

**ENTERPRISE PLANNING AND GROWTH OF SMALL-SCALE BUSINESSES IN UGANDA, A CASE
STUDY OF KAWEMPE MAGANJO TRADING CENTRE**

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ABSTRACT.

The study sought to investigate the impact of enterprise planning in small businesses in Uganda. The study addressed the following objectives: to describe the socio-demographic characteristics of the respondents, to examine the relationship between enterprise planning on growth of small business enterprises in Maganjo. In addition, to examine the other factors that affect the growth of small business enterprises in Maganjo and the to identify the challenges that are faced by small business enterprises in Maganjo. The study used a descriptive-correlation research design with both qualitative and quantitative methods of data analysis. The key findings indicated that 15 (50%) of the respondents agreed, 10 (33.3%) disagreed, and 5 (16.6%) were not sure. This implies that the majority of the respondents (50%) agreed that enterprise planning is a key to success. Pertaining to whether enterprise planning is a tedious activity, 50% of the respondents agreed that it is tedious; this implied that enterprise planning is not an easy thing. 10% disagreed and 5% were not sure. The majority of the respondents 66.6% agreed that it is good to plan for any business and the rest of the samples/respondents (16.6% and 16.6%) disagreed and were not sure respectively. This implies that it is good to plan for a business. Similarly, 80% of the participant ranked lack of finance as the major constraints to the growth of their business followed by high taxes, which recorded 70%. Competition and low sales were ranked as the 3rd major constraint to the growth of SMEs with 60%. The researcher therefore concludes that enterprise planning has an impact on growth of small-scale enterprises and recommends Managers, owners, government and other stakeholders should come up with a policy framework aimed at promoting and supporting micro, small and medium enterprises especially in their initial stages in order to ensure their survival.

Key words: Enterprise Planning and small-scale Businesses.

Background to the Study

In Uganda, small scale enterprises (SSBs) are reported to contribute approximately 20% of Uganda's GDP (District et al., 2023a). This figure may be much higher given that Uganda's GDP is largely agricultural production (Frank et al., 2023). These are mainly small holders who may not even fit into the definition of micro and small businesses. Furthermore, since much of GDP is non-monetized and largely subsistence (Lydia et al., 2023), it is possible that the contribution of both micro and small units is much greater than 20%. The Ministry of Planning and Economic Development (2015) also reports that over 80% of Uganda's manufacturing output is small businesses. The sector also employs up to 2.6 million people in Uganda (District et al., 2023b).

According to (Mariam et al., 2023), Uganda is a country whose education system still produces a skilled and semi-skilled workforce that is oriented to enter white-collar jobs, academia and government, where it is assumed that sustainable

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livelihoods can be maintained. Uganda was ranked among the most entrepreneurial countries in the world among the GEM countries in 2003 with a TEA index (29.2), which means that 29 out of 100 Ugandans, almost one in three Ugandans, are engaged in some kind of entrepreneurial activity (Lydia et al., 2023). This index was exceptionally high in both men and women (Edith et al., 2023). A business planning system covers planning methods for internal and external factors that affect the business. These factors generally fall under PESTLE. PESTLE refers to political, economic, social, technological, legal and (Gladys et al., n.d.) environmental factors. Regular resolution of PESTLE factors falls under operations management. Meanwhile, it handles any event. The business will plan tactical steps to quickly respond to PESTLE threats that affect its survival. Meanwhile, the business will plan longer-term strategic actions to address its competition or improve its competitiveness (Turyatamba et al., 2022). For example, businesses will plan, budget, implement and use strategic information systems because "information systems or information technology investments can be a source of competitive advantage." Most importantly, the business will plan to take advantage of the PESTLE opportunities available to it. Motives of profit and benefit justify most corporate planning systems (Patrick et al., 2023). According to Penrose (2006), growth is the product of an internal process of business development and quality improvement and/or expansion. "Growth is defined as a change in size over a specified time span" (Frank et al., 2023).

Statement of the Problem

Business growth has been studied by researchers for many years. Different authors have used different terms to define the stages of business growth (Edith et al., 2023), but the events that each business goes through remain more or less the same. Most researchers argue that every business must start, then grow while facing various challenges and crises, and finally mature and decline (Frank et al., 2023). There are many factors that contribute to the success of a business. There are also many precursors that allow a business to move from one stage to another (Tasha et al., 2023). Some small businesses in Uganda do not have clear business planning strategies to guide them to better organizational performance and growth (Lydia et al., 2023), customer satisfaction and organizational growth and finally economic growth, so one of the main reasons why small businesses fail to succeed in the long term, there is a lack of skills and management of business planning, business innovation and creativity (David et al., 2023), the inability to attract, retain and develop customers. Therefore, this research seeks to provide them with recommendations that would bring them growth and success.

Specific Objectives

This study was guided by the following specific research objectives:

1. To examine the perceptions on enterprise planning and growth of small business enterprises in Uganda.
2. To identify the challenges that is faced by small business enterprises in Uganda.

Research Questions

1. What relationship exists between enterprise planning and growth of small-scale business enterprises in Uganda?
2. What are the challenges that small-scale businesses in Uganda face?

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Methodology.

This study employed a descriptive research design. It also provided quantitative data from cross section of the chosen population. The target population in this study were administrators and employees at Maganjo grain millers-Kawempe. The targeted respondents were 100 respondents comprising of 10 sectional managers and 90 employees from the organization. Stratified sampling was used to sample the respondents from the selected organization. A census method was used to select the managers and simple random sampling was used to select the employees. Questionnaires with both closed and open-ended questions were used to capture more data from the respondents. The closed ended questions provided more structured responses to facilitate tangible recommendations while the open-ended questions provided additional information that could not have been captured in the closed ended questions. The researcher ascertained validity by consulted statistician for further improvements to make criticism and comments on the same. Their comments were incorporated in the questionnaires before the final administration of the instruments on the participants of the study. Reliability was assessed with the use of Cronbach's alpha coefficient. The coefficient was used to estimate the proportion of variance that is systematic or consistent in a set of test scores.

Statistical data analysis was done and frequencies and correlations were generated, this performed with the help of STATA (Nelson et al., 2022).

Results.**Perceptions on enterprise planning and growth of the small business.**

The first objective of the study sought to examine the perception of enterprise planning and growth of small business enterprise and the findings are as seen below.

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		A	D	NS
1	Enterprise planning is a key to the success of a business.	15 (50%)	10 (33.3%)	5 (16.6%)
2	Enterprise planning is a tedious activity.	10 (33.3%)	5 (16.6%)	15 (50%)
3	Some business for example micro and small businesses do not require Enterprise planning.	5 (16.6%)	20 (66.6%)	5 (16.6%)

4	It is always good to plan in my business.	20 (66.6%)	5 (16.6%)	5 (16.6%)
5	Is there any relationship between enterprise planning and performance of small business	25 (83.3%)	0	5 (16.6%)

The findings reveal that 15 (50%) of the respondents agreed, 10 (33.3%) disagreed, and 5 (16.6%) were not sure. This implies that the majority of the respondents (50%) agreed that enterprise planning is a key to success (Racheal et al., 2023). Pertaining to whether enterprise planning is a tedious activity, 50% of the respondents agreed that it is tedious; this implied that enterprise planning is not an easy thing. 10% disagreed and 5% were not sure. The majority of the respondents 66.6% agreed that it is good to plan for any business and the rest of the samples/respondents (16.6% and 16.6%) disagreed and were not sure respectively. This implies that it is good to plan for a business (Alex & Kazaara, 2023).

Summary

The study explored the relationship between enterprise planning and the growth of small businesses, revealing that 50% of respondents see enterprise planning as crucial for business success, while 33.3% find it to be a tedious activity. Additionally, 66.6% of participants affirmed the importance of planning for any business. Concerning the connection between enterprise planning and small business performance, 83.3% of respondents believed in a positive relationship. The major challenges faced by SMEs were highlighted, with 80% identifying lack of finance as the primary constraint, followed by high taxes (70%) (Polycarp et al., 2023), and competition and low sales (60%). The study emphasizes the significance of enterprise planning for business success and sheds light on the formidable challenges faced by small businesses, particularly in the realms of finance, taxes, and competition.

Conclusion

The theme of this study which was “The impact of enterprise planning on the growth of small business enterprises in Uganda using a case study of Maganjob based on the responses from the questionnaires supplied, it is seen that there is a strong relationship between enterprise planning and growth of small business enterprises. Based on the responses received through the questionnaires circulated, it became evident that SMEs in Uganda like most SMEs in other countries are faced with major challenges in accessing finance as the majority of the respondents (80%) agreed on this. Finally, besides enterprise planning, the findings from the study show that there are other factors that affect the growth of small business enterprises such as Location, External factors, Business structure and management and Behavioral and personal traits

Recommendations

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At a national level, there are many constraints facing small business enterprises which critically hinder their smooth operations and efficiency for instance there is a vacuum between such businesses and numerous opportunities abroad in the foreign markets. The Uganda Investment Authority has previously acknowledged the same challenge before but little is done, there are some promotional campaigns like Buy Uganda Build Uganda (BUBU) although the progress is still minimal.

Managers, owners, government and other stakeholders should come up with a policy framework aimed at promoting and supporting micro, small and medium enterprises especially in their initial stages in order to ensure their survival. With this, growth and expansion of small-scale industries will be enhanced.

The government should educate or train micro, small and medium enterprise owners and managers through seminars and workshops on the various managerial skills that are required to effectively and efficiently run small scale and medium enterprises as this would help them to acquire skills to run these businesses which can ensure survival and continuity.

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