
**PRIVATELY OWNED ENTERPRISES AND ECONOMIC DEVELOPMENT OF COMMUNITIES IN
UGANDA. A CASE STUDY OF MPIGI DISTRICT**

Kabanda Richard¹, Lunyoro Florence²

ABSTRACT

The purpose of the study was to investigate the role of privately owned enterprises on economic development of Mpigi district. 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 Mpigi district, to analyze the characteristics of privately owned enterprises in Mpigi district, to identify the challenges faced by privately owned enterprises in Mpigi district. Data was collected from the business people in Mpigi district. The findings of the study in this report showed the relationship between privately owned enterprises (an independent variable) and economic development (a dependent variable). By employing bivariate means, it revealed that there was a connection between privately owned enterprises and economic development of $(r) = 0.686$. The fact that the p-value was 0.020, which was less than 0.05 ($p < 0.05$), and the p-value was significant enough to lead to the conclusion that the two parameters may be slightly positively correlated. 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), privately owned enterprises play a predominant role in the economies of most of the developed and developing countries and impact significantly on employment creation, income distribution, and dispersion of industries (Kazaara & Christopher, 2023). The importance of the privately owned enterprises sector and the informal sector is acknowledged internationally, defining privately owned enterprises as challenging task, and then every country has its own definition (W. Paul & Kazaara, 2023). There is no single, uniformly accepted definition of a privately owned enterprise (Richard, 2022). According to Bruce 2017, as in many countries, privately owned enterprises are a very heterogeneous group involved in activities ranging from petty trading, grocery store operations (Richard et al., 2023), medium-sized contract manufacturers supplying parts and components to multinational corporations and professional services such as software firms or medical researchers selling their services to other overseas markets all aimed at developing the industry they operate in and the economy as a whole (Lydia et al., 2023). According to Udechukwu (2003) in his book “Survey of Small and Medium scale industries and their potentials in

Nigeria”, SMEs are also seen to be sole proprietors or partnerships although on the surface, they may be registered as Limited Liability Companies as such they are usually not separate legal entities (Turyatamba et al., 2022). Olorunshola (2003) explains that this ownership style has led small and medium enterprises to have a simple management structure (Christopher et al., 2022). Another key feature of the privately owned sector in any country is that it is heterogeneous varying in size from small retail outlets to highly paid professionals, and substantial manufacturing enterprises (Rashid et al., 2023). They are also likely to vary in organizational forms from sole proprietorships (with or without employees), small corporations (public or private), professionals and partnerships. Small and Medium Enterprises serve as links between the large business enterprise and the consumers as such, large enterprises can hardly survive without them (Moses et al., 2023). Therefore, the importance of small business enterprises cannot be overemphasized. Small business enterprises make a larger contribution pro rata in the economy and with efficient control and management techniques of privately owned enterprises the benefit it gives can be much greater.

Problem Statement

With regards to the vital roles and enormous contributions that are constantly being provided to the economy of Mpigi district by privately owned enterprises as well as how owners of privately owned enterprises perceive this role (Isaac et al., 2023), certain challenges and problems are still being faced by these enterprises and in order to ascertain their full potentials in areas of GDP growth (Frank et al., 2023), employment, tax revenue (K. Paul et al., 2023), poverty alleviation (Faridah, Jacob, et al., 2023), championing of favorable balance of payments and all other contributions, these draw back need to be combated. Research has proven that the overall benefits and contributions of the privately owned enterprises have not been realized in Mpigi district is largely due to the operational hazards they have encountered directly or indirectly over the years (Faridah, Kazaara, et al., 2023). Some of them are related to getting easy access to capital, managerial problems, constant 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 (Oscar et al., 2023), production and labour problems, management related problems, technological issues and limited access to information on market opportunities (Winny et al., 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 Mpigi district (Ramadhan et al., 2023).

Objectives of the study

- To assess relationship between the contributions of privately owned enterprises and economic development of Mpigi district.
- To analyze the characteristics of privately owned enterprises in Mpigi district.
- To identify the challenges faced by privately owned enterprises in Mpigi district.

Methodology

The Researcher adapted a quantitative research design. Quantitative research design was used because the researcher carried out research in Mpigi district which has a big population. The researcher used quantitative measures like percentages to make it possible to collect data from the respondents. The Study was conducted in Mpigi district. The choice of the study area was because the researcher fluently used all the languages used in the study area and more so the researcher understood the study area properly which made data collection easy and concrete. The researcher adopted to both primary and secondary sources of information. Primary sources of information included using questionnaires to collect data and secondary source of information which included use of articles related to the study, publications and books. 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

Respondents	Target Population
Enterprise owners	300

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Government leaders	50
Local People	30
Total	380

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 Mpigi district in order to come up with accurate data to help the researcher get all that was needed.

Table 2: Sample Size

Respondents	Target Population	Sample Size	Percentage
Enterprise owners	300	270	90%
Government leaders	50	30	60%
Local people	30	15	50%
Total	380	315	

Source: Field data (2021)

The researcher used a sample size of 300 enterprise owners, 50 Government leaders and finally 30 local people in Mpigi district using stratified sampling technique because it was the most effective when handling heterogeneous populations. Respondents from different sub counties villages were selected using simple random sampling technique to make sure that the results are objective. The researcher developed both primary 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 were also self-administered and provided a quick means of collecting data from a large population's sample. 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

Figure 1: Contribution of privately owned enterprises on the economy

Source: Field Data (2021)

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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 Mpigi district followed by 30 respondents who presented results indicating that they agreed with the fact that privately owned enterprises contribute on the economic development of Mpigi district. 15 respondents presented results indicating that they strongly disagreed with the assertion that privately owned enterprises contributed to the economic development of Mpigi district and lastly 5 respondents presented results to the researcher indicating that they disagreed (Kazaara & Kazaara, 2023).

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 (Brian & Jacob, 2023)

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 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 (Akankwasa et al., 2022).

Relationship between privately owned enterprises and economic development

Table 3: Correlation between **privately owned enterprises** and **economic development**

		privately owned enterprises	economic development
privately owned enterprises	Pearson Correlation	1	.686**
	Sig. (2-tailed)		.020
	N	314	314
economic development	Pearson Correlation	.686**	1
	Sig. (2-tailed)	.020	
	N	314	314
**. Correlation is significant at the 0.01 level (2-tailed).			

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Source; Primary Data, 2022

The information in table 3 above illustrates the relationship between privately owned enterprises (an independent variable) and economic development (a dependent variable). By employing bivariate means, it reveals that there is a connection between privately owned enterprises and economic development of $(r) = 0.686$ (Nelson et al., 2023). The fact that the p-value is 0.020, which is less than 0.05 ($p < 0.05$), and the p-value is significant enough to lead to the conclusion that the two parameters may be slightly positively correlated. The relationship between an enhancement in the privately owned enterprises and a corresponding change in economic development appears to be reciprocal, as indicated by the beneficial r value.

Conclusions

In conclusion the findings of the study revealed that the study indicated that majority of the respondents informed the researcher that they strongly agreed that privately owned enterprises contributed on the economic development of Mpigi district followed by some other respondents who presented results indicating that they agreed with the fact that privately owned enterprises contribute on the economic development of Mpigi district. Some other respondents presented results indicating that they strongly disagreed with the assertion that privately owned enterprises contributed to the economic development of Mpigi district and lastly a few respondents presented results to the researcher indicating that they disagreed. 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.

Recommendations

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.

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

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