RISK AND SUCCESS FACTORS OF SUSTAINABLE GROWTH AND DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES (SMES) IN UGANDA

Jackson Olema
Perez M. B. Mujuni
Dennis Zami Atibuni

DOI: 10.53478/TUBA.978-625-8352-51-1.ch05

Risk and Success Factors of Sustainable Growth and Development of Small and Medium Enterprises (SMEs) in Uganda

Jackson Olema
Rural Initiative for Community Empowerment West Nile, Uganda

Perez M. B. Mujuni
Mbarara University of Science and Technology, Uganda

Dennis Zami Atibuni
University of Johannesburg, South Africa and Busitema Univeristy, Uganda

Abstract

This study examined the sustainability of SMEs in Arua District, northwestern Uganda. The cross-sectional study used mixed methodologies. The quantitative part used stratified random sampling, while the qualitative arm used purposive sampling. Quantitative data on success and risk factors of SME sustainable growth and development were collected using self-constructed questionnaires. The study found that institutional factors such as finances, infrastructures, location, technology, premise ownership, and board of directors positively impacted SME growth ($\beta = 0.799$, p .01). Taxes, legality, investment climate, competitiveness, inflation, and security had no statistically significant impact on SMEs in Arua District ($\beta = 0.135$, $p =.546$). Human variables such as management capacity and training, business planning, business assessment, customer complaint handling, and consumer purchasing power did not affect SMEs‘ sustainable growth and development ($\beta = - 0.139$, $p= .491$). Qualitative research found that SMEs might grow and thrive if their owners receive training and mentorship. SME owners and the government should address institutional, external, and human variables to improve SMEs‘ business efficacy.

Keywords
Small and medium enterprises, sustainability, growth, development, success factors, risk factors

Introduction

Small and Medium Enterprises (SMEs) are the key drivers of development in least developed countries (LDCs), including Uganda (Kimbowa, 2013; Ocici, 2006; Wakakamba, 2011). In developing countries, small businesses have less than 50 employees, and medium-sized businesses have 50-99 (Kasekende and Opondo, 2003). Sub-Saharan Africa has a considerable number of SMEs relative to the size of the economy, although these are nearly exclusively micro enterprises and often not part of the formal economy. Academics and policymakers have noticed SMEs' importance in development. Some focus on company failures (Nangoli, 2013), limits and opportunities (Bakar, 2012), employment creation (Ssendaula, 2013), and technology (Nyeko, 2013). (Ricupero 2002). SMEs in Sub-Saharan Africa play a key role in industrial development and restructuring, fulfilling expanding local demand for services, permitting more specialization, and supporting larger enterprises with inputs and services. SMEs are long-term development engines in developing countries.

According to Fjose et al. (2010), SMEs in sub-Saharan Africa are hampered by a weak business climate, red tape, lack of access to capital and electricity, corruption, complex entrance requirements, and limited incentives to become (or remain) involved in the formal sector. In several of these countries, a considerable proportion of SMEs is informal. Without formalization, access to financing, new markets, and public services is limited. In Uganda, a small-scale enterprise employs at least five (5) people but no more than 50, has assets, excluding land, buildings, and working capital worth less than Uganda shillings 50 million (US$ 30,000), and annual revenue between Uganda shillings 10-50 million (US$6,000-30,000). Medium-sized businesses employ 50-100 people.

In 1995, Uganda began documenting 800,000 SMEs (Ochola, 2011). In 2002, Kampala had 64% of Uganda's 2,139,696 SMEs. According to Othieno and Nampewo (2012), SMEs in Uganda focus on the service sector, which includes retail and wholesale commerce, tourism, education, health, ICT, financial services, water and sanitation, building and engineering services, and professional services.

Uganda government and partner organizations have made great progress to build SME-friendly financial and nonfinancial markets. These approaches promote product and delivery innovation and institutional capabilities (Kasekende and Opondo, 2003). Uganda is one of the most entrepreneurial countries in the world, but many of its SMEs fail within a year (Walter et al., 2004). This is likely owing to an imbalance in risk versus success factors affecting their growth and development. Kakuru (2008) lists lack of finance, inadequate management, economic, and political concerns as obstacles. These issues reduce economic impact and growth of SMEs. This study examined the success and risk factors affecting the growth of SMEs in Uganda‘s Arua District. This was important so state and non-state players could intervene and strengthen SMEs for longer survival.

This study includes all 27 sub-counties and Arua municipality in Arua District, West Nile, north-western Uganda. Arua District was chosen since there wasn't much research on SMEs there, yet it is a big business hub serving South Sudan, DRC, and Uganda. Storey‘s (1994) growth theory (see Nkonoki, 2010) supported the investigation (1994). Human and institutional elements influence a firm's growth and development proportionally, according to the notion. This research modifies the theory to include external SME growth factors. We argue that firms expand quickly when these three elements overlap.

Methodology

Case study and cross-sectional survey designs were used. Data were collected and analyzed qualitatively and quantitatively. Quantitative data offered statistical information, whereas qualitative data explained relationships. Analysis was based on SMEs from all 27 sub-counties of Arua District. A field study is a non-experimental scientific enquiry aimed to explore the link among variables in real social structures including communities, institutions, and organizations. Cross-sectional survey field research can be used to understand a social structure using a single administrative tool. This evaluates results.

Business/firm owners, employees, commercial officers, sub county chiefs, and NGOs were studied (NGOs). The population under consideration was SMEs that had been operating for at least four years, had business premises in Arua District, and were government-registered. Business owners, managers, and government officials were questioned. 61 SMEs, 7 subcounty heads, and 2 SMEs-focused NGOs were examined. NGOs and consultants were interviewed from their offices outside Arua District. Since the lists were unavailable, Roscoe (1975) proposed a sample size between 30 and 500 for most research.

For this study, SMEs defined by the Uganda Investment Authority were chosen. Stratified random sampling was employed where there were multiple groups/strata. Randomly choosing the names‘ unique integers generated the sample. If a name was picked twice, it was annulled and redrawn. Random samples ensured no age, gender, occupation, or education bias. In rural sub counties without a list of SMEs, a snowball strategy was adopted. The snowball strategy helped capture local firms. Only participants who consented to the study were included. Responses of participants are confidental.

This study used questionnaires, interviews, and observations to collect data. The study mostly used self-administered questionnaires. The questionnaires were delivered to SME managers or owners and collected within a certain time.

These questionnaires had closed and open-ended questions. When responders sought direct administration by researchers, they did so. The researchers gathered 61 of 80 questionnaires (76.3%).

The researchers conducted face-to-face key informant interviews. This enabled in-depth data collecting by investigating business growth and level of growth, which was not achievable with a questionnaire. SMEs' business activities, recordkeeping, production, and marketing tactics were observed using a checklist. Observations were used to verify what respondents reported about SMEs' growth. Discriminant analysis was used to analyze the data. This method was chosen to examine the accuracy with which the data categorised private sector SMEs and to quantify how much each variable contributed to the total categorization.

Using engaging, easy-to-answer questionnaires controlled data quality. Three separate assessors ensured validity by correcting unclear and erroneous constructions. A questionnaire pre-test included 15 SMEs. Validity and reliability were tested. Cronbach's alpha was used to examine the instruments‘reliability using 10 pre-test questionnaires whose replies were correlated. Any alpha over 0.70 was acceptable (Amin, 2005).

The questionnaires were cleaned, categorised by SME type and location, coded, and loaded into SPSS for analysis. Univariate analysis characterized the data. Bivariate analysis determined the relationship between independent and dependent variables. Pearson‘s product moment correlation coefficient was used to determine business growth factors. Significant correlations were at 0.01 level (2-tailed). All variables were composite, consisting of two or more closely related measures.

Ethical considerations included citing all sources to avoid plagiarism, avoiding armchair research by using only field data, and avoided repetition by using explicit methods. This research considered privacy, anonymity, and informed permission. Where English, Lugbarati, and Kiswahili weren‘t appropriate, translators administered the questionnaire.

Results and Discussion

Most observed SMEs were aged 6-10 (41%) and 1-5 (34.4%) years old. This could mean most Arua District SMEs are under 10 years old. This is due to the government's recent attempts to encourage SMEs as a source of employment. General stores (37.5%) had more respondents than other business kinds. In Arua District, most SMEs deal in general merchandise. Most entrepreneurs sell easily marketable goods and services. Most respondents (49.2%) had worked 1-5 years, 27.9% had served 6-10 years, and 19.7% had served 11+ years. This shows most SME participants are new (below ten years).

The results further revealed that there were more customers in the category of 20-30 people per day representing 49.2%. This was followed by less than 20 at 21.3%. In the category of 31-40 there were 14.8% respondents. This implies that generally the number of customers is low. This could be attributed to most SMEs dealing in similar businesses, hence sharing the same customers.

The most estimated number of sales per day ranged between UGX 1000-100,000 representing 45.9% and this was closely followed by the category of UGX 101,000-500,000 representing 42.6% of the respondents. This means that the SMEs in Arua District are mostly at the level of micro and small enterprises as defined by the Uganda Investment Authority SME guide 2008. They have low daily sales, which coincides with low number of customers per day.

Institutional Factors and Growth of SMEs

Respondents were asked about the adequacy of their business finances. Majority (67.2%) disagreed; 31.1% agreed, implying that most SMEs lacked sufficient funds to operate. During visits to business sites, researchers confirmed the preceding finding that most enterprises were not adequately stocked, and respondents said they lacked the funds to do so. Those with appropriate funds said they did not want a large stock due to limited market. According to Kakuru (2008), SMEs in Uganda rely on inadequate informal financing. Personal sources include savings and reinvesting profits, loans and grants from social networks, and liquidating family assets. This agrees with research by Mutesasira et al. (2001) that found out that SMEs find it challenging to build adequate funds from the aforesaid sources due to pervasive poverty in Uganda.

Most respondents (59%) had no external cash sources, according to the study. Most SMEs in the survey relied on informal financing. Business association leaders confirmed the aforementioned position, saying they had restricted access to external financing sources like loans. Kasekende and Opondo (2003) found that MFIs offered SMEs extra funding options, albeit small loans with high interest rates. This position conflicts with Rajan and Gleacher (2007), who found that external financing favourably affects business start-ups, firm dynamism, and innovation. Their case could have involved low, acceptable interest rates for SMEs.

When asked about their firms' locations, 75.5% agreed and 18% disagreed that their firms were strategically located. This may be because most SMEs in Arua District consider a good location a basic business management skill. Most respondents (86.9%) said they had appropriate packing space, cleanliness, and transport, whereas 11.5% said they did not. Most field observations verified the above finding. UNECA (2012) similarly agrees, stating that poor infrastructure hinders Africa's business potential. Our take on this resonates with a World Bank (2001) research that states that governments should focus on infrastructure development to help businesses grow.

When asked if they employed current technology in business, 49.2% of participants disagreed while 47.5% agreed. This means Arua District SMEs use little modern technology. During business visits, researchers found that some SMEs used television to attract clients and the phone to connect with customers and suppliers, but internet was rare. UNECA (2012) found that current technology helps SMEs develop. The UNECA report asserts that national technology capacity is the key to sustained growth, competitiveness, and economic transformation. The study recommends improving technological and scientific abilities for greater corporate growth.

On whether they owned the premises for their businesses, a slight majority of the respondents (54.1%) disagreed while 44.3% agreed. This means that a greater percentage of SMEs are still operating in rented premises. Interview with the district commercial officer confirmed the aforementioned finding as he said that is why most business owners complained of operating costs and they opted to manage their own businesses to reduce costs. Most of the rented premises paid between 50,000 and 500,000 shillings per month depending on the locations of the business with those closer to town paying more.

With regard to transport problems, 52.5% of the respondents said they had no transport concerns, while 44.3 percent disagreed. This means that while most had less transportation issues, many had. Business owners confirmed the aforesaid finding. Most respondents said they had easy access to customers and suppliers. Most SMEs can simply deal with consumers and suppliers. Far-away firms with weak transport and poor road conditions fared worst. This study verifies a UNECA (2012) analysis that says Africa's weak infrastructure needs improvement and development to minimize business costs and grow the private sector.

Majority (77.1%) of the respondents disagreed that they had functioning board of directors who advised them on business while (18%) agreed. This implies that most businesses are devoid of competent and independent advisors. This was confirmed with respondents who revealed that their businesses were too small to warrant a board of directors. This finding however is in contravention with a study by Kasekende (2001) who identified management capacity as one of the major problems facing SMEs in Uganda. Lack of board of directors could be a major weakness that affects the growth of SMEs in Arua District.

Human Factors and the Growth of SMEs

Most respondents (86.9%) stated that their premises were well-managed, while 8.2% disagreed. This means managers were oriented to business. This is because most responders were company owners who supported their families. In Uganda, organisations and researchers such as Enterprise Uganda, Private Sector Foundation Uganda, and Uganda Investment Authority consider management expertise a vital part of corporate development. However the challenge remains that they cannot reach all SMEs and this leaves out a great number (Kakuru, 2008).

Regarding the number of employees, 41% respondents disagreed that they could hire enough employees while 49.2% agreed. This means most Arua SMEs do not employ many people. Field visits showed that owners managed their own firms, which employ them, and the enterprises cannot hire more workers. According to Uganda Investment Authority, SMEs employ 78% of the population. Most respondents were micro and small enterprises, which explains it. Medium-sized businesses, not micro and small businesses, may offer UIA-mentioned jobs. This is good to know since if firms do not grow, they won't hire more people.

When asked about business education for themselves and their staff, 72.1% of the respondents disagreed while 21.3% agreed, implying that most SME owners and operators lacked business education. This finding contradicts Kakuru’s (2008) study, which indicates that in Uganda, business development agencies such as Enterprise Uganda, Uganda Investment Authority, and some banks have organized trainings for business owners, school leavers, and interested persons who sought advice. In Arua District, such arrangements are not common. Most respondents (68.9%) disagreed that business education enhanced their business growth. Since most business owners lacked business education, the scenario does not affect them such that 49.2% of respondents did not have business plans, against 44.3% who did. This reveals that few business entrepreneurs have business plans. Most business owners did not have plans since they were untrained. Those with business plan expertise demanded to be paid if their services were sought, implying that business plans are used as a consultancy service. The above finding confirms a Hong Kong survey by Wai (2006), who identified human variables that affect small business growth as business planning, founder experience, and legal status.

When asked if they often analyze business performance, 83.6% agreed and 14.7% disagreed. This means business owners assess their business performance and make necessary changes. The majority of respondents (70.4%) received customer complaints, while 24.6% did not. Through these feedbacks complaints, SMEs get client input to improve their goods and services for growth. In a related development, respondents were asked if their customers had good purchasing power; 52.5% agreed while 42.7% disagreed. This means that despite low purchasing power, SMEs can expand sales. Christmas, Easter, Ramadhan, harvest season, drought, excess rainfall, and other factors were noted to affect business, according to business owners.

External Factors and the Growth of SMEs

Most (78.7%) respondents agreed that their businesses were legally registered while 19.0% dissented. Most SMEs operated lawfully with local government permits. This view implies that local government monitors and regulates SMEs. Most respondents (54.1% vs. 23%) said Uganda's business rules were favourable to their company. This means company laws are enforced fairly. Minority who disagreed said many authorities were unjust because they did not appraise their businesses adequately and charged only by business type. Sub county chiefs (also known as senior assistant secretaries) said business owners often presented inaccurate books for assessment, which showed their businesses were failing. So they utilized judgment rather than records of accounts to analyze the firms. On this note, the government of Uganda needs to fast-track the improvement of the business environment for SMEs by passing pro-SME measures such as the public private partnership bill, free zones bill, and insurance amendment bill.

When Asked about tax revenue returns, 83.6% of respondents said they paid business taxes. Some business owners confirmed the foregoing sentiments, saying they paid taxes directly or indirectly. Caner (2009), Ocici (2006), and Wakakamba (2011) found that registered and unregistered SMEs contributed to the economy by paying tax directly or indirectly. Most (64%) respondents said taxes harmed their business operations, while 34.4% disagreed. This means SMEs view the current tax structure as unfavourable to their operating capital. If SMEs are to prosper, the government must improve the investment climate by using taxation and regulatory assistance to promote opportunities for all enterprises, not just large or influential ones, according to a 2005 World Bank report.

A great majority (88%) of respondents said their businesses were affected by same- or similar-product and service dealers. This means most SMEs were selling comparable goods. This suggests SMEs in Arua District lacked originality and innovation. The district commercial officer acknowledged that people of Arua did business through imitation. We also questioned if their firms were affected by inflation and 77.1% concurred. This rhymes with Uganda's 10-year struggle to reduce inflation from double digits to single digits. Inflation impacts all businesses, including SMEs.

Most (54.1%) respondents said the country had a positive investment climate, while 26.2% disagreed. As long as you have funds, you can start your firm without restrictions, according to business owners. A slight majority (54%) of the respondents said the country's insecurity hindered their business operations, while 23% disagreed. This shows that SMEs in Arua District may grow without investment-damaging instability. According to a 2005 World Bank report, a good investment climate drives growth and reduces SMEs' poverty. In this case, the government's job should be to strengthen the business environment by providing a good investment climate, such as by opening 21 Zonal land offices in northern Uganda.

Level of Growth of SMEs

Most respondents (70.5%) said their firms were profitable, but 22.9% disagreed. This means most SMEs in Arua District could expand, leading to growth. Most respondents (83.3%) said their sales had increased in the last year, indicating more earnings. Capon et al. (1990) found that expansion was linked to higher financial success, especially when assets and revenues expanded. Davidsson and Wiklund (2017) agree, arguing that enterprises are growing if sales, profits, assets, and equity grow.

Most respondents (60.7%) said their goods and services had a high turnover, whereas 27.9% disagreed. When asked if their company could breakeven, 80.4% of respondents said yes, while 11.4% disagreed. The preceding perspectives suggest more SMEs in Arua District have development potential or are growing. Mao (2008) said that SMEs must grow to succeed. He defined enterprise growth as the ability to grow consistently, quickly, and healthily from small to large and weak to strong. Most respondents (62.3%) thought they could hire anyone else to run their company, while 32.8% disagreed. As businesses grow, they need more labour, so hiring additional people is inevitable. Some scholars (e.g., Freel and Robson 2004) provide different ways to measure business growth with employment as one of them.

Most (62.3%) respondents disagreed that many businesses had multiple branches while 36% agreed. Most SMEs in Arua District were growing slowly, thus most could not open more branches. This study verifies Shan et al., (2013) and Pasanen's (2007) notion that to decide a business's growth, it must influence other enterprises. Similarly, 83.6% of respondents said business revenues helped them solve most of their problems. Most SMEs may create income, which owners use for family essentials like food and school expenses. Most business owners cannot open new branches since their profits are used for non-business purposes. These findings reflect a research by Framholtz and Randle (1990) that found 40% of small firm owners believed growth would boost their personal income, alleviating their concerns. Researchers refer to such as subsistence entrepreneurs. The 2010 SME development policy of Rwanda advises that real entrepreneurs are those who do not derive most of their family support income from the firm, since they may not be worthy of growth support.

Impact of Risk and Success Factors on Sustainable Growth and Development of Small and Medium Enterprises

To determine the impact of the risk and success factors on the sustainable growth and development of the SMEs, a multiple linear regression analysis of institutional, human, and external factors was conducted. The results are presented in Table 1.

Table 1. Multiple regression effect of institutional, human, and external factors on SME growth and development.

Predictors	B	Std. Error	Beta	t	p
1	(Constant)	.862	1.110	.777	.440
Institutional factors	.799	.230	.445	3.481	.001
Human factors	-.139	.201	-.088	-.693	.491
External factors	.135	.223	.073	.608	.546
a. Dependent Variable: Level of growth of SMEs					

Source: Olema, (2014)

R2 = .788
$Y= \alpha+\beta 1X1+\beta 2X2+\beta 3X3+Error$
The above table fits the module at
$Y= 0.862+0.445X1-0.088X2 + 0.073X3 +1.11$
$Y= 0.862+0.445INST-0.088HUM+0.073EXT+1.11$

Where
Y = business growth
β = coefficients
X1 = Institutional factors (INST)
X2 = Human factors (HUM)
X3 = External factors (EXT)

Table 1 shows that if no other variables apart from the factors listed affect SME growth, the growth will increase by 0.862. This shows that small and medium-sized business growth variables are detrimental. Institutional factors have a positive coefficient of 0.445, whereas external factors have a positive coefficient of 0.073. Human impacts are -0.088. When firm owners are heavily involved in SME management, human factors may be mitigated. R^2 R square = .788 means independent factors explain 78.8% of SME growth. This is not a particularly strong model, but it's a good predictor of SME development because it shows how businesses might grow if other things remain constant.

Strategies to Enhance SME Growth

Most respondents (67.2%) felt that greater MFI access for soft loans was a business growth strategy. SMEs can expand if they borrow capital from MFIs. This is in line with Uganda Investment Authority guidelines for SMEs 2008, which call for microfinance outreach services to boost the industry and raise well-performing MFIs to higher tiers to improve services for SMEs through grant facilities. According to business association executives, MFIs still function like commercial banks, with high interest rates that hinder borrowers' profitability and business growth.

Most respondents (60.7%) said contemporary technology in agriculture, telecommunications, and machines was a strategy to boost SME growth and development. This shows that most SMEs can use contemporary technologies to better goods and services. A farmer and food processor in Oluko said this is in line with the Uganda Investment Authority guideline for SMEs 2008, which lists government measures to improve SMEs. Plan for modernization of Agriculture (PMA), implemented by National Agriculture Advisory Services (NAADS), calls for hands-on technology support through extension services.

More so, 86.9% of respondents said training programs were needed to build capacity and improve performance for business growth. Trainings are noted to increase abilities including financial management, customer care, and business leadership. This finding parallels the government‘s effort through Business Uganda Development Scheme (BUDS), run by Private Sector Foundation Uganda, which supports the acquisition of know-how through training programs to boost the capacity and performance of SMEs, technology, and private initiatives.

When asked if increasing infrastructure like roads, power, and water could boost business growth, 83.6% agreed and 6.6% disagreed. Infrastructure like roads, electricity, and water can boost business growth. UNECA (2012) revealed that SMEs in Asia, Latin America, and the Middle East grew due to access to water, energy, telecommunication, road, and internet penetration.

Most respondents (63.9%) said the ministry of tourism commerce and industry's advisory services will boost business. Through advisory services, business owners can improve their performance and growth. This agrees with the Ugandan government‘s UNIDO master craftsman program, which includes skills development, consulting services, and self-help organizations. Interactions with business owners in Arua District revealed that most of them had not participated in such programs, except for select business association leaders who can communicate with the trade ministry.

Most respondents (55.8) agreed that business associations are a growth strategy, however 24.6% were unsure and 19.7% disagreed. This means that business organisations can assist SMEs share ideas and negotiate discounts with suppliers and tax authorities. Ayaa et al. (2010) found that teamwork is about solving common challenges. When firms act as a homogeneous entity, goods and services, finances, and information improve, leading to better performance. In West Nile where Arua District is located, business partnership is informal and transient.

When asked if improving the government's investment climate was a corporate growth strategy, 88.5% agreed. SMEs will grow more easily if the investment climate is good, with low interest rates, low inflation, peace, and stability. According to a 2005 World Bank report, a healthy investment climate drives growth and reduces poverty among SMEs, allowing them to expand.

Conclusion

According to the study, institutional variables positively affect the growth of SMEs in Arua District. Therefore, strengthening the firm's structure would help SMEs grow. Addressing institutional elements like finances, technology, and infrastructure can help. Human factors also affect Arua District SMEs' business growth though to less extent due to presence of owners running the business. Good management techniques and business funding can still help in this case. SME growth also depends on external variables, so legalizing enterprises and creating a good investment climate can help to boost SME growth. Most Arua District SMEs have growth potential since they make a lot of money cumulatively, have rising sales, and a large turnover of goods and services in the agregate. Most can hire others to help operate their enterprises, and most break even. Improved access to MFIs, capacity building through trainings, controlled inflation, and improved infrastructure can all boost business growth of the SMEs.

Recommendations

Since most SMEs lacked sufficient funds to run their enterprises, Uganda should regulate interest rates on soft loans to SMEs as an external source of business credit. SMEs should embrace current technologies to attract and retain customers to boost growth.

Given that most SMEs lacked a functioning board of directors, SMEs are recommended to form advisory boards or engage consultants or business mentors to get independent business growth recommendations.

Since the study indicated that most SME owners and staff have no business education, they must be trained in business management and financial management if their enterprises are to develop and succeed.

SME growth and commercial potential require legalization and registration.

SMEs are encouraged to make their business operations legitimate and pay taxes to be recognized by the government.

Since most SMEs deal in similar businesses, they must diversify so they have options during times of strong competition. Uganda government and local authorities must enhance the investment climate so that SMEs can grow and expand, creating more jobs. SME are another employer besides the government and NGOs. This would minimize Uganda's youth unemployment. Uganda must also conduct an annual SME growth index to offer statistics for SMEs and other stakeholders. SMEs are urged to create strong business groups to handle common difficulties including marketing, logistics, and excessive interest rates.

References

Abu, H. A. B., Arman, A. R., Mohamad, N. Y., and Nurkhuraishah, A. K. (2011). Factors determining growth of companies: A study on construction companies in Malaysia. *African Journal of Business Management*, *5*(22), 8753-8762.

Amin, M. E. (2005). *Social science research*. Kampala: Makerere University Press.

Caner, S. (2009). *The role of small and medium size enterprises in economic developmen*t. Conference Paper. Moscow.

Cheng, R. W. M. (2006). *The determinants of growth in small and medium enterprises: an empirical study in the logistics industry in Hong Kong* (Doctoral dissertation, Curtin University).

Davidsson, P., and Wiklund, J. (2017). Conceptual and empirical challenges in the study of firm growth. In D. Sexton and H. Landström (Eds.), *The Blackwell Handbook of Entrepreneurship* (pp. 26-44). Oxford: Blackwell

Eyaa, S., Ntayi, J. M., and Namagembe, S. (2010). Collaborative relationships and SME supply chain performance. *World Journal of Entrepreneurship, Management and Sustainable Development*, *6*(3), 233-245.

Fjose, S., Grünfeld, L. A., and SQW, C. G. (2010). *Identifying SME roles and obstacles to SME growth*. MENON-Publication No, 14.

Freel, M. S., and Robson, P. J. (2004). Small firm innovation, growth and performance: Evidence from Scotland and Northern England. *International small business journal, 22*(6), 561-575.

Kakuru, J. (2008). *The supply-demand factors interface and credit flow to small and micro enterprises (SMEs) in Uganda*. Doctoral thesis, University of Stirling.

Kasekende, L., and Opondo, H. (2003). *Financing Small and Medium-scale Enterprises (SMEs): Uganda's Experience*. Bank of Uganda working paper (WP/03/01).

Kerlinger, F. N. (1992). *Foundations of behavioural research*. Fort Worth: Harcourt Brace Publishers.

Kidimul, G. (2013, August 30). *UIA giving a life time to SMEs*. The New Vision, 41.

Kimbowa, J. (2013, September 10). *SMEs urged to professionalize to access bank loans*. The Observer.

Mao, H. (2009). Review on enterprise growth theories. *International Journal of Business and Management, 4*(8), 1-4.

Mutesasira, L. K., Osinde, S., and Mule, N. R. (2001). *Potential for leasing products: Asset financing for micro-and small businesses in Tanzania and Uganda*. Nairobi, Kenya: MicroSave-Africa. Website: www. MicroSave-Africa. com.

Nangoli, S., Namagembe, S., Ahimbisibwe, A., and Bashir, H. (2013). The antecedent role of social networks in project communication. *International Journal of Economics and Management Sciences, 2*(8), 25-32.

Nkonoki, E. (2010). What are the factors limiting the success and/or growth of small businesses in Tanzania. *An empirical study on small business growth*, 10-48.

Nyeko, S., Kabaale, E., Moya, M., Amulen, C., and Mayoka Kituyi, G. (2013). The role of information communication technology (ICT) small and medium enterprises (SMEs) in job creation in Kampala, Uganda. *Journal of Business Management and Administration, 1*(5), 75-82.

Ochola, I. (2009). *Institutional factors and the performance of small and micro enterprises in Kampala District*. (Unpublished master's dissertation), Uganda Management Institute, Uganda.

Ocici, C. (2006). *A working paper on entrepreneurship presented at national consultation conference: legal empowerment of the poor*. Commission on Legal Empowerment. International Law Institute.

Olema, J. (2014). *Factors affecting the business growth of small and medium enterprises (SMEs) in Uganda*. (Unpublished master's dissertation). Uganda Martyrs University, Uganda.

Othieno, L., and Nampewo, D. (2012). *Opportunities, challenges and way forward for Uganda's trade in education services within the East African community*. Kampala: Makerere University Press.

Rajan, R., and Gleacher, E. J. (2007). *Finance for all? Policies and pitfalls in expanding access*. Policy Research Report.

Ricupero, R. (2002). *Proceedings on the symposium on modalities for financing SMEs in Uganda*. New York and Geneva: UNCTAD.

Shah, S. F. H., Nazir, T., Zaman, K., and Shabir, M. (2013). Factors affecting the growth of enterprises: A survey of the literature from the perspective of small-and medium-sized enterprises. *Journal of Enterprise Transformation, 3*(2), 53-75.

Ssendaula, G. (2013). *Enhancing job creation through SME growth and sustainability*. Presentation to the Network of Reformers Forum, Lusaka Zambia.

Uganda Investment Authority. (2008). *Small and medium enterprises (SME) business guide*. Kampala: Author.

UNECA. (2012). *Unleashing Africa's potential as a pole for global growth*. Addis-Ababa: Author.

Walter, T., Balunywa, W., Rosa, P., Sserwanga, A., Barabas, S., and Namatovu, R. (2004). *Global Entrepreneurship Monitor, Uganda Executive Report 2004*. Kampala: Makerere University Business School.

World Bank. (2001). *Finance for growth: Policy choices in a volatile world*. World Bank Group.

World Bank. (2005). *A better investment climate for everyone*. World Development Report. Washington DC.

About Authors

Jackson Olema | Rural Initiative for Community Empowerment West Nile | jahkissmeon[at]gmail.com | ORCID: 0000-0002-9260-7429

Jackson Olema is a development economist and community empowerment professional from Uganda. He holds a Master's degree in Development Economics from Uganda Martyrs University and a Bachelor's degree in Social and Philosophical Studies from Makerere University. For seven years, Jackson worked as a Teaching Assistant at Nile University, where he taught economics and microfinance. During this time, he honed his teaching skills and developed a strong understanding of economic principles. In 2007, Jackson joined the Rural Initiative for Community Empowerment West Nile, a respected national NGO in Uganda. Initially serving as a Project Manager, he successfully implemented projects funded by various donors. Jackson gained expertise in project management, resource mobilization, and stakeholder engagement. Currently, Jackson holds the position of Manager of Operations at the organization, where he focuses on resource building, control, and mobilization. He possesses skills in NGO management, peacebuilding, community development, and empowerment. Driven by a passion for making a positive impact on communities in Uganda, Jackson leverages his knowledge and experience to contribute to sustainable development efforts.

Dr. Perez M. B. Mujuni | Mbarara University of Science & Technology | pmujuni[at]must.ac.ug

Dr. Perez M. B. Mujuni is a lecturer in the Department of Economics, Faculty of Business and Management Sciences of Mbarara University of Science and Technology. His research interest centers on development economics which makes him a popular consultant among his peers. He has worked on several external projects in addition to mentoring a host of postgraduate students in his areas of specialty including Olema Jackson.

Dennis Zami Atibuni | Busitema University | zamidennis79[at]gmail.com | ORCID: 0000-0002-0857-0804

Dr. Dennis Zami Atibuni holds a PhD in Educational Psychology, an M.Ed in Educational Psychology, and a BSc. (Ed) from Mbarara University of Science and Technology (MUST) in Uganda. Dr. Atibuni is now an Associate Professor of Educational Psychology at Busitema University following his promotion in July 2023.

He has also received an appointment as Research Associate in the university of Johanesburg South Africa effective August 2023. He has a strong academic background and extensive experience in the field of education. As a Senior Lecturer at Busitema University – Nagongera Campus, Dr. Atibuni has held various roles, including Chairperson of the Faculty Higher Degrees Committee, Head of the Education Department, and Faculty Quality Assurance Focal Point. He is actively involved in research and has published numerous articles and book chapters in his areas of expertise, which include student engagement, educational assessment, teacher education, and science and mathematics education pedagogy. Dr. Atibuni has also pursued continuous professional development courses in areas such as Constructivist Pedagogy, Higher Education Leadership, Postgraduate Supervision, and International Deans' Course. Additionally, he serves as a mentor for vulnerable learners and is involved in community activities as a volunteer counselor, catechist, and member of various institutional governing boards. With his broad range of skills and knowledge, Dr. Dennis Zami Atibuni contributes significantly to the field of education and is dedicated to making a positive impact on learners and the community.