performance. The authorities who were used as key informants include 1 District Community Development Officer (DCDO), 5 LC1 Chairpersons (Upper Bugongi, Lower Bugongi, Kijuguta for Northern Division and Nyabikoni, Central Cell for Central Division), 2 Commercial Officers, 6 Officers from Revenue Collection office (3 from each division) and 2 Community Development Officer (CDO). These were influential and experienced persons who deemed suitable to provide qualitative information about the current situation of Business constraints affecting small and medium enterprises in the municipality as a whole given the nature of their work.

Sample Size

Slovens' formula of sampling was used to calculate the sample size to eliminate bias or error of confidence since the behavior of the study population is not known by the Researcher. It is a bias free selection method for sample size.

Sample formula;

$$n = \frac{N}{1 + N(e)^2}$$

Where n = desired sample size

N = size of the population

e = Limit of error tolerance which was assured to be 5% (0.05); confidence limit.

Therefore, if the researcher computed in the above formula, the number of

respondents would be obtained as follows;

$$N = 831$$

$$e = 5\% \text{ or } 0.05$$

$$n = 831$$

$$1 + 831(0.05)^2$$

$$n = 270.02437$$

n = 270 rounding off to the nearest whole number.

Sampling Technique

The purposive sampling methods were used to select authorities (key informants) because they are believed to have valid information about SMES in the municipality and systematic sampling was also used to select respondents that own small and medium enterprises and to ensure fair representation of Small Micro Entrepreneurs was used.

Data Collection Methods

Questionnaires and interview guide were used as instruments of data collection. Interviews were done /conducted as a method of data collection from the Municipality authorities who were influential and experienced with knowledge of Small and Medium Enterprises in Kabale Municipality to register their views about the performance of the SMES.

Questionnaires

These were administered to owners of small and medium enterprises and they were meant to find out their knowledge, opinions and attitudes on the area of study. The questionnaires were semi structured in nature containing both open and closed ended questions.

Validity and Reliability of the Instruments
The researcher tested for validity and reliability of the non-standardized questionnaires. Content validity index was measured by ensuring that the questions or items in questionnaire conform to the study's conceptualization. The items were taken from the related literature. Supervisors and other senior people who are experts in the field of the study evaluated the relevance, wording and clarity of questions or items in the instruments. All questions which were relevant were ticked and considered while those which were not relevant were crossed and eliminated. The researcher then counted the ticked questions and

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divided them by the total number of questions in the questionnaire and each answer from every member was added together using the formula below. The answer obtained was above 70% (0.7) and they were considered valid.

CVI (V) = Number of valid questions (n)

Total number of questions (N)

$$= (78 / 82)$$

$$= 0.95 (95\%)$$

Reliability or Pilot Test

In order to test the reliability of the tool, pilot test was used where questionnaires were taken to the field and distributed to SME owners in Kisoro Municipality, Kisoro District to test their internal consistence. It was found out that they were consistent.

Data Analysis

Qualitative and quantitative method of data analysis was used. The Statistical Package for Social Scientists (SPSS) was used for analysis as this package enables a large number of variables to be tested simultaneously. Quantitative data was summarized using percentages and Chi-square which were useful in describing and analysing data. Qualitative data were analysed using

The respondents' demographic features included six key characteristics which were: the respondent's category, gender,

Interpretational and General Content Analysis.

Ethical Consideration

The study necessitated the use of human participants as well as the acquisition of some confidential district data and other authorities' information. Thus in this research ethical considerations were identified and prioritized. The researcher ensured that consent and confidentiality are safeguarded during the entire duration of study. An introductory letter from KIU institution review Board (IRB) and seeking permission from institutional heads like Town Clerk and L.CS was a must. Rules of Confidentiality through anonymous self-administered questionnaires and using numbers instead of names and titles for the key informants, informed consent by allowing participants to first sign an informed consent form, voluntariness through self-will to participate without coercion, Risk/benefit ratio and respect of persons through prior education and information giving about the main purpose of and importance of their participation was followed during execution of the study.

RESULTS

age, highest level of education, length of business' existence and the nature of the business.

Table 1: Gender of Respondents

Gender	Frequency	Percentage
Male	189	70%
Female	81	30%
Total	270	100

Source: Primary Source

According to table1 above, the research findings showed that 70% of the respondents were males while 30% of the respondents were female. This means that males are engaged more in owning small and medium enterprises compared to females and therefore there exists a gender gap (imbalance) in

SME ownership. For example, during an interview this is what the Community Development Officer, Central Division has to say:

This is in line with [3] who said that In African culture, women are perceived in society as those who are supposed to look after their families. They are

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supposed to stay at home doing house chores and preparing meals for their families. This is the reason why there exists a gap in the gender balance of business owners. This causes women to feel they are an inferior group of people and at times strive to also be recognized. This can cause conflict within families and can as well affect the performance of these small and medium enterprises. More so, when women are left out from

Table 2: Showing Age of Respondents

Response	Frequency	Percentage
20-30	20	7%
31-40	80	30%
41-50	100	37%
51 and above	70	26%
Total	270	100

Source: Primary source

According to findings in table 4.2 above shows that, the largest number of respondents that is 37% of the respondents were between 41-50 years, followed by 30% who were between 31-40 years, then 26% of the respondents were above 51 years and lastly 7% of the respondents range between 20-30 years. This meant that most of the SMEs were operated by people who were between 41-50 years and are believed to be married and have dependants to look after. According to the natural setting of culture in Uganda a person ranging between the ages of 35 and above are believed to have dependants. This explains why the data above shows that most SMEs are owned by people lying in the age range of 41-50 because the majority of the people in this age range have left their jobs of employment which they feel are giving them petty

operations of small and medium enterprises, in case of any uncertainty like death of the entrepreneur, women may not be able to easily adapt to how the business has been operating and coming in as a new owner can affect the performance of this business [3].

income which is not enough to sustain them and their families (dependants) and others have started up business as a complement to jobs of employment to be able to sustain themselves and their dependants. According to [4] in his theory of constraints, he states that there is always at least one constraint in every business that limits it from achieving its intended goal and therefore affecting performance. Due to business owners pulling money out of the business to be able to provide for their families, it strains the cash flow of the business making its returns very low and in the long run affecting the performance of the business threatening its growth and expansion. Here, respondents were asked if they were married, single, separated, widow and the results were as follows;

Table 3: Showing Marital Status of the Respondents

Marital Status	Frequency	Percentage
Single	22	8%
Separated	70	26%
Married	108	40%
Widowed	70	26%
Total	270	100%

Source: Primary data

From table 3 above, 40% of the respondents were married, 26% of the respondents were both widowed and separated, and the least number of respondents, that is, 8% of the respondents were single. This implies that most of the SMEs enterprises in Kabale Municipality were operated by married people, widowed and separated. This finding is related to the pressing

domestic responsibilities that compel people to find out avenues of providing for their families including opening up SMEs so as to earn an extra income. Here, respondents were asked about their highest level of education that is those with Certificates, Degree, Diploma and others. The results were as follows:

Table 4: Findings on the level of Education

Level of education	Frequency	Percentage
Certificate	20	8%
Diploma	90	33%
Degree	130	48%
Others	30	11%
Total	270	100

Source: Primary data

From the table 4 above, majority of the respondents, that is, 48% of the respondents had acquired degrees, followed by 33% who had diplomas, then 11% had completed other

levels of education like professional accreditations such as CPA (U) and the minimum number of respondents, that is, 8% had attained certificates.

Table 5: Showing Duration of Business

Duration of Business	Frequency	Percentage
1 year back	32	30%
2 years back	68	25%
3 years back	89	33%
Above 3 years	81	12%
Total	270	100

Source: Primary data

The findings revealed that 33% of the respondents had been in business for 3 years, 30% of the business owners had been in business for the period of 1 year, 25% had been in business for 2

years, and only 12% had been in business for a period above 3 years. This implies that majority of SMEs have been able to sustain their business for 3 years. It indicates that the businesses have been

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around long enough to understand the issues sought by the researcher and the problems affecting the performance of small and medium enterprises in Uganda. The researchers found it important to know the nature of the

business the respondents were engaged in to know as to whether they were Sole proprietorship that is, if the business was owned by an individual solely or if they had partnered with someone (partnership).

Table 6: Showing the Nature of the Respondents Business.

Nature of Business	Frequency	Percentage
Sole proprietorship	170	63
Partnership	100	37
Total	270	100

Source: Primary data

From the table above, 63% of the respondents were sole proprietors and 37% were in a partnership. This is attributed to the amount of capital/money required to start business in any of the above categories. Being a sole proprietor indicates that the business is owned by an individual who gathers his own resources to start a business.

Majority of small and medium enterprises in Kabale Municipality (63%) are solely owned implying that there exists a financial constraint in these businesses as they are usually started using an entrepreneurs' savings which are not enough to boost the performance of these businesses.

DISCUSSION

The study focused on finding out the business constraints of SMEs', their level of performance, and the way business constraints affect the performance of small and medium enterprises in Uganda to come up with recommendations on how SME performance can be improved. The analysis of these objectives, specifically on finding out the effect of business constraints on performance of small and medium enterprises was made with a focus on the socio-economic and demographic characteristics of the respondents that is; gender, age, marital status, education, business duration and the nature of the business. According to table 1, majority of the SME owners (70%) were males. It could be concluded that in every five small business enterprises four are owned by men as compared to one by women. This implies there is a gender imbalance in SME ownership. This is mainly due to cultural perspectives that women should be stay at home mothers to do house chores. This causes constraints in the business when women are not involved in the operations of the business and yet they would also want to get involved in the operations. There is a need for

the gender balancing in operations of the business to avoid constraints that may come up as a result of inequality affecting the business performance. Table 2 shows that, majority (63%) of the small and medium enterprises in Kabale Municipality were owned people between the ages of 41-50 and above. These were viewed as people with dependants that start-up businesses with the purpose of earning money that can help them sustain themselves and their dependants. Drawing money from the business for personal use, in this case to support and sustain the family and dependants constrains the performance of the business through threatening its cash flows and in the long run affecting its expansion and survival. Table 3 above, majority of the study respondents were married constituting to 40% of the respondents implying that, due to the pressing domestic responsibilities, people are compelled to find out avenues of fending for their families through opening up SMEs so as to earn an extra income.

Table 4 showed that 48% of the respondents had acquired degrees. This is largely due to the high number of

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youth graduating from schools in comparison with the job market. People are compelled to start business to be able to earn a living. Being compelled to start a business in order to earn a living is coercion other than a motivation that may cause an individual not to do his or her best when managing the business and in turn, it affects the performance of the business.

In table 5, the study sought to know the number of years the businesses had been in existence. The study established that most (45%) of the businesses had been in existence for 3 years and above. This indicates that the businesses have been around long enough to understand the issues sought by the researcher and

the problems affecting the performance of small and medium enterprises in Uganda.

Table 6 above shows that majority of small and medium enterprises in Kabale Municipality (63%) are solely owned implying that there exists a financial constraint in these businesses as they are usually started using an entrepreneurs' savings which are not enough to boost the performance of these businesses and maintain a steady cash flow. These forces the sole proprietors to look for other ways of financing the business for example through acquiring loans which are expensive in a way.

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