

PROMOTION OF SMALL-SCALE INDUSTRIES AND DEVELOPMENT OF BUSINESS. A CASE STUDY; MASAFU SUBCOUNTY (BUSIA)

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ABSTRACT

Small scale enterprises are recognized as important for the economic success of countries all over the world because of their contribution to the gross domestic product (GDP), to innovation, to export revenue, to the provision of goods and services to society and large enterprises, to social stability, to employment creation, and to the improvement of economic welfare. These organizations operate within an economic environment characterized by volatility, highly demanding dynamism and tough competition, which often seriously threaten their performance and their survival. The role played by them in any society is undoubtedly important, for instance, in Portugal around 98% of the industrial fabric is composed by SSI. Nowadays, entrepreneurship and firm creation is mostly related to small and micro firms, which lead us to look at them as an important development agent in any society. The Masafu business environment in general is constantly changing in the face of an unreceptive economic environment and a subtle political setting which breeds a highly competitive market. For promotion and development of small scale and industries to withstand the hazards of such a precarious and unfavorable competitive climate, they need to engage in market-oriented strategies. To achieve the fundamental objectives of economic growth through competitiveness on one hand and employment creation and income redistribution (equality) on the other, policy attention has increasingly focused on the promotion of SSIs. The economy and its trade environment present great opportunities for start-up businesses. Therefore, learning and understanding the small-business market is essential for small-business owners as entrepreneurs Knowledge of the market is considered a source of encouragement and energy for growing the business through understanding of the market and gaining market shares.

Key words: small-scale industries, development and business

Background of the study

MASAFU is an underground in Uganda in the busia district bukedi sub-region that includes a good average of emerging and already existing small businesses and developing industries (Tasha et al., 2023a).

The development of small businesses would promote the circulation of dollars in the economy and revitalize the local community with an increasingly sophisticated economic base for future development Market orientation has become one of the main research streams developed over the past few decades (Tasha et al., 2023b) and continues to captivate researchers, academics and managers in the field of strategic marketing (Damasus et al., 2023). Marketing practitioners recognize the importance of market orientation theory as a basic framework for a behavioral-strategic business approach (Ramadhan et al., 2023). They commonly use market orientation as an indicator of the extent to which an organization implements a marketing concept (Lydia et al., 2023). Kohli and Jaworski (1990:15), cited in Narver and Slater (1990:23), identified three priorities for market orientation, namely organization-wide market

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information generation, interdepartmental information dissemination, and organization-wide responsiveness. (Isaac et al., 2023). Market orientation can also be defined as the process of building and maintaining relationships with customers to facilitate the exchange of ideas, products, and services that satisfy the goals of both parties (Nelson, Christopher, Teddy, et al., 2022). Building and maintaining customer relationships as well as customer satisfaction is an important outcome of the exchange process (Gracious, 2023). Therefore, market orientation inevitably translates into risk-taking investment in new product development or service innovation in order to adapt to ever-changing market needs (Akankwasa et al., 2022).

Problem statement

In terms of transnational markets (Kazaara & Christopher, 2023), SSIs that were previously isolated from international competition often faced stiff competition from global competitors due to relaxed trade restrictions and barriers to their development in the MASAFU sub-region, who opted for its success and development (Filstar, 2023). Thus, the research conducts this study to analyze the role of small-scale industries in the development and growth of the said sub-area (Lydia et al., 2023).

Specific objectives

- To evaluate the role of the small-scale industries development to the economy
- To analyze the determinates and barriers to the growth and development of small-scale industries
- To access the relationship between the small-scale industries and the growth and development of the case study

Methodology

The study population constituted both female and male employees and employers of MASIFU sub country. These were assumed having reliable information about the topic of study. The study was conducted amongst 35 respondents from and these were chosen with the aid of purposive and of simple random sampling techniques.

Table 1: Sample Size selection by Department

Category	Sample size	Male	Female
Administration	5	2	3
(Staff)	20	10	10
Well-wishers	10	5	5
Total	35	17	18

Stratified probability sampling was used in the study. This was a sampling method whereby the population was divided into mutually exclusive groups (based on the city in which the SSIs are situated) and random samples were drawn from each group (Armstrong & Kotler, 2007:111). The respondents were randomly selected each unit of the

study population will have an equal chance of being selected. This sampling technique enables the researcher to generalize the larger population and make references. This sampling technique was employed to engage respondents with specific knowledge about the topic of study. This technique enabled the researcher to recruit purposeful respondents who gave information about the topic of the study. Closed ended questionnaire was used because according to Amin (2005), they provide specific responses which are easy to analyze. Mugenda and Mugenda (1999) noted that questionnaires are economical in terms of time and money. The results of the questionnaires were usually quickly and easily quantified by either a researcher or through the use of a software package and can be analyzed more 'scientifically' and objectively than other forms of research. A questionnaire was used because it is cheap, a large group of 33 respondents is covered within a short time, it also allows in-depth research, to gain firsthand information and more experience over a short period of time (Earl-Babbie, 2013). The researcher used both qualitative and quantitative methods of data analysis. Data was sorted using the Statistical Package for Social Scientists (SPSS) method. The analysis relied on both descriptive and inferential statistics. The descriptive statistics included use of frequency tables, mean, and standard deviation. Quantitative data got from the questionnaires was computed into frequency counts and percentage. Data was sorted using the Statistical Package for Social Scientists (SPSS) method (Nelson, Christopher, & Milton, 2022). The researcher adopted bivariate analysis techniques in analyzing her data. Bivariate analysis is the simplest form of quantitative (statistical) analysis. In addition to frequency distribution, tables, mean, standard deviation and other measures of central tendency was used in data analysis. Regression analysis and Correlations (Pearson's Product Moment Correlation Co efficient) was used to analyze and measure the degree of relationship between the independent variables and dependent variables. Qualitative data collected from interviews and documentary review was sorted and grouped into themes under the content and thematic analysis process. The researcher therefore was evaluate and analyze the adequacy of information in answering the research questions through coding of data, identifying categories and parameters that emerged in the responses (Glenn Firebaugh, 2013). While analyzing qualitative data, summaries was made on how different themes/variables are related.

RESULTS

Business Planning and Performance of SMEs

		Loyalty Program	Performance of SMEs
Loyalty Program	Pearson Correlation	1	.688**
	Sig. (2-tailed)		.000
	N	34	34
Performance of SMEs	Pearson Correlation	.688**	1
	Sig. (2-tailed)	.000	
	N	34	34

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**. Correlation is significant at the 0.01 level (2-tailed).

Source; Primary Data, 2022

Findings revealed that there was a positive significant relationship between business planning and performance of SMEs in Masafu, the coefficient was 0.688** and $p=0.000$ (Nelson et al., 2023). Study findings revealed that SME owners draw a budget before starting their businesses but this is rarely done in the businesses in Masafu. NPA (2015) noted that the budget allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings (Derrick et al., 2023). This organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving future income. Rostow in his Theory reiterated that growth is in stages and all stages are relevant, however it is prudent to satisfy all prerequisites. 70 Some SME owners set goals before beginning business, NPA (2015) noted that without the specified and preferably defined goals in the financial plan, the business most likely the SME may not perform to the expected levels. Relatedly, the Modernization Theory postulated that laid down goals become a working document which guides the campaigns taking place throughout the organization (Turyatamba et al., 2022). It was observed that some businesses do set aside money to cater for risk and other uncertainties in the business. Most SME management team members do not pose the necessary skills needed for risk planning and mitigation a factor that affects the performance of SMEs. The findings are in line with Kakuru (2000) risk management plan drawn by a skilled team may help the organization mitigate risk so as to improve performance (Musaibah et al., 2023). Findings revealed that very few SME draw risk management plans given that most of the owners are semi-illiterate and yet they don't seek such services from experts. Financial planning helps to improve the firm's performance in relation to profitability since whatever is to take place is planned (Annet et al., 2023). Rostow's Theory hinted on eventualities that may hinder a nation from moving from one stage of growth to another. Very few SMEs keep books of account in their businesses, and those that do keep ledgers mostly NPA Report (2015) noted that it is very important to keep books of account in a business for purposes of proper accountability that helps to enhance business performance (Paul et al., 2023).

Table 2: Access to Credit and Performance of SMEs

		Loyalty Program	Performance of SMEs
Loyalty Program	Pearson Correlation	1	.777**
	Sig. (2-tailed)		.000
	N	34	34
Performance of SMEs	Pearson Correlation	.777**	1
	Sig. (2-tailed)	.000	
	N	34	34
**. Correlation is significant at the 0.01 level (2-tailed).			

Source; Primary Data, 2022

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Findings revealed that there was a positive significant relationship between access to credit and performance of SMEs in Masafu, the coefficient was 0.777** and $p=0.000$. Findings revealed the interest rates are high and SMEs can't benefit fully from the loans they get from the financial institutions that is why they resort to SACCOs because the interest rates a bit low compared to financial institutions (Ramadhan et al., 2023). Findings revealed that the interest rates are high and SMEs can't benefit fully from the loans they get from the financial institutions that is why they resort to SACCOs because the interest rates a bit low compared to financial institutions. Relatedly, Rostow in his 72 Theory noted that nations should create favorable conditions for growth for example the economic climate. Study findings revealed that some SMEs are performing poorly in Masafu because they have failed to access credit from financial institutions. Birungi (2004) noted that financial Institutions demand for collateral or security as a prerequisite for accessing loans yet most SME owners don't have any kind of collateral. It was observed the procedure for accessing the loan is long. It was however reported that the period between the application and the actual disbursement was too long for business owners in Masafu (Polycarp et al., 2023).

Table 3: Market Information and performance of SMEs

		Market Information	performance of SMEs
Market Information	Pearson Correlation	1	.422**
	Sig. (2-tailed)		.000
	N	35	35
performance of SMEs	Pearson Correlation	.422**	1
	Sig. (2-tailed)	.000	
	N	35	35
**. Correlation is significant at the 0.01 level (2-tailed).			

Source; Primary Data, 2022

Findings revealed that there was a positive significant relationship between market information and performance of SMEs in Masafu, the coefficient was 0.422* and $p=0.000$. Study findings revealed that the discouraged product market value result in market polices regulating, and the low base of market infrastructure (Allan et al., 2023), lack of adequate marketing information system, and the unorganized sector, high transaction cost, which is mainly caused inadequate transport infrastructure and services undermining local markets and exports (Ivan & Kazaara, 2023). The Modernization theory calls for information circulation. Ministry of Trade and Industry Report (2015), thus, access to information is an important determinant to create competitiveness by effectively reducing transaction costs (Turyatamba et al., 2022). The application of the new information and communication technologies, and especially the internet and mobile offer increased effectiveness encourage and facilitate direct contacting between trade partners. Findings revealed that through training the entrepreneurs can get market information from extension workers (Emmanuel et al., 2023). Access to training refers how and from whom farmers are getting the training to find crops price information. This will be an indicator to access updated information via the possible information

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delivering mechanism. In line with this, access to training is also used to diversify skills and knowledge to use an old and emerging technology via different means of interventions.

Conclusions

Findings revealed that there was a positive significant relationship between business planning and performance of SMEs in Masafu, the coefficient was 0.688** and $p = 0.000$. The betterment on business planning in terms of operational planning, market planning, and operational planning, the higher the performance of SMEs in Masafu,

From the foregoing findings however, findings revealed that there was a positive significant relationship between access to credit and performance of SMEs in Masafu, 76 the coefficient was 0.777** and $p = 0.000$. The betterment on access to credit by SME owners in terms of availability of financial institutions, source, amount, collateral and interest rate, the higher the performance of SMEs in Masafu

Study findings revealed that there was a positive significant relationship between market information and performance of SMEs in Masafu, the coefficient was 0.422* and $p = 0.000$. The betterment on access to market information by SME owners in terms of availability of source, timeliness, frequency and reliability, the higher the performance of SMEs in Masafu,

Recommendations

Study findings revealed that there was a positive significant relationship between business planning and performance of SMEs in Masafu, the coefficient was 0.688** and $p = 0.000$. There is need to introduce best value planning, best value planning is a method of awarding construction contracts in which bidders compete on the basis of technical and managerial merit, past safety and performance records, qualification of craftsmen, technical innovation, financial health, or other factors, in addition to price. In addition, to avoid delays in supply and provision of services, timelines have to be respected since most projects would have overruns. Payment processes should be well defined and efficient; appropriate checks and authorization processes should be put in place for paying invoices. For the success should ensure that proper mechanisms for project quality control and evaluation are put in place with the input of well qualified personnel with progress reports thereon escalated for necessary action.

Study findings revealed that there was a positive significant relationship between access to credit and performance of SMEs in Masafu, the coefficient was 0.777** and $p = 0.000$. A promising solution is to provide multi-purpose loans or composite credit for income generation, housing improvement and consumption support. The loans should be given at low interest rates since most of the SME owners cannot afford loans at high interest rates. Free collateral security loans would best help in this situation; however, many institutions are reluctant to give loans that are not secured. Eventually it would be ideal to enhance the creditworthiness of the poor and to make them more “bankable” to financial institutions and enable them to qualify for long-term credit from the formal sector.

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