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**THE IMPACT OF PRIVATELY OWNED ENTERPRISES ON THE ECONOMIC  
DEVELOPMENT OF COMMUNITIES IN UGANDA. A CASE STUDY OF MASAKA CITY**

**1 Akampurira Sarah, 2 Kabanda Richard**

**1, 2 Metropolitan International University**

**ABSTRACT**

*The purpose of the study was to investigate the role of privately owned enterprises on economic development of Masaka City. The study was based on the findings from 290 respondents out of the sample size of 310 respondents. 290 respondents presented results that were accurate basing on the objectives of the study. To assess the contributions of privately owned enterprises on the economic development of Masaka City, to analyze the characteristics of privately owned enterprises in Masaka City, to identify the challenges faced by privately owned enterprises in Masaka City. Data was collected from the business people in Masaka City. The findings of the study in this report showed that majority of the respondents strongly agreed that privately owned enterprises would lead to the economic development of Masaka City. The findings of the study presented results indicating that 60% of the respondents informed the researcher that whole sale and retail was one of the major characteristics of privately owned enterprises followed by 30% of the respondents who informed the researcher that another characteristic of privately owned enterprises was that they take risks and finally 10% of the respondents informed the researcher that privately owned enterprises pay all the taxes. There was also a need to for the government to provide financial Aid to the privately owned enterprise owners in order to boost their businesses.*

**Key words: privately owned enterprises, economic development and communities**

### ***Background of the study***

*According to Mayers (2014), private companies play an important role in the economy of most developed and developing countries by having a significant impact on job creation, income distribution and economic activity (Lydia et al., 2023).*

*The importance of the private sector and the informal economy is recognized worldwide, defining the private sector is a difficult task and then each country has its own definition (Ronald et al., 2023). There is no single accepted definition of entrepreneurship (Storey, 2014).*

*Businesses differ in resources, sales, and activity levels. Therefore, when the definition of using small indicators (such as number of employees, turnover, income, profit) is applied to a business, each business is divided into small, while the same size definition is used for different businesses. may lead to different results (Annet et al., 2023).*

*The main factor in all these problems is the lack of adequate funding from the government and the private sector. Therefore, the researchers aim to examine the role of private companies in the economic development of the city of Masaka.*

### ***Problem Statement***

*With regards to the vital roles and enormous contributions that are constantly being provided to the economy of Masaka City by privately owned enterprises as well as how owners of privately owned enterprises perceive this role, certain challenges and problems are still being faced by these enterprises and in order to ascertain their full potentials in areas of GDP growth, employment, tax revenue, poverty alleviation, championing of favorable balance of payments and all other contributions, these draw back need to be combated (Lydia et al., 2023). Research has proven that the overall benefits and contributions of the privately owned enterprises have not been realized in Masaka City is largely due to the operational hazards they have encountered directly or indirectly over the years. Some of them are related to getting easy access to capital, managerial problems, constant*

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*inflation, absence of entrepreneurial skills, difficulties in getting access to high quality and affordable business development services, erratic power supply which is the order of the day, inadequate technical and management support services, ineffective marketing strategies due to various marketing infrastructure which is susceptible to frequent and chronic illnesses, production and labour problems, management related problems, technological issues and limited access to information on market opportunities (Kazaara & Kazaara, 2023). All these problems have a major root cause which is lack of adequate finance on the part of government and also on the part of these privately owned enterprises. Therefore, the researcher is set to analyze the role of privately owned enterprises on the economic development of Masaka City.*

**Objectives of the study**

- 1. To assess the contributions of privately owned enterprises on the economic development of Masaka City.*
- 2. To analyze the characteristics of privately owned enterprises in Masaka City.*
- 3. To identify the challenges faced by privately owned enterprises in Masaka City.*

**Research Questions**

- 1. What are the contributions of privately owned enterprises on the economic development of Masaka City?*
- 2. What are the characteristics of privately owned enterprises in Masaka City?*
- 3. What are the challenges faced by privately owned enterprises in Masaka City?*

**Methodology**

**Research Design**

*The Researcher adapted a quantitative research design. Quantitative research design was used because the researcher carried out research in Masaka City which has a big population. The researcher used quantitative measures like percentages to make it possible to collect data from the respondents.*

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**Study Population**

According to Greg Lawrings (2015), population was defined as the inhabitants of a particular place. The study population will include the population description and the population sampling design. The targeted population was on 150 enterprise owners, 50 Government leaders and 30 Local people. The researcher used a sampling technique to get a sample.

**Table 1: Target Population**

| <b>Respondents</b> | <b>Target Population</b> |
|--------------------|--------------------------|
| Enterprise owners  | 300                      |
| Government leaders | 50                       |
| Local People       | 30                       |
| <b>Total</b>       | <b>380</b>               |

**Population and Sampling technique**

The population from which the sample was taken involved the enterprise owners, Government leaders and the local people. The respondents were got from various Sub Counties in Masaka City in order to come up with accurate data to help the researcher get all that was needed.

**Table 2: Sample Size**

| <b>Respondents</b> | <b>Target Population</b> | <b>Sample Size</b> | <b>Percentage</b> |
|--------------------|--------------------------|--------------------|-------------------|
| Enterprise owners  | 300                      | 270                | 90%               |
| Government leaders | 50                       | 30                 | 60%               |
| Local people       | 30                       | 15                 | 50%               |
| <b>Total</b>       | <b>380</b>               | <b>315</b>         |                   |

**Source: Field data (2021)**

The researcher used a sample size of 300 enterprise owners, 50 Government leaders and finally 30 local people in Masaka City using stratified sampling technique because it was the most effective when handling heterogeneous populations. Respondents

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*from different sub counties villages were selected using simple random sampling technique to make sure that the results are objective.*

### **Research Instruments**

*The researcher developed both primarily and secondary sources of information and data. In collecting Primary Data, the researcher used questionnaires as tools for collecting data. For Secondary Data, publications by re known authors in this field for example magazines, articles, books and News Papers were used by the researcher to gather information that was required.*

### **Questionnaires**

*This choice of tool was due to the fact that the targeted population is literate and therefore capable of filling-in the questionnaires. It gave the respondents adequate time to give well thought out answers. Questionnaires were also self-administered and provided a quick means of collecting data from a large population's sample.*

### **Interviewing**

*This choice of tool was used by the researcher to collect data from the respondents while in the field. The use of interviewing as a data collection tool was usually used when the study involved a large number of respondents and it made the researcher to get concrete information from the respondents' consent.*

### **Data Processing and Analysis**

*Data was processed from the questionnaires that were administered to the respondents, the researcher then went ahead and gather the questionnaires from respondents in order to know the number of respondents who responded to the questionnaires from the sample size that was used. The researcher then used SPSS to analyze data and present them into percentages on graphs and pie charts to be easily understood (Nelson et al., 2022).*

## **RESULTS**

### **Response Rate**

*The response rate of the respondents is explained in the table below:*

Table 3: Response rate

| <i>Respondent Groups</i>  | <i>Number of Questionnaires Distributed</i> | <i>Retrieved Questionnaires</i> |
|---------------------------|---------------------------------------------|---------------------------------|
| <i>Enterprise owners</i>  | 270                                         | 260                             |
| <i>Government leaders</i> | 30                                          | 20                              |
| <i>Local People</i>       | 15                                          | 10                              |
| <b>TOTAL</b>              | <b>315</b>                                  | <b>290</b>                      |

Source: Primary data (2021)

The table above clearly indicated that the researcher retrieved data from 260 enterprise owners out of the sample size of 270 respondents and the researcher at the same time retrieved data from 20 Government leaders out of the sample size of 30 and finally the researcher retrieved data from 10 local people out of the sample size of 15. This made a total of 290 respondents who presented to the researcher accurate data that was used basing on the objectives of the study.

#### **Contributions of Privately owned enterprises on the economy?**

Figure 1: Contribution of privately owned enterprises on the economy

Source: Field Data (2021)

According to the figure above, the findings of the study clearly indicated that 240 of the respondents informed the researcher that they strongly agreed that privately owned enterprises contributed on the economic development of Masaka City followed

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*by 30 respondents who presented results indicating that they agreed with the fact that privately owned enterprises contribute on the economic development of Masaka City. 15 respondents presented results indicating that they strongly disagreed with the assertion that privately owned enterprises contributed to the economic development of Masaka City and lastly 5 respondents presented results to the researcher indicating that they disagreed.*

### ***Characteristics of privately owned enterprises***

*Figure 2: Characteristics of privately owned enterprises*

*Source: Field Data (2021)*

*According to the figure 2 above, the findings of the study presented results indicating that 60% of the respondents informed the researcher that whole sale and retail was one of the major characteristics of privately owned enterprises followed by 30% of the respondents who informed the researcher that another characteristic of privately owned enterprises was that they take risks and finally 10% of the respondents informed the researcher that privately owned enterprises pay all the taxes*

### ***Challenges faced by privately owned enterprises***

*Figure 3: Challenges faced by privately owned enterprises*

*Source: Field Data (2021)*

*According to the figure above, the findings of the study revealed that the major challenge that privately owned enterprises faced was high taxes followed that was imposed on them by the Uganda Revenue Authority followed by 25% of the*

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*respondents who presented results indicating that lack of enough capital was another challenge that privately owned enterprises had and this was done through failing to raise the capacity of their enterprises and some times which would make some of them to collapse within a short period of time and finally the findings of the study revealed that privately owned enterprises would also face a challenge of advertisement and this was usually done because of not having enough financial status.*

### **Conclusions**

*The findings of the study also provided results indicating that majority of the respondents informed the researcher that whole sale and retail was one of the major characteristics of privately owned enterprises followed by a few of the respondents who informed the researcher that another characteristic of privately owned enterprises was that they take risks and finally some of the respondents informed the researcher that privately owned enterprises pay all the taxes.*

*The findings of the study also provided results indicating that the major challenge that privately owned enterprises faced was high taxes followed that was imposed on them by the Uganda Revenue Authority followed by a number of respondents who presented results indicating that lack of enough capital was another challenge that privately owned enterprises had and this was done through failing to raise the capacity of their enterprises and some times which would make some of them to collapse within a short period of time and finally the findings of the study revealed that privately owned enterprises would also face a challenge of advertisement and this was usually done because of not having enough financial status.*

### **Recommendations**

*There was a need for the government to introduce tax holidays to the entrepreneurs in Masaka City. There was also a need to for the government to provide financial Aid to the privately owned enterprise owners in order to boost their businesses.*

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*There was also a need to sensitize the masses about importance of carrying out a privately owned business.*

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