

**AN EVALUATION ON THE ROLE OF SOCIAL AND ECONOMIC INFRASTRUCTURE IN THE
PROMOTION OF BUSINESS ACTIVITIES, A CASE STUDY OF SMES IN NANSANA
MUNICIPALITY**

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Abstract

The study aimed at the evaluation on the role of social and economic infrastructure in the promotion of business activities with a case study of smes in nansana municipality and it was guided by the following objectives; To determine the influence of infrastructural development on the promotion of business activities and growth of small and micro enterprises in Nansana municipality, to find out how infrastructures influence the promotion of business activities and growth of SMEs in Nansana municipality and to draw conclusion on whether infrastructural development influences business activities and growth of SMEs in Nansana municipality. Small and micro enterprises, located in Nansana town along Kampala-Hoima Main Road were the target population in this study. These include SMEs in Ganda, Masitowa, East one and East two. In the year 2010, there were about 120 SMEs in Nansana east one, 145 in Ganda, 112 in nansana east two and 220 in Masitowa. Although Nabweru is located in the Nansana municipality, it will not be included in the study because the area is also served by other roads like Kampala-Bombo Road. Therefore, this study's sample size was 179 SME owners. Simple random sampling was employed to select the sample from the target population. The findings of the study indicated that there was a positive relationship between road related factors and growth of SMEs in Nansana Municipality along Kampala-Hoima highway ($r=0.561$, $p\text{-value}=0.000$). The results also shown a positive relationship between water and sewerage factors and growth of SMEs in Nansana Municipality along Kampala-Hoima highway ($r=0.421$, $p\text{-value}=0.000$). In addition, there was a positive relationship between telecommunication and growth of SMEs in Nansana Municipality along Kampala-Hoima highway ($r=0.361$, $p\text{-value}=0.000$). water and sewerage as way of ensuring SMEs growth in the country. This study recommends that Interruptions of water supply should also be minimized. The national government together with the local governments should work hand in hand to ensure that water is made available in all the regions where SMEs are located. This will therefore enhance production activities in the SMES thus leading to an increase in growth and development of the state's economy.

Key words: social, economic, infrastructure, promotion and business activities

Background of the Study

The development of the economy of any given nation is dependent on growth of small and micro enterprises (Turyatamba et al., 2022). This is because most people depend on small and micro enterprises on a daily basis to obtain products and service. Recklies (2018) posited that small and micro enterprises (SMEs) make a significant role in a country's economy (Alex & Kazaara, 2023). In most developing nations Uganda for example, the Small and Micro Enterprises (SMEs) are seen as engines in the growth of the country (Tasha et al., 2023). On the other

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hand, in the developed countries, the SMEs have played a great role, since the last decade, in various ways such as spurring innovations, job creation and creation of new products, thus contributing to the economic growth (Frank et al., 2023). However, the growth of small and micro enterprises significantly depends on infrastructures both economic and social; such as water supply, road network, railway, electricity and sewerage systems as they influence effectiveness and efficiency of SMEs (Kazaara et al., 2023). Due to this, it might have resulted to the different findings that have been revealed in the past on the growth of SMEs (Ramadhan et al., 2023). Change in the turnover of a firm has been the most frequent measure of the growth of a firm. Kinuthia (2019) revealed that there is inter-correlation among the measures which are applied on the measurement of growth on a frequent basis in small and micro enterprises (Christopher, Moses, Muhindo, & Komunda, 2022). In fact, most of the models of organizational life cycle, view growth as one of the stages of development. On the contrary also, it has been indicated that there are new jobs that are created as a result of the old SMEs (Allan et al., 2023). However, the studies that have been conducted have focused on the performance of the new ventures and forgetting the existing SMEs and also the factors that lead to improvement in their growth. Kampala-Hoima Road, largely recognized as the Kampala-Hoima highway, is a vital class A road that links Nansana town (municipality) that is located in Wakiso district (Racheal et al., 2023), central region of Uganda. The road has coverage of 202.8 km and its transverses from its north (Hoima) to its south end (kampala) through areas of Bukomero, kakiri, kiboga, and wakiso among others. Kampala-Hoima Highway has been a key infrastructure project by the Government of Uganda through the Uganda National Roads Authority (UNRA) and other development partners such as the Chinese Government through the Exim Bank of China (Racheal et al., 2023).

Problem Statement

SMEs in the economy of any country have a key role to play. They assist in both alleviation of poverty and opportunity creation for the residents in any nation. Recently, SMEs have been faced with several challenges including poor infrastructure level, inaccessibility to finance, inadequate markets and lack of training of employees on technology. These challenges affect the SMEs both positively and negatively thus affecting their performance in the long run (Faith et al., 2023).

(Turyatamba et al., 2022) suggested that SMEs have a crucial role in the development of the economy through the creation of employment, poverty eradication and establishment of new firms. According to Economic Survey (2015), SMEs have the highest share of job opportunities which account

for about 82.7 percent of the available in Uganda. Globally, small and micro enterprises are largely recognized as engines of growth and development and are the backbone of economy in both developed and developing countries (Wegulo et al., 2023). According to (Ashiraf et al., 2023), infrastructure development influences transportation, which in turn influences the growth and performance of small and micro enterprises. In an effort to improve the performance of small and micro enterprises in Uganda, the government has been improving infrastructures such as transportation, communications, power supplies, water and distribution networks (Ivan & Kazaara, 2023). Various studies have been conducted on infrastructural development and small and micro

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enterprises in Uganda. Nganga, Onyango and Kerre (2018) conducted a study on the influence of infrastructure and technology on SMEs growth and proposed that infrastructure development plays a key role in determining the growth of small enterprises (Ronald et al., 2023). In addition, Ndiangui (2012) conducted a study on transport as a major determinant in the performance of small and micro enterprises and suggested that there was a substantial association amongst the transportation factors such as transport cost, insecurity related to

transport and also the enforcement in the roads and access act with the SMEs performance (Godfrey et al., 2023). However, these studies were limited to specific types of enterprises and areas and hence their findings cannot be generalized to SMEs in Nansana. This study therefore answers the research question: does infrastructural development influence the promotion of business activities and growth of small and micro enterprises in Nansana (Winny et al., 2023).

Objectives of the study

1. To determine the influence of infrastructural development on the promotion of business activities and growth of small and micro enterprises in Nansana municipality.
2. To find out how infrastructures influence the promotion of business activities and growth of SMEs in Nansana municipality.
3. To draw conclusion on whether infrastructural development influences business activities and growth of SMEs in Nansana municipality.

Methodology

A descriptive research design was the most appropriate research design for this study. According to Bhattacharjee (2014), a descriptive survey design involves posing questions to participants, summarizing the responses using frequencies and percentages and making conclusions about a population from the samples' responses. Small and micro enterprises, located in Nansana town along Kampala-Hoima Main Road were the target population in this study. These include SMEs in Ganda, Masitowa, East one and East two. In the year 2010, there were about 120 SMEs in Nansana east one, 145 in Ganda, 112 in Nansana east two and 220 in Masitowa. Although Nabweru is located in the Nansana municipality, it will not be included in the study because the area is also served by other roads like Kampala-Bombo Road. Therefore, this study's sample size was 179 SME owners. Simple random sampling was employed to select the sample from the target population. This method was essential as it gave all members of the population equal opportunities of being selected as part of the sample size. Structured questionnaire was used in the collection of data. Structured questionnaire generated quantitative data, which took the form of categorical data (nominal and ordinal data) (Kothari, 2014). In addition, the closed ended questions provided precise information that minimized information bias and facilitated data analysis. Before data collection, a pilot test was done to examine the questionnaire's validity and reliability. The questionnaires were then distributed to the SME owners using a drop and pick up later method as it increased the response rate. Quantitative data was analyzed by the use of descriptive statistics through the help of statistical software, Statistical Package for Social Sciences (SPSS version 22) (Nelson, Christopher, & Milton, 2022). Descriptive statistics in the study encompassed frequency distribution, percentages, mean and standard deviation. The results

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of the study were presented by use of both graphs and tables. Furthermore, correlation analysis of the study was adopted in establishing the relationship existing between the variables.

RESULTS

Table 1: Road related factors

	N	Mode	Mean	Std. Deviation
Improve access to estates	174	5.00	4.9655	.26109
Reduce time taken to transport stock	174	5.00	4.9770	.15030
Improve distribution of goods	174	5.00	4.9828	.13055
Reduce cost of transporting goods	174	5.00	4.9368	.30700
Improved enforcement of roads and access act	174	5.00	4.9425	.25699
Reduction in road insecurity	174	4.00	4.3276	.60978

Source: Primary Data

As indicated in table 1, the respondents reported that infrastructure development of roads had led to improved distribution of goods and also reduced time taken to transport stock to a very great extent as indicated by the means of 4.982 and 4.977 respectively. In addition, they indicated that infrastructure development had improved access to estates and also improved enforcement of roads and the access act to a very great extent as indicated by the means of 4.965 and 4.942 respectively. By a mean of 4.936, they indicated that infrastructure development reduced cost of transporting goods to a very great extent. Further, they indicated by the mean of 4.327 indicated that infrastructure development had led to reduction in road insecurity to great extent (Ntirandekura, 2022).

Electricity related factors

Table 2: Electricity related factors

	N	Mode	Mean	Std. Deviation
Improve electricity connections	174	4.00	4.2011	.49249
Reduce power outages	174	3.00	3.2931	.49302
Reduce power interruptions	174	3.00	3.2586	.51206
Reduction in self-provision of power	174	3.00	3.2356	.51193

Source: Primary Data, 2022

From the findings, the respondents indicated that infrastructure development influenced improved electricity connections to a great extent as shown by a mean of 4.2011. They also indicated that infrastructure development influenced reduced power outages and reduced power interruptions to a moderate extent as shown by the means of 3.293 and 3.258 respectively. Further, they indicated that infrastructure development had influenced reduction in self-provision of power to a moderate extent as shown by a mean of 3.235 (Christopher, Moses, Muhindo, & Komunda, 2022).

Water and Sewerage related factors

Table 3: Water and Sewerage related factors.

	N	Mode	Mean	Std. Deviation
Constant water supply	174	4.00	3.7184	.58498
Improvement in the cleanliness and safety of water	174	4.00	4.0287	.43580
Reduction in water supply interruptions	174	3.00	3.3448	.57556
Improvement in the sewerage system	174	4.00	4.0230	.55822
Reduction in the bursting of sewerage systems	174	4.00	4.0115	.48071

Source: Primary Data

From the findings, the respondents indicated that water and sewage improvements such as establishment of tap water and reserve tanks influenced improvement in the cleanliness and safety of water and improvement in the sewerage system to a great extent as shown by the means of 4.028 and 4.023 respectively (Ntirandekura et al., 2022). In addition, they indicated that infrastructure development influenced reduction in the bursting of sewerage systems and constant water supply to a great extent as shown by the means of 4.01 and 3.718 respectively.

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However, they indicated that infrastructure development moderately influenced reduction in water supply interruptions as shown by the mean of 3.344 (Akankwasa et al., 2022).

Telecommunication related factors

Table 4: Telecommunication related factors

	N	Mode	Mean	Std. Deviation
Improvement in telecommunication network	174	4.00	4.1667	.44440
Reliability of telecommunication	174	4.00	4.1552	.53117
Cost of communication	174	4.00	3.8736	.64161
Utilization of e-business	174	4.00	3.8391	.66929

Source: Primary Data, 2022

Table 4 shows that the respondents indicated that infrastructure development had influenced improvement in telecommunication network and reliability of telecommunication to a great extent as shown by the means of 4.166 and 4.155 respectively. In addition, they indicated that infrastructure development influenced cost of communication and utilization of e-business to a great extent as shown by the means of 3.873 and 3.839 respectively (Christopher, Moses, Muhindo, & Komunda, 2022).

Growth of Small and Medium Enterprises

Table 5: Number of employees in the business

Categories	Number of employees at the start of business		Current number of employees	
	Frequency	Percent	Frequency	Percent
1- 5	35	20.1	46	26.4
6-10	9	5.2	88	50.6
11-15	1	.6	22	12.6
More than 15	1	.6	2	1.1
None	128	73.6	16	9.2
Total	174	100.0	174	100.0

From the findings, 73.6% the respondents indicated that they started the business without any employees, 20.1% indicated that they started the business with between 1 and 5 employees, 5.2 % indicated that they started their SMEs with between 6 and 10 employees, 0.6% indicated that they started the SME with 11 to 15 employees and the same per cent indicated that they had started with more than 15 employees. From these findings, most of the SME owners did not have employees during the start of their

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businesses (Christopher, Moses, Muhindo, & Komunda, 2022). The findings indicated that 50.6% of the respondents were currently having 6 to 10 employees, 26.4% indicated they were having between 1 and 5 employees, 12.6% indicated that they were having 11 to 15 employees, 9.2% indicated that they were having no employees in their SMEs and 1.1% indicated that they were having more than 15 employees in their SMEs. From the findings, most of the SME owners were currently having 6 to 10 employees (Christopher, Moses, Muhindo, & Nturanabo, 2022).

From the findings, there has been a change of the number of employees from when the business started to the current state of the business. The SMEs that lacked employees were 73.6% at the start of the business but currently those that do not have employees are 9.2%. The employee number has increased from 5.2% to 50.6% where most of the employees currently have 6 to 10 employees (Emmanuel et al., 2023).

Trend of profits of the organization for the past five years

Table 6: Trend of profits of the organization for the past five years.

	Frequency	Percent
Increased	130	74.7
Decreased	4	2.3
Stagnant	40	23.0
Total	174	100.0

Source: Primary Data, 2022

From the findings, 74.7% of the respondents indicated the profits of their SMEs had been increasing over the past 5 years. 23.0% indicated that the profits of their SMEs had been stagnant for the past five years while 2.3% indicated that the profits of their SMEs had been decreasing over the past five years (Annet et al., 2023). From the findings, we can deduce that the profits of the SMEs in the Nansana municipality along Kampala-Hoima highway had been increasing over the past five years (Polycarp et al., 2023).

Table 7: Trend of sales in the last one year.

	Frequency	Percent
Increased	119	68.4
Decreased	8	4.6
Stagnant	47	27.0
Total	174	100.0

Source: Primary data.2022

The findings of the study indicated that 68.4% of the respondents' sales in their SMEs had been increasing over the last one year. 27.0% indicated that the sales of their SMEs had been stagnant over the last one year (Nelson, Christopher, Teddy, et al., 2022), 4.6% indicated that the sales of their SMEs had

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been decreasing over the last one year. From the findings, the sales of most SMEs in the Nansana municipality along Kampala-Hoima highway had been increasing over the past one year (Faridah et al., 2023).

Table 8: Correlation Analysis

		Growth of SMEs	Road related factors	Electricit y related factors	Water and sewerage related factors	Telecommu nication related factors
Growth of SMEs	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	174				
Road related factors	Pearson Correlation	.561	1			
	Sig. (2-tailed)	.000				
	N	174	174			
Electricity related factors	Pearson Correlation	-.009	.17	1		
	Sig. (2-tailed)	.907	.018			
	N	174	174	174		
Water and sewerage related factors	Pearson Correlation	.421	.228	.325	1	
	Sig. (2-tailed)	.000	.003	.000		
	N	174	174	174	174	
Telecommu nication related factors	Pearson Correlation	.361	-.144	.017	.361	1
	Sig. (2-tailed)	.000	.059	.825	.000	
	N	174	174	174	174	174

Source: Primary Data, 2022

The findings of the study indicated that there was a positive relationship between road related factors and growth of SMEs in Nansana Municipality along Kampala-Hoima highway ($r=0.561$, $p\text{-value}=0.000$). The results also show a positive relationship between water and sewerage factors and growth of SMEs in Nansana Municipality along Kampala-Hoima highway ($r=0.421$, $p\text{-value}=0.000$). In addition, there is a positive relationship between telecommunication and growth of SMEs in Nansana Municipality along Kampala-Hoima highway ($r=0.361$, $p\text{-value}=0.000$) (Nelson et al., 2023). However, a negative relationship exists between electricity and growth of SMEs in Nansana Municipality along Kampala-Hoima highway.

Conclusion

The study concludes that infrastructural developments (roads, water and sewerage, telecommunication) were affecting the growth of SMEs in Nansana Municipality along Kampala-Hoima highway. However, electricity had a significant influence on the growth of SMEs. The road related factors affecting growth of SMEs included improved distribution of goods, reduced time taken to transport stock, improved access to estates and also improved enforcement of roads and access act reduced cost of transporting goods, and reduction in road insecurity. Electricity related factors affecting growth of SMEs included improved electricity connections and reduced power outages, reduced power interruptions and Reduction in self-provision of power.

Recommendations for Policy and Practice

The study found that road related factors influenced improved delivery time and reduction in the cost of transportation among SMEs. The recommendation of the study is that the National government as well as local governments in Uganda should come up with policies aimed at improving infrastructure such as roads, telecommunication as well as water and sewerage as way of ensuring SMEs growth in the country.

This study recommends that Interruptions of water supply should also be minimized. The national government together with the local governments should work hand in hand to ensure that water is made available in all the regions where SMEs are located. This will therefore enhance production activities in the SMES thus leading to an increase in growth and development of the state's economy.

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