

LOCATION AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN MBARARA: A CASE STUDY OF BIHARWE WEST

Ojok Alex¹, Dr. Twinomujuni Rosebell²

1, 2 Metropolitan International University

ABSTRACT: *This study looked at the types, locations, and operations of small and medium-sized businesses in western Bihar. The objectives of the research that followed served as the foundation for the study. To evaluate the connections among location and the accomplishments of SMEs in Biharwe West, to ascertain the degree to perform of SMEs there, and to examine the nature of location and effectiveness of SMEs in Biharwe West. The study used quantitative as well as qualitative techniques in a descriptive cross-sectional survey methodology. 27 out of 29 respondents that made up the study's total of 109 participants had been interviewed. The significance level for correlation is 0.01 (2-tailed). the one computed by rho. Sig. (2-tailed)-based correlation. N = 155. The results are based on a 5-point Likert scale, with 1 being "Strongly Disagree," 2 being "Disagree," 3 being "Not Sure," 4 being "Agree," and 5 being "Strongly Agree." The aforementioned results showed that, on average, respondents were unsure as to whether the location of their business inside the city had assisted its development and expansion and that the demographics of those who participated had no discernible impact on the achievement of SMEs.*

Keywords: *performance, small and medium enterprises*

Background of the study

In accordance with Uganda Funding Authority, Uganda the National Development Plan, Encyclopedia of start-up ideas (UIA, UNDP, 2020, 2013, November 18th, 2022), a small-scale business is defined as an organization with 5 to 49 employees and a total resource of ten billion Ugandan shillings or less. A medium business is one that employees 50 to 100 people and has assets worth over a hundred million dollars but not more than \$360 million. medium-sized businesses [SMEs] are described by the Bolton Committee as independent (does not constitute a component of major enterprises), controlled by owners or members of the ownership group in a personalized manner, and having a harmonica-formalized leadership structure. Based on Uganda Investments Authority [URA] (2013), The Ministry of Finance, Development and Planning establishes SMEs as an organization utilizing no fewer than of 5 employees and upwards of 50 individuals. has each year revenue and sales conversion of a highest of 360 million Ugandan Shillings; and has a greatest of 360 million Ugandan Shillings in overall assets. A medium business is a business utilizing among 50 and 100 people; and/or has an each year sales/revenue conversion of at least 1 billion Ugandan Shilling This is in line with the Uganda Economic Authority's (2008) definition of small and medium-sized businesses as microbusinesses with a workforce of no more than four (04) persons. Medium-sized and small enterprises comprise those that lack transparency, do not release general use accounting records for those outside the company, do not trade their debt or equity instruments on an open marketplace, and don't manage funds in a position of fiduciary responsibility for a large

group of foreigners as one of their main business operations, according to the Association of Certified Public Accountants of Uganda (Asiimwe, 2009). Nevertheless, the Uganda Investments Authority bases its definition of SMEs on the number of employees and the company's yearly revenue.

Statement of the Problem

With 2.5 million employees, small and medium-sized businesses in Uganda are gradually taking the lead in the economy, accounting for up to 90% of all private sector jobs. In accordance with Asiimwe (2017), data from the Uganda Revenue Authority indicates that over 70% of the economic output in Uganda is produced by small and medium-sized businesses. The rate of collapse of medium-sized enterprises in the Republic of Uganda is still very high (Tushabomwe-Kazooba, 2006), despite the fact that the country has established and embraced the use of the Small and Medium Enterprise model to drive the country's economic expansion and industrialization as well. However, their rate of staying alive and profitability are still very low and consequently assigned to poor place of residence. Unfortunately, despite efforts by the government to support the growth and advancement of SME, it is claimed that Uganda has the highest SME start-up rate in the world at 28%, but 70% of newly launched companies fail within the first 24 months (Grimm & Paffhausen, 2015).

Specific objectives

1. To assess the nature of Location of Small and Medium Enterprises in Biharwe west
2. To assess the level of Performance of Small and Medium Enterprises in Biharwe West.

3. To establish the relationship between Location and Performance of Small and Medium Enterprises in Biharwe West.

Research Questions

1. What is the nature of Location of Small and Medium Enterprises in Biharwe West?
2. What is the level of performance of Small and Medium Enterprises in Biharwe West?
3. What is the relationship between Location and Performance of Small and Medium Enterprises in Biharwe West?

Methodology

Research design

The investigator gathered information from multiple participants at a particular moment in time using a cross-sectional, descriptive design. To gather and analyze data using a quantitative technique, the researcher was able to check the accuracy of the equipment as well as gain an in-depth awareness of the phenomenon that was under examination.

Study participants

According to a statistical analysis by the researcher from the Revenue Authority officer of Mbarara City Council on July 4th, 2022, there are 10,714 small and medium-sized businesses in Mbarara City. The retail, wholesale, and grocer industries made up the study's demographic.

target audience

The investigator examined the official records of small and medium-sized businesses in Mbarara City North whose combined sales and asset turnover did not surpass 360,000,000 (three hundred sixty million) dollars.

Sample size

The 320 participants from Biharwe West who were the study's population of interest were taken into account. This was because there were 320 registered small and medium-sized companies in Mbarara City, based on information gathered from the city council administration and revenue office. (July 4, 2022). According to the sampling criteria set forth by Morgan and Krejcie (Morgan & Krejcie Statistical Table, 1997), 175 firms were chosen as a sample. The decision to ask owners of businesses was made intentionally. This was done since it was believed that they knew enough about how their companies operated.

Sampling techniques

The researcher used the simple random sampling technique to select businesses; this ensured that every business had an equal chance of being chosen in the sample. The simple random sampling This also helped the researcher to achieve a desired representation from the members of the accessible population.

Non- probability sampling is a type of sampling that adopts a non-random sampling techniques. Qualitative sampling considers purposive sampling. In purposive sampling, the researcher used his own judgment/ experience in selecting elements in sample by selecting the most productive sample to answer the questions.

Data collection methods

Both primary and secondary data gathering techniques, which are qualitative and quantitative in character, were used by the researcher. To collect details about those who participated, the investigator used an open-ended survey with a set of questionnaires and various prompts. The researcher used a quantitative inquiry to collect the information that was needed from the respondents.

Questionnaire

An online survey was employed by the investigator for gathering data. On the harmonica-managers, chief executives, as well as staff of Small and Medium Enterprises in Bihar's West, quantitative research methodologies were used to gather data.

Data analysis

The data was analyzed using frequency tables, spearman's correlations coefficient, Mean deviation and Statistical package for social scientist (SPSS) (Nelson. K, 2022) . All questions in the questionnaires were both closed and open-ended questions. The interview guide contained open ended questions for more justification.

RESULTS

Response rate

The study population comprised of 320 small-scale firms. Based on this population, a sample of 175 small-scale firms was considered for the study as determined by the Krejcie and Morgan (1970) table for sample size determination. The researcher obtained responses from 155 small-scale firms representing 89% response rate.

Summary statistics of the respondents

The respondents of the study had the following characteristics as shown in the table below

Table 1: Summary statistics of respondents

Category	Item	Frequency	Percent
Gender of the respondent	Male	103	66.5
	Female	52	33.5
Age of the respondent	18-27	20	12.9
	28-37	55	35.5
	38-47	54	34.8
	48-57	21	13.5
	58 and above	5	3.2
Education level of the respondent	No Education	59	38.1
	Primary	59	38.1
	Secondary	33	21.3
	Tertiary	4	2.6
Marital status of the respondent	Married	125	80.6
	Single	22	14.2
	Divorced	8	5.2

Primary Data as of 2022

According to table 1's statistics, men made up the bulk of respondents (66.5%) while women made up 33.5%. This indicates that, in the sample, men had a greater tendency to own small enterprises than did women. The findings showed that the largest proportion of the participants (35.5%) were in the 28–37 age range, then followed by those in the 38–47 age range (34.8%), individuals in the 48–57 age range (13.5%), those in the 18–27 age range (12.9%), and those in the 58–and-above age range (3.2%). This suggests that the majority of the sample's responses were adults. The findings showed that the vast majority of the participants had only a primary education and were uneducated.

Business Characteristics

Table 2: Characteristics of Businesses under study

Category	Items	Frequency	Percent
Number Of Years The Business Has Been Existing	less than 2 years	66	42.6
	2-5 years	70	45.2
	6-10 years	9	5.8
	More than 10 years	10	6.5
The Type Of Ownership Of The Business	Sole Proprietorship	82	52.9
	Partnership	20	12.9
	Co-operative	35	22.6
	Limited Liability Company	18	11.6
Number Of Workers Of The Business	less or equal to 5	95	61.3
	6-10	28	18.1
	11-15	18	11.6
	16-20	10	6.5
	21 and above	4	2.6
Daily Revenue	Under Shs 60,000	75	48.4
	Shs 60,000 to Shs 166,000	51	32.9
	Shs 166,001 to Shs 833,000	28	18.1
	Shs 833,001 to Shs 4,166,000	1	0.6

Source: Primary Data 2022

Table 2's findings showed that a majority of organizations had invested between two and five years (45.2%), which was followed by organizations that had invested under two years (42.6%), more than ten years (6.5%), and those that had invested between six and ten years (5.8%). This suggests that the majority of companies had invested at least two years. According to the data, the majority

of enterprises (52.9% of all enterprises) were sole proprietorships; this was followed by cooperative (22.6%), partnerships (12.9%), and corporations with limited liability (11.6%). The statistics showed that less than five employees made up the majority of enterprises (61.3%), which was followed by those with six to ten workers (18.1%), then those with eleven to fifteen employees (11.6%),

Location

Table 3: A description of Location

Location characteristics	Mean	Std. Deviation
My firm is located in the busy area	3.59	1.101
Customers can access to my business premises easily	3.86	.879
My business location is suitable for my business	3.12	.817
I access electricity for my business in my current location	3.72	1.049
There is a good road network in my current location	3.57	.816
My business location is in the reach of the telephone network	3.82	.716
My business is near other businesses in this area	3.99	1.029
My business is located near to my suppliers	3.64	1.038

Note: The Means are based on a 5-point Likert scale; where; 1-Strongly Agree, 2-Agree, 3-Not Sure, 4-Disagree and 5-Strongly Disagree

The aforementioned data indicate that, on average, participants agreed that their businesses are situated in a busy neighborhood (3.59, or roughly equivalent to 4), however a standard variation of 1.101 suggests that there were those who disagreed. The findings showed that, on average, participants agreed that clients may easily reach their commercial properties (3.86, or roughly equal to 4). The findings showed that, on average, respondents were unsure of whether the company's location was appropriate (3.12, or roughly equivalent to 3).

The findings showed that, on average, those who participated agreed that they have access to electrical power for the companies they run in their current location (3.72, or roughly equal to 4), although a deviation from the mean of 1.049 suggests that there were some who disagreed and some who agreed that they do. The findings showed that, on average, respondents believed that their current region has an excellent road network (3.57, or roughly equal to 4). The findings showed that, on average, participants believed that their place of business was inside the telecommunications network's coverage (3.82, or roughly equal to 4).

The results showed that, on a typical basis, participants agreed that the companies they own are close to similar organizations in this area (3.99, or roughly equal to 4), even though a deviation from the mean of 1.029 suggests that there were a few both those who acknowledged and those who disagreed. A mean difference of 1.038 suggests that there were participants who agreed with

the statement and those who did not agree that their businesses are situated close to their suppliers. The results also showed that, on average, those who participated agreed that their companies are situated close to their suppliers (3.64, or roughly equal to 4).

Performance

Table 4: A Description of Performance

Performance opinions	Mean	Std. Deviation
Location of my enterprise in the city has supported its growth and development	3.21	1.236
The sales volume of my products has continued to improve overtime	3.65	.888
The assets volume of my business has increased overtime	3.28	1.011
There has been an increase in customer satisfaction overtime	3.03	.868
The number of my customers has increased overtime	3.52	.733
My employees have exhibited high level of satisfaction overtime	3.51	.742
I have employed 5-49 employees within a period of one year in my business	3.33	.765
The level of profitability of my business has continued to improve overtime	3.05	.866
The cash volume in my business has increased overtime	3.53	.741

Note: The Means are based on a 5-point Likert scale; where; 1-Strongly Agree 2- Agree 3-Not Sure, 4-Disagree, 5-Strongly Disagree,

The aforementioned results indicate that, on average, the people who responded were unsure whether or not the location of their business in the city had supported its expansion and growth (3.21, which is roughly equal to 3); however, a standard deviation of 1.236 suggests that there were both those who agreed and those who disagreed. According to the data, most respondents believed that the overall number of sales of their items has been better over time (3.65, or roughly equal to 4), on average.

The findings showed that, on average, those surveyed were unsure if their company's asset volume had gone up over time (3.28, or about equivalent to 3), despite the fact that this is a standard.

The findings showed that, on average, participants were unsure if consumer happiness had increased as time passed (3.03, or roughly equivalent to 3). According to the findings, the majority of respondents agreed that their customer base had grown over time (3.52, or around 4), on average. According to the findings, participants generally agreed that their staff members had demonstrated a high degree of satisfaction over time (3.51, which is roughly equal to 4). The findings showed that, on average, the respondents were unsure about whether their organization had employed 5–49 people during the course of a year (3.33, or roughly equal to 3).

Correlation analysis

The objectives of the study sought to establish relationships between variables. Therefore, correlation analysis was carried out to examine the relationships between location and performance of small scale enterprises.

Table 5 Correlation results

	LOCATION	PERFORMANCE
LOCATION	1.000	
PERFORMANCE	.386**	1.000

** . Correlation is significant at the 0.01 level (2-tailed). Correlation based of Spearman's rho. Sig. (2-tailed).
 N = 155

The results in table 5 indicated that there is a positive relationship between location and performance of small-scale firms ($r = 0.386$). The relationship is significant at 1%. This implies that an improvement in location leads to an improvement in performance of small businesses.

Regression analysis

The study carried out a regression analysis in order to confirm the relationship together with the predictive power of location on performance of businesses.

Table 6: Regression results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	(Constant)	2.886	.152	18.962	.000
	LOCATION	.151***	.049	.240	.003

a. Dependent Variable: PERFORMANCE. R square = 0.058. Regression: $Y = 2.886 + 0.151X$

The regression results indicate that Location has a positive and significant relationship on performance of businesses. ($B = 0.151$, $P=0.003$). This implies that an improvement in location leads to an improvement in performance of businesses. The R square is 5.8% implying that variations in the independent variable ie location of the business, contributes about 5.8% of the variations in performance of businesses and the remaining 94.2% of the variations in performance is explained by other factors not considered in this model. The intercept (constant) 2.886 implies that if the firm has no location, it has a performance of 2.886. it is therefore concluded that an improvement in location leads to an improvement in business performance.

CONCLUSION

The results indicated that on average, the respondents agreed that the sales volume of their products has continued to improve overtime (3.65 which is approximately equal to 4).

Recommendations

The governing body should invest in and enhance facilities because they help small and medium-sized businesses perform better by giving them access to amenities and other economic improvements. In a similar vein, I would advise small- and medium-sized business owners to be aware of whether their location affects the outcome of their companies. This is because the majority of these owners declared uncertainty about whether the nature of their location affects the effectiveness of their companies, as evidenced by the 3.12% response.

Bibliography

(Murphy et al., 1. (2011). moderating effects of location on small firms performance . *International Journal of Business Management* , 15. Retrieved from www.ccente.org/ijbm.

(Murphy et al., 1. e. (n.d.).

(Paniggyrakis and Theodoridis, 2., & Murphy et al., 1. (2011). small firms performance . *International Journal of Business and Management* , 15.

(PhD), Mohd sobri Minai, Esuh Ossai-Igwe Lucky. (2011, March Monday). *The conceptual framework of the effect of Location on Performance of small Firms*. (E. O.-I. Lucky, Editor, M. S. (PhD), Producer, & Asian Social Science) Retrieved April 04/04/2022, 2022, from www.ccsenet.org/ass: <http://dx.doi.org/10.5539/ass.v7n12p110>

A, O. (2002). *Social Venture partners Calgary: Emergence and Early Stages*. Canadian Centre for Social Entrepreneurship.

a., K. e. (2010, June). *Asian Social Science*. (E. O.-I. Lucky, Editor, & Canadian Center of Science and Education) Retrieved April Monday, 2022, from www.ccsenet.org/ass: <http://dx.doi.org/10.5539/ass.v7n12p110>

Alcacer, J. Location choices across the value chain: how activity and capability influence collocation. *Management Science*, 52(10), 1457-1471. (2006).

Alex. (2022). Location and Performance of small and medium enterprises (SMEs) .

Alex, O. (2022). Location and performance of small and Medium Enterprises (SMEs).

Alobo, A. (2016). *Relationship between small business and personal attributes*.

Asiimwe, F. (2009). Institute of certified public accountant Uganda . *International Journal of Technology and Mnagement* .

Authority, U. I. (2013).

Azarloo, et al. (2017). Pakistan Journals of Humanities and Social Sciences. Retrieved April Friday , 2022

Blair and Premus. (1987).

BOCKEI and FEKETE. ((2012)).

Bolton Committee Report . Report of the commission of inquiry on small Firms . London: HMSO. (1971).

Esuh Ossa-Igwe Lucky (McPherson, 1995; Rijkers et al., 2010; Bigtens & Gebreyesus, 2007). (2011, June Saturday). *www.researchgate.net*, 1102 rebmeceD; 21.oN, 7.Io. (M. S. Manai, Editor, M. S. Minai, Producer, & Asian Social Science vol7 (12):110-118) Retrieved November Saturday, 2021, from *www.researchgate.net*: <http://dx.doi.org>

(2017). *European Journals of Research and reflections in Mnagement Science*.

Farris, et al. (2012).

Fernando Alonso Mendo et al . (2005). *theoretical approach to study SMEs eBusiness progression*

Harabi. (witzerland: University of Applied Sciences). *Determinants of firms growth: An empirical analysis from Morocco. MPRA Paper. S.*

Harper;ILO;House. (1974,1989;1991).

Harris and Gibson, M. (2006,2000;2005).

Harshim; Ogundele; Blackman;Colin et al.,Lawal. ((2005);(2003);(2007);(2005) & (2005)).

Retrieved March Sunday, 2022, from International Journal of Business and Mangement

iEduNote.com,business location . (2021, November Saturday). Retrieved Novemeber satarday , 2021, from www.iEduNote.com.

Jane Ridley,Sam Silverman, Jonathan Small. (2022, October 11).

john. (1989). *come*. uganda: miu press.

Kala et al.,(2010). (2011, May). Retrieved November thursday , April, from International journal of Business Mnagement : <http://dx.doi.org/10.5539/ijbm.v6n10p178>

L.A.Zander. (2005). [http://www,nps.edu/library](http://www.nps.edu/library). Retrieved November thursday , 2021, from <http://hdl.handle.net/10945/43836>.

Leidholdm,Harabi. (2002,2003). *Small firm dynamics: Evidnece from Africa and Latin America.Small Business economics*.

Les petites et moyennes entreprises acteurs de development durable en Afrique du Nord. Rabat: UNECA. (2008). *UNECA*.

Longenecker.,et al. (2012). *European Journal of Research and Reflection in Management Science*

merriam. (n.d.). www.merriam-webste.com.location . Retrieved March wednesday , 2022

- Mohd Sobri Minai. (2011, October May). *International Journal Of Business and Mnagement*. Retrieved Novemebr Thursday, 2021, from www.ccsenet/ijbm: <http://dx.doi.org/10.5539/ijbm.v6n10p178>
- Muriithi, D. S. (2017). *European Journal for research and reflection in management science* .
- N.Vik, C. C. (1986). *Communicating through Writing and Speaking in Business (9th ed.)*. Illinois: IRWIN.
- Nelson. K. (2022, july). Teach yourself SPSS and STATA. *International Journal of academic Pedagogical Research*, 7(6), 84-122.
- Okpara, O. J., & Wyn, P. (2007). Entrepreneurship and performance of small scale enterprises in Nigeria. *Nigerian Economic society journal.*, 47(2).
- Oladapo, A. (2017). The determinants of Location specific choice Small and Medium-sized
- Razak, M. Y. (2021). *Small and Medium Enterprise Performance 2020*. Statistics Malaysia.
- Sefian, Yassine & Devies, Barry & Brown, Robin,. (2016, March Thirsday). *University Library of Munich, Germany* . Retrieved March Thirsday , 2022, from ideas.repec.org: 74768
- (2020). *Small and medium enterprises*. Department of Statistics Official Portal. Malaysia: Department of statistics Malaysia official Portal.
- Small Scale Production. (1991). In Henk, *Strategies for industrial restructuring* (p. 295). Southamton Raw London : International Technology Publications .
- (2013). *The Federation Ugandan Employer , Small and medium enterprise report* .