
Private Sector And Its Impact On Economic Development Of Societies A Case Of Kampala Central Division

Nambi Jackie¹, Kabanda Richard²

1, 2 Metropolitan International University

Abstract

This qualitative study examined the impact that private sector has on the economic development of societies of Uganda while putting its focus on Kampala central division. The study was designed to answer the following questions; what is the effect of trade associations in educating the public about economic strategies, what is the effect of family businesses in improving household income, and what is the effect of cooperative companies on the provision of employment. To answer the above stated questions, the study was guided by the local economic development theory that states that development depends on the location factors that fuel development in the economic base and region through mechanisms of transmission between the economic base and non-base activities, local goods and services and economic policies. The study employed a descriptive survey research design with inclusion of both qualitative and quantitative approaches with a respondent of 133 from Kampala central division who included KACITA, traders, family business owners, KCCA among other employees. The findings of the study revealed that private sector plays the greatest in the development of different societies worldwide. They introduce new technology and provide employment opportunities to the society. This sector generates larger sums of revenue that supports government services towards social, economic and political development among others operations. The study went further and revealed that 125 (94%) of the respondents agreed that family businesses contribute a significant share to the national revenue however, 8 (6%) of them disagreed with the effect. This sector therefore, should be given much attention if Uganda is to achieve its 2030 development agenda.

Keywords: Private Sector, Economic, Development and Societies

Background of the study

Defining the private sector is a crucial stage in achieving any understanding of current practices and the role that this sector should play in economic development (Frank et al., 2023). The OECD (2011) defines the private sector as, for example, “private corporations, households and non-profit institutions serving households”, while others strictly limit it to the corporate and business world (Polycarp et al., 2023). However, the meaning of this term in practice is clear: it refers to private investors, i.e. profit-making enterprises – and secondarily to private foundations (Annet et al., 2023). These long-standing privileged partners of official development policies seem to be strengthened in the future; they form what we understand here by the term “private sector” (Richard et al., 2022). Another difficulty lies in the fact that societies themselves bring together a wide range of actors whose interests, contribution and impact with respect to the development process differ. They range from large multinationals to micro-enterprises, SMEs to cooperatives and even informal economy structures (Turyatamba et al., 2022). According to (Christopher & Kazaara, 2023), economic development occurs when individual agents have the opportunity to develop capacities that enable them to actively participate and contribute to the economy. (Gibson et al., 2023) defined economic

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

development as the structural transformation of the economy by introducing more mechanized and updated technologies to increase labor productivity, employment, income and living standards of the population (W. Paul & Kazaara, 2023). Economic development is accompanied by improvements in infrastructure as well as social, political and institutional factors that facilitate the transformation of the economy (Suzan & Kazaara, 2023).

Kampala is the capital and commercial center of Uganda and is the largest area with private and managed business entities. Sekiziyivu (2009) examined the value of the private sector in supporting local incomes and improving fiscal efficiency (K. Paul et al., 2023). However, the study did not stand the test of time because it did not meet the expectations associated with political reforms. Examining the Kampala Central Division in terms of the impact that the private sector has on economic development is therefore vital.

Problem statement

Uganda's economic development strategies should focus on supporting private entrepreneurs, tradespeople and other private entities, however, Uganda's policy of encouraging the spirits of foreign investors, awarding contracts to the Uganda Defense Force among other government organizations, is a dead whistle that cannot bring development as the private sector can. According to (Ntirandekura & Alex, 2022), private sectors which include business entities, factories and shops update the technology of a certain area, introduce mechanization to society, increase labor productivity, job opportunities, income and standard of living of people (Christopher, Moses et al., 2022). In addition, the private sector contributes 81.6% of Uganda's total budget and 57% of local government revenue, which is used to support infrastructure development within the districts and at the national level (URA Report, 218). This study therefore investigated the impact of the private sector on the economic development of Kampala Central Division.

Specific objective

1. To examine the effect of trade associations on educating the public about economic strategies.
2. To examine the effect of family businesses in improving household income.
3. To examine the effect of cooperative companies on the provision of employment.

Methodology

This study used a descriptive survey research design with inclusion of both qualitative and quantitative approaches where people's views and opinions were sought and described. This method was used because it revealed real and practical experiences necessary to provide a more profound understanding and analysis of all related aspects. The study population size is 1.5 million people working from Kampala during day and the study covered only 150 respondents among which traders, cooperative leaders (KACITA), family business owners, and KCCA central division leaders. A sample size of 150 respondents was obtained from the population size of the study using different sampling methods as shown in table 1 below. The study sampled KCCA leaders because they were relevant in providing better information, KACITA leaders were also sampled because they are at the heart of the private sector in Uganda, family business owners, manufacturing employees, market vendors in Kampala and manufacturing industries leaders because they are part of the sector and central at the beginning of any enterprises and KCCA tax collectors.

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

Table 1: Showing sample size and sampling method

Category	Sample size	Sampling technique
KCCA central division leaders (Political and executive)	8	Purposive sampling method
KCITA leaders	6	Purposive sampling
Family business owners	50	Simple random sampling
Manufacturing employees	50	Simple random sampling
Manufacturing industries leaders	2	Cluster sampling
Kcca tax collectors	10	Simple random sampling
Market vendors (Owino and Nakasero)	24	Simple random sampling
Total	150	

Primary data was collected by use of questionnaires and interview guides which were administered to respondents since they are the one to give firsthand information on the subject under study. The study incorporated the use of various methods in the process of data collection in a bid to come up with sound, concrete and credible research findings. The researcher used questionnaires and interview guides in the process of collecting primary data. The study used a 5-point Likert scale to measure the strength of the sub constructs of the variables in relation to respondents' responses. The scale ranged from strongly agree to strongly disagree (Strongly agree, agree, not sure, disagree, and strongly disagree). Editing of collected data was done to make data ready and simpler for presentation. The filled questionnaires were edited one by one to correct errors done by the respondents. Data was edited in order to check for accuracy, completeness, consistency and uniformity. Edited data was analyzed quantitatively and qualitatively as follows; Quantitative data was grouped and statistical description such as tables showing frequencies and percentages for better interpretation using SPSS & STATA (Nelson et al., 2022). However, qualitative data was analyzed in a way of identifying responses from respondents that were relevant to the research problem. Mainly such data was analyzed by explaining the facts collected from the field under which the researcher was able to quote respondents' responses.

RESULTS

Table 1: Showing respondents responses on the effect of trade associations on educating the public about economic strategies

S/b	Training offered by trade associations and other institutions are the	Agree	Not sure	Disagree
-----	---	-------	----------	----------

Received: 18.03.2024**Accepted: 23.03.2024****Published on: 30.03.2024**

	backbone of economic development in ways such as:-	f	%	f	%	f	%
1.	Investments in human capital contribute to international competitiveness.	133	100				
2.	Service education and in-service training enhance the productivity of SMEs.	72	54	21	16	40	30
3.	On job training improve employee skills	129	97	4	3		
4.	Firms with higher skilled workers are able to adapt to new technologies to the national economic environment.	91	68	5	4	37	28
5.	Training reduces risks at work place	108	81.2	18	13.5	7	5.3
6.	Skilling employees enable exports of adopted products to neighboring countries	73	55	17	13	43	32
7.	Training enhances meeting quality standards of foreign clients.	133	100				

Source: primary source 2023

Trade associations as indicated in table 1 above promote training to the nation and this training foster economic development in ways as indicated in table 8 above. From table 1, above 133 (100%) of the study respondents agreed that trade associations invest in human capital in form of training and this training contributes to international competitiveness. 72 (54%) of the respondent agreed that trade associations provide service education and in- service training that enhance the productivity of SMEs, 21 (16%) of them were not sure of service education provided while 40 (30%) of the respondents disagreed with the statement.

On the third sub construct which reads on job training improve employee skills, more than half 129 (97%) of the study respondents agreed with the sub construct while 4 (3%) of them disagreed with the sub construct. With respect to the fourth sub construct, that states that firms with higher skilled workers are able to adapt to new technologies to the national economic environment through training from trade associations and the results shows that

more than half 91 (68%) of the respondents agreed with the statement while 5 (4%) were not sure however, 37 (28%) of them disagreed with the statement (Ntirandekura, 2022).

The fifth sub construct which reads training reduces risks at work place and the results show that 108 (81.2%) of the

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

respondents agreed with the sub construct, 18 (13.5%) were not sure with the sub construct while 7 (5.3%) disagreed with the sub construct. The study went further and investigated the effect of skilling employees whether it enables exportation of products to neighboring countries and the results shows that 73 (55%) of them agreed with the effect while 17 (13%) of the study respondents were not sure with the effect, however, 43 (32%) disagreed with the effect caused by the training. Lastly of this research question, all respondents 133 (100%) agreed that trade associations provide training that enhances meeting quality standards of foreign and local market.

Table 2: Showing respondents responses about the effect of family businesses on society economic development

S/b	Statement	Agree		Not sure		Disagree	
		f	%	f	%	f	%
1.	Family businesses are the backbone of employment	133	100				
2.	Family businesses nurtures entrepreneur talents	107	80.4	3	2.3	23	17.
3.	Family businesses offer better quality of life for the citizens.	129	97	4	3		
4.	Family businesses contribute a significant share to the national revenue	125	93.98	8	6		
5.	Family businesses such as service businesses promote local tourism to the international market.	124	93.2	2	1.5	7	5.3
6.	Family businesses (Mukwano industries, Jesa and Wavamuno for example) add value to local agricultural produces and other products which promotes international trade	133	100				
7.	Family businesses such as hospitals and health care centers provide health services to the public and hence good health among individuals	133	100				

Source: primary source 2023

Table 2 above presents results from respondents about the effect of family businesses on society economic development as indicated by the study's respondents. It is evidenced that all respondents 133 (100%) who

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

participated in this study agreed that family businesses are the backbone of employment, family businesses such as Mukwano, Jesa and Wava Muno enterprises have added value to local agricultural products and other products which promotes international trade, they also believed that family business such as hospitals and healthcare centers provide health services to the public and hence good health among individuals (Richard, 2022).

With respect to family business nurtures entrepreneur talents 107 (80.4%) of the respondents agreed with the statement while 3 (2.3%) were not sure with the statement, however 23 (17.3%) of them disagreed with the statement. With respect to family businesses offering better quality of life for the citizens 129 (97%) of the respondents agreed with the effect while 4 (3%) of them were not sure with the effect of offering better quality of life for the citizens (Christopher, Komunda, et al., 2022).

The study went further and revealed that 125 (94%) of the respondents agreed that family businesses contribute a significant share to the national revenue however, 8 (6%) of them disagreed with the effect. Lastly more than half 124 (93.2%) of the respondents agreed that family businesses such as service businesses promote local tourism to the international market while 2 (1.5%) of them were not sure however 7 (5.3%) of the respondents disagreed with the statement.

Table 3: Showing respondents responses on the effect of cooperative companies on the provision of employment

S/b	Statement	Agree		Not sure		Disagree	
		f	%	f	%	f	%
1.	Cooperative companies offers traditional and locals an opportunity to hold businesses in form of shares	69	52	26	19.5	38	28.
2.	Cooperative companies provide workers will better well-being among business entities.	107	80.4			26	19.
3.	They offer economic opportunity, and community engagement.	133	100				
4.	Cooperative companies promote fair trade with unique products and standards to local, national and international market	103	77	9	7	21	16
5.	They provide employment to the public and within the different business owners	133	100				

6.	They help business owners' acquire financial support to facilitate their businesses.	53	40	31	23	49	37
7.	They promote togetherness among members and facilitate public activities where necessary	113	85	5	3.7	15	11.

Source: primary source 2023

The third research reads what is the effect of cooperative companies on the provision of employment? And the question was answered as indicated in table 10 above. Literally, 69 (52%) of the respondents agreed that Cooperative companies offers traditional and locals an opportunity to hold businesses in form of shares, while 26 (19.5%) of them were not sure

with the statement however 38 (28.5%) of the study respondents disagreed with the statement. With respect to the second answer that cooperative companies provide workers will better well-being among business entities 107 (80.4%) of the study respondents agreed with the answer while 26 (19.6%) of the participants disagreed with the answer (Gibson et al., 2023).

The third answer was about offering economic opportunities, and community engagement and results shows that all 133 (100%) respondents of the study agreed with the answer. The third answer was promoting fair trade with unique products and standards to local, national and international market and the results shows that 103 (77%) of the 133 respondents agreed with the answer while 9 (7%) were not sure with the answer however 21 (16%) of them disagreed with the answer. The study furthermore, revealed that all 133 (100%) respondents of this study agreed that cooperative companies provide employment opportunities to the public an within the different business owners, while on helping business owners acquire financial support to facilitate their business and the results shows that 53 (40%) agreed with the statement, 31 (23%) of them also were not sure while 49 (37%) of the respondents disagreed with the answer.

Lastly, the study revealed that more than half 113 (85%) of the study's respondents agreed to the statement that cooperatives promote togetherness among members and facilitate public activities where necessary while 5 (3.7%) were not sure however 15 (11.3%) of them disagreed with the statement.

Conclusion

The private sector has been cited as the major sector to provide economic opportunities in the world today. They introduce new technology, introduce new mechanization to the society, increase labour productivity, employment opportunities, and incomes and improve people's standards of living. With an increasing unemployment, private sectors are to provide a greater percentage opportunities and sensitization of new enterprises that can employment to the public. The study findings revealed that public sector invest in human capital in form of training that contributes to the production of quality goods that are marketable on international market and they are

Received: 18.03.2024**Accepted: 23.03.2024****Published on: 30.03.2024**

the aback borne of employment. Private entrepreneurs are continuing to invest much of their resources to the public and finding other ways of improving social and economic standards of the public. If these entrepreneurs are not supported through enacting favorable laws, affordable taxes and peaceful society, sustainable economic development will never be attained.

Recommendations

It is against the findings of this study that private sector plays greater role in employment; the study recommends private sectors to pay their employees as per their job contract.

The study recommends the government of Uganda “ministry of finance through URA, to always consider the taxes posed on the private entities so as there is no closure due to failure to tax obligations.

References

- Annet, N., Andrew, N., & Sarah, A. (2023). *IMPACT OF BUDGETING ON THE PROFITABILITY OF A MANUFACTURING COMPANY, A CASE STUDY OF HARRIS INTERNATIONAL* (Vol. 2).
- Christopher, F., & Kazaara, A. I. (2023). EVALUATING THE INFLUENCE OF ACCOUNTING INFORMATION SYSTEM ON FINANCIAL REPORTING OF AN ORGANIZATION A CASE STUDY OF TRINITY COLLEGE NABBINGO, WAKISO DISTRICT. 1 Nakajja Mevinah, 2 Lukwago Ismail, 3 Dr Ariyo Gracious Kazaara, 4 Kamugisha Nelson, 5 Background to the Study. In *JOURNAL OF BUSINESS & ECONOMICS* (Vol. 2, Issue 1). Online.
- Christopher, F., Komunda, T. R., & Milton, N. (2022). *The Impact of Supervision on the Quality-Of-Service Delivery at Kirima Community Secondary School in Kanungu District , South Western Uganda*. 6(5), 157–162.
- Christopher, F., Moses, N., Muhindo, M. E., & Komunda, T. R. (2022). Employee Training and Organizational Performance: A Case Study of African College of Commerce and Technology in Kabale District, South Western Uganda. *International Journal of Academic Pedagogical Research*, 6(5), 1–7.
- Frank, M., Nelson, K., Kazaara, A. G., Deus, T., Christopher, F., & Catherine, M. (2023). *The Macroeconomic Determinants of Economic Growth in Uganda a Case Study Of Wakiso Distict*. 7(2), 147–159.
- Gibson, A., Ariyo, D., Kazaara, G., & Julius, A. (2023). DETERMINANTS OF TAX COMPLIANCE AMONG SAVINGS AND CREDIT COOPERATIVE ORGANIZATIONS (SACCOS) IN MBARARA CITY: A CASE OF MBARARA CITY, WESTERN UGANDA. In *Metropolitan Journal of Social and Educational Research* (Vol. 2, Issue 1).
- Nelson, K., Christopher, F., & Milton, N. (2022). *Teach Yourself Spss and Stata*. 6(7), 84–122.
- Ntirandekura, M. (2022). *Vocational Skill Training and Economic Development among Women in Butanda Sub County , Rubanda District*. 6(6), 73–77.
- Ntirandekura, M., & Alex, A. (2022). *HUMAN RESOURCE MANAGEMENT STYLES AND EMPLOYEE PERFORMANCE IN PRIVATE INSTITUTIONS IN KABALE MUNICIPALITY : A CASE STUDY OF*

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

AFRICAN COLLEGE OF COMMERCE AND TECHNOLOGY , KABALE. 6(7), 145–153.

Paul, K., Alex, I., Kazaara, A. G., & Kazaara, A. I. (2023). *Corruption and Public Finance Management A Case Study Of Wakiso District. 7(3), 298–306.*

Paul, W., & Kazaara, A. G. (2023). *Assessing How Employee Job Rotation Affects Workers Productivity In Organizations . A Case Study of Action against Hunger , Kiryandongo District . 7(3), 168–173.*

Polycarp, K., Kazaara, A. G., Kazaara, A. I., Prudence, K., & Nicholas, K. (2023). *The effect of loan defaults on profitability of financial institutions in Uganda : a case study of post bank , Anaka branch , Nwoya district. 7(3), 172–178.*

Richard, A. (2022). *Students ' Physical Activities as a Health Behavior and Course Completion in Public and Private Universities in Uganda . 6(6), 21–23.*

Richard, A., B, A. I., Janice, B., Omolaja, M., & James, T. (2022). *Course completion among the students in Public and Private Universities in Uganda . 6(7), 47–48.*

Suzan, W., & Kazaara, A. G. (2023). *The Impact of Western Education on Social Economic Development of Communities in Uganda - A Case Study of Wakiso Town Council Wakiso District. 7(4), 185–191.*

Turyatemba, C., Nelson, K., Prudence, K., & Ntirandekura, M. (2022). *The Effect of Product Quality on Competitiveness of Small Medium-Sized Enterprises (SMES) In South Western Uganda ; Reflection on Kayonza Growers Tea Factory , In Kanungu District . 6(12), 152–159.*