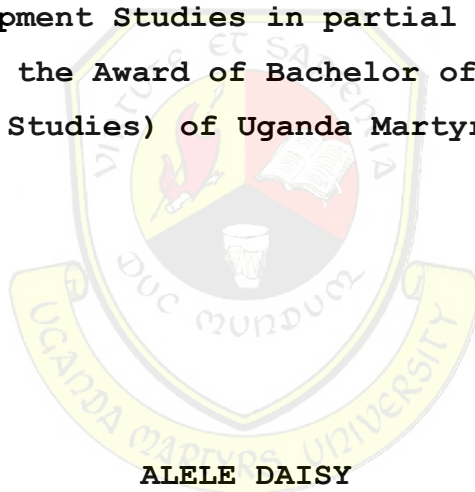


**THE ROLE OF SMALL SCALE ENTERPRISES IN INCOME GENERATION IN  
RURAL COMMUNITIES**

**A CASE STUDY OF SELECTED SMALL SCALE BUSINESS ENTERPRISES IN  
NKOZI SUB COUNTY**

**A Dissertation Submitted to the Institute of  
Ethics and Development Studies in partial Fulfillment of the  
Requirements for the Award of Bachelor of Arts (Ethics and  
Development Studies) of Uganda Martyrs University**



**ALELE DAISY**

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## **DEDICATION**

I dedicate this dissertation to God who is my strength and to  
my beloved mother Caroline Alele.

### **ACKNOWLEDGMENT**

First of all I would like to express my deep sense of gratitude to my research supervisor Dr. Cuthbert Tukundane for instilling confidence in me through his inspirational words and providing me with invaluable comments and criticism on many issues. I will always be indebted to him for constantly rendering timely advice and sparing his valuable time. Above all, I will always be indebted towards you Dr Cuthbert Tukundane. For giving me moral support which I required the most throughout my study.

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My sincere thanks also goes to all my friends and course mates who in one way or the other contributed to the success of this study

I pay my gratitude to the respondents for whom this study was about, without their cooperation, this study would not have become a reality. It is my prayer that their efforts have contributed towards investigating the roles of the Small Scale Business Enterprises in asset generation.

There is no better word that can express the contribution of almighty God in this study; I must thank Almighty God for kind

blessings which helped me to carry out this project report work without any difficulty.

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## **LIST OF ACRONYMS**

SSEs	Small Scale Enterprises
SPSS	Statistical Package for Social Scientist
UBOS	Uganda Bureau Of Statistics
MOFPED	Ministry of Finance Planning and Economic Development
DCs	Developing Countries
GDP	Growth Domestic Product

## **ABSTRACT**

The study investigated the role of the small scale business enterprises in income generation using cross sectional data from 96 respondents. The main objective of the study was achieved by assessing the role of Small Scale Enterprises (SSEs) in income generation in rural community. The role of small scale business enterprises in generation of money income in rural communities, role of small scale business enterprises in savings in rural communities, the role of small scale business enterprises in generating assets in rural communities and the contributions of small scale business enterprises in employment creation in rural communities.

The used a case study research design and result was presented using statistical tables and graphs. Data was captured using Microsoft excel computer program and analysis done using Statistical Package for Social Scientist (SPSS). Data was collected using a questionnaire and in-depth interview.

The study revealed that most of the SSEs in Nkozi sub-county are trading business, individually owned, have low level of technology, low revenue and profitability and few employees.

Results also revealed that SSEs have indispensable role in employment creation, SSEs leads to the generation of money income. In addition, very small proportion of the income from the SSEs is used for asset creation and savings. This could be attributed to low saving level in the rural communities.

It is therefore recommended that lines of credit be created by government due to the fact that savings alone cannot be sufficient for running and expanding business operations.

These findings suggest important implications for assessing the role of the SSEs in income generation in the rural communities

## **CHAPTER ONE**

### **GENERAL INTRODUCTION**

#### **1.0 Introduction**

This research looked at the role of small scale business enterprises in income generation in rural communities. The research was carried out among the selected businesses in Nkozi Sub County. This chapter consists of the definition of the key terms, background to the study, problem statement, objectives of the study, research questions, scope of the study, significance of the study, justification of the study and concept

#### **Definition of key terms**

##### **Business**

This is an enterprise or organization where goods and services are exchanged for one another or for money. All businesses require some form of investment and enough customers to whom its outputs can be sold every day in order to earn profit.

##### **An enterprise**

This is an organization especially a business which deals with the activity of providing goods and services.

##### **Small scale business**

A small scale business is a privately owned and operated business which is characterized by a small number of employees and low profit.

##### **Income**

This is the consumption and savings opportunity gained by an entity within a specified timeframe. This is specifically expressed in money incomes, savings and assets.

### **Income generation**

This is a way to address the need to find alternative means to make a living in a dignified way. It aims at creating opportunities for the use of resources among people in a meaningful way and with the objective of becoming less dependent, more self-reliant and able to care for the family.

### **Income generating activities**

These refer to small-scale businesses that create an income source to individual beneficiaries. In this study, income generating activities involve individuals opening up shops or small workshops and get engaged in agricultural projects.

### **Rural community**

Rural communities typically have smaller populations and an agricultural setting whereby some areas contain forests. Rural communities are often arid lands. However, a rural community can also be woodland forests, plains, deserts, and prairies.

## **1.2 Background to the study**

According to Anderson (2012), Small Scale enterprises (SSEs) are the main instrument of growth and employment in most developing economies. Many economists until the early 1960's explained that the continued existence of small-scale enterprise in less developed countries is justified by scarcity of capital and administrative experience. It was often argued that small and traditional type of enterprise would, in one sector after the other be superseded by modern forms of large-scale production with economic growth. In order to ensure an orderly transition, small enterprises were seen to deserve support, but mainly in sectors where modern methods could not be immediately applied.

According to Staley (2005), the two most commonly used measures for defining enterprise size are the level of fixed capital investment and the number of employees. Different countries use different cut-off points for these criteria and what may be considered small in one country may be deemed medium or even large in another. In fact, a high degree of arbitrariness exists. Green (2011) posited that most small manufacturing enterprises operate in an environment that exhibits characteristics which potentially, at least, constrain their survival and growth prospects. These include limited access to credit and other forms of institutional support, marketing constraints and raw material procurement problems, frequently exacerbated by the internal problems of a small production base and technical and organizational inefficiencies.

The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Wolfenson, 2010). Small Scale businesses are driving force for economic growth, job creation, and poverty reduction in developing countries especially in rural communities. They have been on the means through which accelerated economic growth and rapid industrialization have been achieved (Steel and Takaël, 2010). Furthermore, small scale business has been recognized as a feeder service to large scale industries.

According to Steel (2010), rurality has been labeled with agriculture in Uganda, however farmers do not depend solely on agriculture as it is estimated that rural non-farm income constitutes on average 42% of rural incomes in Africa, 32% in Asia and 40% in Latin America. Moreover, in areas with predominantly subsistence agriculture including many regions in Africa, non-farm employment particularly Small Scale

enterprises constitutes as high as 40% of rural household income. SSEs form an important part of rural economies and have been contributing significantly to rural poverty reduction in many parts of Africa. Underscoring the importance of SMEs in rural areas, Davis (2010) argue that rural economies are not limited to the agriculture sector but embrace all the economic activities, infrastructure and natural resources necessary for development.

According to Davis (2010), non-farm based activities in rural areas like SSEs include all those economic activities associated with waged work or self-employment, income generating activities that are not agricultural but located in rural areas including manufacturing agro processing and setting up small businesses and switching from cash crop cultivation to commodity trading especially in circumstances such as off agricultural seasons. The expansion of SSEs and the diversification of income sources are desirable policy objectives towards sustainable economic development by offering individuals and households options to improve their livelihood security through access to alternative income generating activities.

The contribution of SSEs to the national economy is potentially very large and is seen in the contribution to the Gross Domestic Product (GDP) (Basu and Yulek, 2011). Apart from agriculture which is the mainstay of rural Uganda, most people in rural communities are engaged in Small Scale Enterprises that help to complement their farming activities. It adds value to farm produce and occupies them during the off season or long dry season. Most women, who cannot also engage in physical demanding farm work, take up Small Scale Enterprises to sustain themselves and their families. Small Scale Enterprises also serve as a vehicle for promoting many traditional and cultural crafts such as beads making, Kent weaving, carving, blacksmithing, pottery among others.

Small-scale enterprises generate more direct jobs per shilling of investment than do large enterprises in rural communities. They serve as a training ground for developing technical and entrepreneurial skills and by virtue of their greater use of indigenous technological capabilities; they promote local inter-sectorial linkages particularly with agriculture and contribute to the dynamism and competitiveness of the economy. Rural SSEs have an added significance in that they provide an appreciable and growing share of the employment and incomes of the rural population, particularly the poorer section of the population. Rural SSEs help in stabilizing rural incomes normally subject to seasonal production cycles and by providing non-farm goods and services to the rural population, they contribute to increases in agricultural output and general improvements in living standards in rural areas.

The World Bank (2010) estimates that for developing countries taken as a whole rural non-farm activities account for roughly one-third of the rural labour force. Vasiliades (2013) suggests that with rural being defined to include rural towns and if part-time employment is also included some 35-65% of the rural labour force is involved in rural non-farm activities which are not taken as SSEs. He also indicates a strong inverse relationship between farm size and non-farm activities underscoring the importance of SSE development for the poorer members of the rural population.

This significance of SSEs has been recognized by most developing country governments and many have introduced special support programs. A large number of these programs have concentrated on the provision of small industry credit, frequently associated with technical advice. It is important to recognize, however, that credit is no panacea for raising the incomes and productivity of low income populations. The poor performance of so many agricultural credit programs in various parts of the developing world is ample testimony to



the ineffectiveness of credit without the existence or, at least, simultaneous provision of the other factors required to stimulate agricultural production.

SSEs which have been the mainstay of the livelihoods of many of the worlds' poor operate with limited resources and have not been able to take advantage of emerging opportunities. Unemployment and underemployment have risen and more and more poor people have had to make their livelihoods in the informal economy as self-employed workers. (Louknaan, 2010) Notwithstanding the above contributions of the SSEs subsector, these small scale enterprises still face challenges such as difficulty in accessing investible capital, poor working conditions, low technology, low quality products, inadequate networking, poor distribution system, poor regulatory system, inadequate managerial support, low infrastructural facilities and inadequate market information (Meyer, 2010)

Some researches into small-business development have also shown that the rate of failure of small scale businesses in developing countries is higher than in the developed world (Marlow, 2009). This is because of the obstacles affecting business performance which include: lack of financial resources, lack of management experience, poor location, laws and regulations, general economic conditions, as well as critical factors such as poor infrastructure, corruption, low demand for products and services, and poverty. Others include: shortage of raw materials, handicap in obtaining finance, inadequate competent personnel, inability to control costs and problems of dumping of cheap foreign products and others.

The private sector of Uganda is still in its infancy, covers a broad range of areas, and predominately consists of micro, small and medium enterprises (SME). According to the Bank of Uganda Sector Report (2009), SSEs contribute to economic development through job creation,

innovation, and the competitive disciplining of markets. This is justification why developed, developing and emerging economies like Uganda have continued to recognize SEs as a major economic entity, and SSE performance, an opportunity for accelerating the country's sustainable economic growth (Bank of Uganda, 2009).

According to the Global Entrepreneurship. Monitor Report (2007), over one in every three adult Ugandan was engaged in some form of business. The report further posits that these businesses do not live to see their first birthday and for almost every 35% of the SSEs businesses that close, about 37% start new businesses again. As a results of these findings, the report ranked Uganda as the second highest in terms of business startups and ranked Uganda as the country with the highest business failure rate in the world (GEM , 2008). This leaves a gap whether SSEs create wealth, jobs and economic growth, why is unemployment and poverty levels still high in Uganda a country perceived to have the highest SSE businesses. Therefore, the study aimed at assessing the role of small scale business enterprises in income generation in rural communities of Nkozi Sub County

### **1.3 Statement of the Problem**

Small scale business enterprise is one of the ways rural communities generate their income and several research have established some of the role SSEBs in income generation.

According to Uganda bureau of statistics (UBOS, 2015) there are Ugandans with less money income, less assets and low savings. In the recent years, Uganda has been implementing SSEBs development strategy to generate income, promote people's saving and acquisition of assets to bring economic development. This has been done through programs like youth

fund, and other empowerment programs which aim at providing fund for the youth to start viable SSBEs (MOFEPED, 2014).

In an attempt to generate income, many SSBEs are created in rural communities. However, it is unknown whether these SSBEs have contributed to income generation, promoting of people's saving, and acquisition of assets and creation of employment. Therefore basing on such a background, the researcher is interested in finding out the role of SSBEs on income generation in rural communities.

#### **1.4 Objectives of the study**

##### **1.4.1 General objective**

To assess the role of small scale business enterprises in income generation in rural communities of Nkozi Sub County

##### **1.4.2 Specific objectives**

1. To assess the role of small scale business enterprises in generation of money income in Nkozi Sub County.
2. To find out the role of small scale business enterprises in promoting people's savings in Nkozi Sub County.
3. To examine the role of small scale business enterprises in acquisition of assets in Nkozi Sub County.
4. To assess the contribution of small scale business enterprises in employment creation in Nkozi Sub County.

#### **1.5 Research questions**

1. What is the role of small scale business enterprises in generation of money income in Nkozi Sub County?
2. What is the role of small scale business enterprises in promoting people's savings in Nkozi Sub County?

3. What is the role of small scale business enterprises in acquisition of assets in Nkozi Sub County?
4. What is the contribution of small scale business enterprises in employment creation in Nkozi Sub County?

### **1.6 Scope of the study**

The research was conducted in Nkozi Sub-county Kayabwe Municipality. Under this section the researcher considered the following; Geographical coverage, Time frame and the content.

#### **1.6.1 Geographical scope**

Geographically the researcher concentrated on Nkozi Sub-county which is comprised of eight (8) parishes namely; Bukunge, Buseese, Ggolo, Kayabwe, Mugge, Nabusanke, Nakibanga, and Nnindye. Nkozi Sub-county is situated along the Kampala-Masaka Highway, approximately 88 kilometers (55 mi), southwest of Kampala, Uganda's capital and largest city. This location is approximately 8 kilometers (5.0 mi), north of Lake Victoria, at the point where River Katonga, exits the lake to begin its 220 kilometers (140 mi) journey west to Lake George.

#### **1.6.2 Time scope**

The study focused on the period between in 2009 to 2014. This period was selected by the researcher because most of the small scale enterprises were established within this period. In addition, small scale enterprises which have been in operation for more than one year shows its stand whether is making profits or losses.

#### **1.6.3 Content scope**

The researcher investigated the role of small scale business enterprises in income generation in rural communities in Nkozi Sub County. The researcher looked at the role of small scale business enterprises in generation of money income in Nkozi

Sub County, role of small scale business enterprises in promoting people's savings in Nkozi Sub County, the role of small scale business enterprises in acquisition of assets in Nkozi Sub County and the contributions of small scale business enterprises in employment creation in Nkozi Sub County.

### **1.7 Significance of the study**

The study will help individuals in Nkozi sub-county in developing their small scale businesses skills to build successful business enterprises and hence improving their income levels within the society by eliminating challenges such as, dependency, unemployment, poor standard standards of living amongst others.

The study will help Nkozi sub-county with more information on the already existing data so that this research can be additional data and become a source of secondary data for researchers. There is need for more information to emphasize on the performance of small scale business enterprises in Uganda.

The study will help the policy makers to recognize the importance of small scales enterprises and identify the gap through the small scale business approach to poverty reduction. This may further guide future policies to enhance the performance of small scale businesses in regards to activities geared towards improving money income as well as reducing unemployment.

### **1.8 Justification of the study**

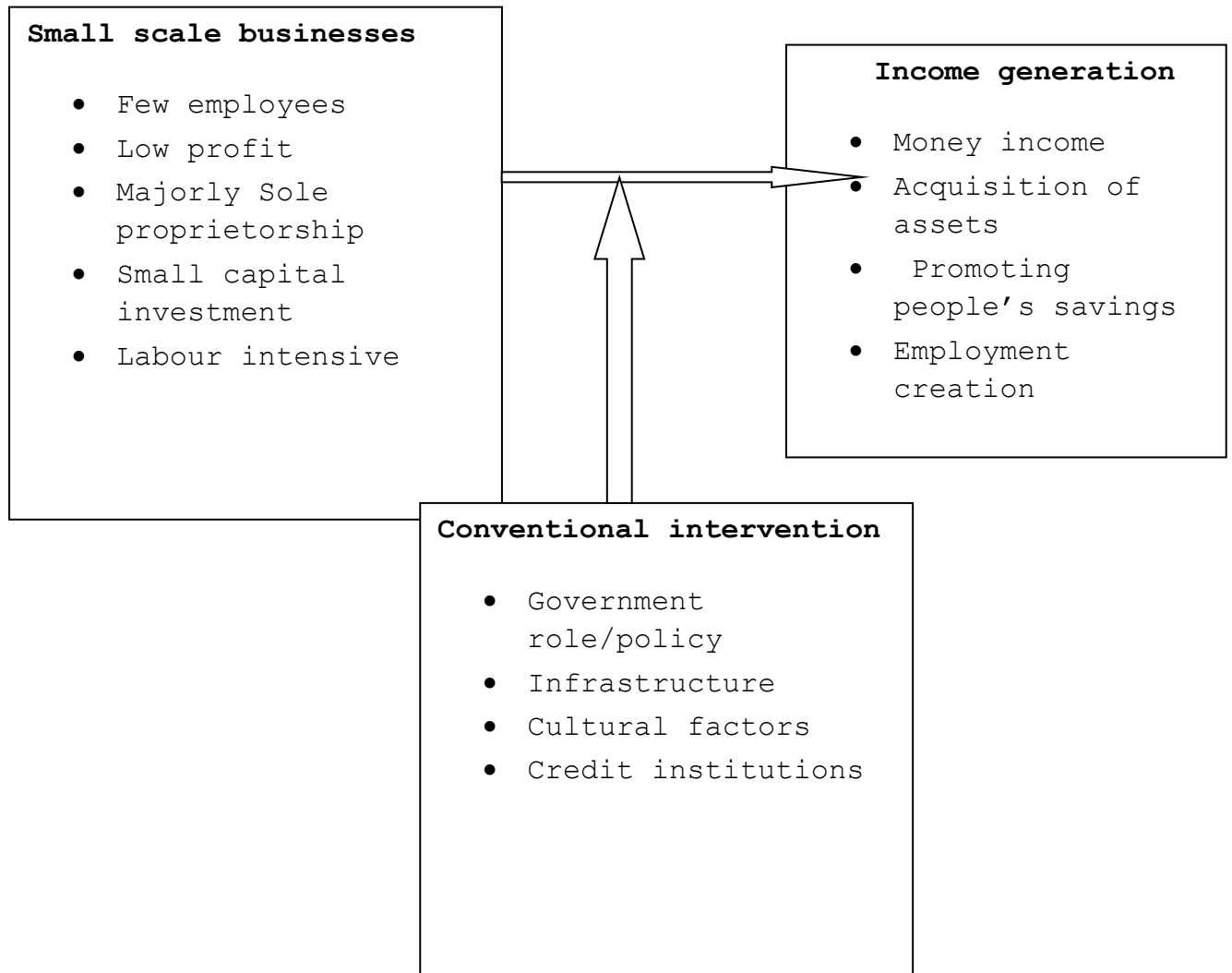
According to the Global Entrepreneurship Monitor Report (2007), over one in every three adult Ugandan was engaged in some form of business. The report further posits that these businesses do not live to see their first birthday and for almost every 35% of the SSEs businesses that close, about 37% start new businesses again. As a result of these findings, the report ranked Uganda as the second highest in terms of

business startups and ranked Uganda as the country with the highest business failure rate in the world. This leaves a gap whether SSEs create wealth, jobs and economic growth, why unemployment and poverty levels is still high in Uganda a country perceived to have the highest SSE businesses.

Therefore, the researcher was inspired to assess the role of Small scale businesses in income generation among the rural community in Nkozi Sub County as one of her sole objectives

### 1.9 Conceptual framework

The conceptual framework below illustrates the relationship between the different variables of this study. These variables are conceptualized as consisting of the independent variables and the intervening variables.



**Source: Formulated by the researcher, 2016**

The above conceptual framework postulates the relationship between small scale businesses and income generation. Various characteristics and nature of the small scale businesses such as few employees, low profit, sole proprietorship, small

capital investment and labour intensive technology contributes to their level of income generation.

Conceptual intervention like government policies/roles, infrastructure, cultural factors and credit institutions provides a favorable environment for small scale businesses to generate income.

Therefore with conventional intervention in place, small scale businesses increases money income, increases on the asset level, increases savings and create employment opportunity.

Finally, the increase in money income, increase in asset level, increase in savings and creation of employment opportunity leads to the generation of income.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter presents a review of related literature on the role of small scale business enterprises in income generation. It also depicts the theoretical and contextual framework of the underlying review from different authors about the topic. The chapter also reviews the literature on the characteristics of small scale businesses in rural community, the role of SSEs in generation of money income, the role of SSEs in savings and generating assets and assessed the role of SSEs in employment creation.

#### **2.1 Nature and characteristics of the SSEs**

Small scale enterprises have many characteristics which distinguish from large scale enterprises and which also justifies separate analysis of their roles in the economic development of communities.

##### **2.1.1 Low Revenue and Profitability**

According to Besley (2008), small-scale business revenue in rural communities is generally lower than companies that operate on a larger scale. The Small Business Administration classifies small businesses as enterprises that bring in less than a specific amount of revenue, depending on the business type. However, Smiddy (2010) noted that lower revenue does not necessarily translate into lower profitability. Established small-scale businesses often own their facilities and equipment outright, which, in addition to other factors, helps to keep costs lower than more leveraged businesses hence increase on the owners' savings especially in the rural communities.

In addition, Adenuga (2004) posited that the owners of small enterprises are too much profit conscious. They always try to keep high margins in their pricing. This is one of the reason for which the unit may lead to closure hence reduce on the savings of the business owner and this leads to limitation of establishing new projects like poultry and among others in rural communities in relation to income generation.

### **2.1.2 Number of employees**

Small-scale businesses employ smaller teams of employees than companies that operate on larger scales. The smallest businesses are run entirely by single individuals or small teams these are especially the family members in rural communities. In agreement, Graeme (2011) says that a larger small-scale business can often get away with employing fewer than one or two employees, depending on the business type (Smiddy, 2010). The employment of few employees or employing only one as it is in rural communities enables the owner to save reasonable amount of money which leads to establishment of Income Generating Activities so the researcher is yet to find out.

### **2.1.3 Ownership of the SSEs**

According to Scott (2012), Ownership of small scale unit is with one individual in sole proprietorship or it can be with a few individuals in partnership. Small-scale businesses typically consist of one owner and his or her shop. The business owner sells products or services supplied by a franchise company or created by the owner himself. This type of business is flexible, which means that the owner can generally set hours at any time to accommodate customers. For example a person owns a shop in rural area can first go to the garden then comes back and serves his or her customers. This

enables the business owner to earn a reasonable amount of money which leads to save some of the profits made.

In agreement, Smiddy (2011) says the corporate form of business organization is not well-suited to small-scale operations. Instead, small-scale businesses prefer to organize as sole proprietorships, partnerships or limited liability companies. These forms of organization provide the greatest degree of managerial control for company owners, while minimizing the harass and expense of business registration. In addition, Paul Lyndon Davies (2010) noted that a small scale unit is generally a one-man show especially in rural communities. It is mostly set up by individuals. Even some small units are run by partnership firm or company; the activities are mainly carried out by one of the partners or directors. Therefore, they provide an outlet for expression of the entrepreneurial spirit. As they are their own boss, the decision making process is fast and at times more innovative.

#### **2.1.4 Technology**

Graeme (2011) found that SSEs are fairly labour intensive with comparatively smaller capital investment than the larger units. Therefore, these units are more suited for economics where capital is scarce and there is abundant supply of labour. This indicates the savings are always at low rate. This is yet to be found by the researcher. This was also supported by Smiddy, et al., (2011), that Small-scale enterprises are fairly labor-intensive. They provide an economic solution by creating employment opportunities in rural areas at a relatively low cost of capital investment. This might be affecting the level of savings and the initiation of Income generation in rural communities especially in Nkozi Sub-County.

### **2.1.5 Low level of educational**

According to Thomas (2012), the educational level of the owners of is normally low or moderate. Hardly there is any need of specialized knowledge and skill to operate and manage the Small Scale Enterprises. This is expected to affect the performance of smalls scale businesses hence the savings limit the establishment of income generating activities. The research under study is yet to identify the effects.

### **2.2 Role of the SSEs in the generation of money income**

Small-scale enterprises account for a variable for economic development in a most number of countries in the world, in particular those which are developing and termed as 'DCS'. Small-scale industries share to play considerable role in the employment of man power and productivity. They also play drastic roles in constituting investment and provoke the investments. As a result they influence the equal or otherwise distribution of incomes across the regions through increased profits. Small-scale enterprises are necessarily termed as rural developing motors (Steel, 2011).

Increase in money income increases standard of living. Increase in the standard of living of the people is a characteristic feature of economic development of the country. Small Scale enterprises play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost. In agreement, Anderson (2012) Said that small scale enterprise enables the people to avail better quality goods at lower prices which results in the improvement of their standard of living hence increase income generation of members in that community.

### **2.3 The importance of SSEs in savings promotion**

According to Adams (2010), SSEs is a business that is usually started by one person who is a business leader looks for ideas and puts them into effect in fostering economic growth and development. Small Scale Enterprises plays a pivotal role not only in the development of industrial sector of a country but also in the development of farm service sector and peoples income generation. The major role played by small scale enterprises in the economic development of an economy is discussed in a systematic and orderly manner as follows; Small Scale enterprises promote capital formation by mobilizing the idle savings of community members.

People who are the owners employ their own as well as borrowed resources for setting up their enterprises. Such type of activities leads to value addition and creation of wealth, which is very essential for the enterprise and economic development of the community areas in rural areas (Bruce, 2012)

### **2.4 SSEs and asset acquisition**

According to Nylarti (2011), improving the wellbeing of rural communities often focus on expanding asset ownership and access based on the view that it is the household's low asset position that limits its ability to take advantage of opportunities. Since assets determine the economic activities of a community in a given context, an intervention that improves a household's asset position is not likely to be path neutral; that is, such interventions are likely to promote participation in certain income generating activities and thus a particular path for improving community's welfare. This can be done through opening up small scale enterprises.

The major asset in the rural community is land. Historically, farming had been considered the principal economic activity of

rural community, particularly poor rural community, and the dominant view of development has been the small-farm first paradigm which emphasizes promoting agriculture among smallholders (Ellis & Biggs, 2011). As such, the main asset whose accumulation has been promoted has been land, based on the argument that land ownership and access are closely linked to agricultural production and, correspondingly, to food security and rural income generation.

Land ownership is expected to be closely linked to agricultural production, including both crop and livestock production. It is an asset that is not fungible across a range of activities and has a direct value only in agricultural production, although it can be used for different agricultural activities. It may have an indirect value in other economic activities, however, as collateral for credit and thus is potentially linked to these activities.

#### **2.4 Role of SSEs in employment Creation**

Small scale enterprises provide immediate employment to the unemployed which is a chronic problem of underdeveloped nations. With the setting up of more and more units by owners, both on small and large-scale numerous job opportunities are created for others. As time passes, these enterprises grow, providing direct and indirect employment opportunities to many more. In this way, small scale enterprises play an effective role in reducing the problem of unemployment in rural communities which in turn clears the path towards increasing people's income level or economic development of the nation (Deskens, 2011)

According to Reinecke (2000), employment growth in small enterprises does not necessarily reflect a successful development strategy. It is also important to consider the quality of employment, which can be broadly defined as the

work-related factors that have an impact on the economic, social and psychological well-being as well as on the health of the employed persons. On average, jobs in small enterprises are less productive, less remunerated, less secure and less unionized than jobs in larger enterprises, even after controlling for observable worker's characteristics, such as education, sex and age

Many people concerned with employment quality and industrial relations view the growing emphasis on small enterprise employment as a threat rather than an opportunity. Moreover, as mentioned above, some people find work in small enterprises simply because they have no alternative. For these persons, it is a kind of survival strategy that is adopted despite low and possibly declining returns until something better comes along. As such, it is a reflection of economic failure rather than success. These enterprises can be very important in helping a large number of very poor people become a little less poor but they can generally not provide employment of high quality

Majority of the studies considering employment quality in small enterprises largely focus on income levels (or profits for the enterprise owner in the case of very small enterprises) (Steel, 2010; Khanna, 2013). Obviously, income is indeed a crucial dimension of employment quality, especially in countries where many workers' incomes are insufficient to move the household they live in beyond the poverty line. In reality, other dimensions of employment quality, such as occupational health issues, job security and the degree of social protection are also crucial for the well-being of the employed persons in small enterprises and their household members (Joshua Mindle, 2008). Employment quality is thus a multidimensional concept. In many developing countries, an improvement in the labour market performance may not directly be observed via decreasing rates of open unemployment or

employment creation. Many persons whose employment situation improves may move from under-employment or bad quality employment to full employment or better quality employment.

Government of less developed countries have been supporting for micro and small enterprises through various programs such as credit schemes, entrepreneurship training, technology support etc. (Zaid and Torben, 2003). According to Todaro (2000), the informal sector is a major provider of urban jobs in many Asian countries. According Joshua Mindle (2008), SSEs have a significant contribution in creating employment opportunities for the poor in urban areas.

## **2.5 Roles of SSEs in facilitating community development**

According to Anderson (2012), SSEs especially under entrepreneurship acts as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialization is set in motion. This unit will generate demand for various types of units required by it and there will be so many other units which require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units. In this way, the owners of small scale enterprises owners multiply their entrepreneurial activities, thus creating an environment of enthusiasm and conveying an impetus for overall development of the rural community or area (Carree, 2012).

According to Thomas (2012), small business provides financial opportunity and a chance to develop wealth. It is a place where creative, motivated individuals can use their talents and expertise to the fullest, because it provides satisfying careers and job opportunities and it is also the back bone of the market economy of the world. According to Graeme (2011), every big business starts as a small business, and it started with an entrepreneur (small business), who at first, earns



little or no profit. It was the new ideas of small business that brought about Mukwano enterprises, Spear motors company among others and even the many commercial banks in Uganda. This implies that small scale enterprises have created employment too many people since those who are employed by large companies, the companies were once small scale businesses.

**CHAPTER THREE**  
**RESEARCH METHODOLOGY**

**3.0 Introduction**

This chapter dealt with the research design, study population, area of the study, sample size and selection, sampling techniques, methods of data collection, procedure for data collection, data management and analysis, reliability and validity and ethical consideration.

**3.1 Research Design**

The research design employed in the study was a case study; this is preferred because of its ability to offer an intensive and in-depth investigation of the phenomenon in its real-life context (Yin, 2003). The findings of the study can be understood as being illustrative rather than representative in other relevant contexts.

**3.2 Study Population**

The researcher targeted small scale business enterprises that are in the eight parishes of Nkozi Sub-County, local leaders and Government officials. The business owners of small scale enterprises were involved in the study and they informed the researcher what was on ground, the local leaders were also important in the study in that they were able to give reliable information about the performance of small scale enterprises and their benefits in terms of income generation. Lastly, the Government Officials were important and these people answered questions related to government's efforts to support small scale enterprises.

### 3.3 Sample Size

The sample size of the study was 96 respondents. These respondents were selected from various parishes in Nkozi sub County. A sample of 12 respondents were taken from Bukunge parish, 12 from Buseese, 12 from Ggolo, 12 from Kayabwe, 12 from Nabusanke, 12 from Mugge, 12 from Nakibanga, and 12 from Nnindy. This was to ensure that all parishes were equally represented.

**Table 1: Sample table**

<b>NO.</b>	<b>Category</b>	<b>Sample</b>
1	Bukunge	12
2	Buseese	12
3	Ggolo	12
4	Kayabwe	12
5	Nabusanke	12
6	Mugge	12
7	Nakibanga	12
8	Nnindy,	12
	<b>Total</b>	<b>96</b>

### 3.4 Sampling Techniques

This study used stratified random sampling. Here eight parishes in Nkozi sub-county were taken as strata. Those are Bukunye, Buseese, Ggolo, Kayabwe, Nabusanke, Muggee,

Nakibanga, and Nindye. In Nkozi sub-county, there are 2716 SSEs, from these different parishes or each stratum, the sample has been selected through disproportional stratified sampling by judgmental decision. This is for the purpose of comparison between different parishes in their contribution to income, employment and others.

In addition, Local leaders and Government Officials were selected through purposive sampling given the unique value that they will add to the study. According to Cochran (1977), Purposive sampling refers to a situation where the researcher decides on who to be included in the study purposive sampling plays a key role to the in-depth analysis; avoid missing out on the vital respondents required for the study and it allows focus information to be collected.

### **3.5 Methods of Data Collection**

The primary data was collected from the respondents who were the local leaders and citizens of Nkozi Sub-county. The researcher used both interviews and questionnaires as a method of data collection. The questionnaires were administered by the research assistants because the majority of the respondents could not interpret understand them.

#### **3.5.1 Questionnaire**

The researcher formulated and distributed a set of both open ended and closed ended questions regarding to measures against the role of small scale business enterprises in income generation in rural communities. Both closed ended and open ended questions were distributed to the respondents and were self-administered. This gave them an opportunity to express their own views in regard to the research questions, thus this enabled the researcher to analyze the respondents' views on the problem.

### **3.5.2 In-depth interviews**

Interviews were carried out in both English for the literate and Luganda to the illiterate respondents so that no respondent was left out because of language barrier. Interview guide questions were prepared to cater for the key informants and these were the Government officers and local leaders. Also these guide questions were prepared to get more information which the questionnaires would not produce. The interview guide was important in such that the researcher was able to adjust questions where necessary which was difficult to do with questionnaires.

### **3.5.4 Secondary Data**

Secondary data was collected from already existing information like the published text books, Newspapers and the internet in regard to measures against the role of small scale business enterprises in income generation in rural communities. Secondary data sources were used to acquire more information regarding the primary data sources since information was readily available and cheap to obtain.

### **3.6 Data Management and Analysis**

The data collected was analyzed using thematic analysis. The data that was collected from the field was organized into manageable dimension and prepared for analysis by transcribing interviews, sorting and arranging the data into different sources of information. The researcher read through all the data and obtained a general sense of the information and reflected on its overall meaning.

### **3.7 Reliability and Validity**

Siegel (2004) defines validity as the extent to which the data collection instrument used in a study actually measure what they are intended to measure and in this case they intended to

measure variables. In this regard, attention was put on the content validity of the data collection instrument which dealt with the degree to which the instrument relevantly and adequately explored the variables under investigation and how well the constituent elements of the instrument were arranged for the purpose of accurately eliciting the data required for the study respectively.

According to Amin (2005), Reliability is the description of precision, consistency, repeatability and dependability with which the instrument elicited the data that was required for the study. An instrument is reliable if it produces the same results whenever it is repeatedly used to measure trait or concept for the same respondents even by other researchers. Therefore, the researcher obtained the reliability through pre-tests of the questionnaire and interview guide.

### **3.8 Ethical Consideration**

According to Kombo (2000), researcher whose subjects are people must consider the conduct of their research and give attention to related ethical issues by following the outlined principles. Therefore, to maintain these principles, the researcher used an ethical guide to ensure acknowledgement of the ethical considerations. The researcher acquired permission from the relevant authorities to conduct the research. A high degree of confidentiality in regard to the findings from the study was not released to any person without the consent of the parties affected by such an action.

The researcher conducted herself in an honest, fair and respectful manner to all the respondents and was truthful in presenting the findings from the study. An individual from whom data was collected in the study was regarded as anonymous where by names and any other forms of identification were

excluded. In this regard, this made it easier for the respondents to provide accurate responses.

### **3.9 Limitations**

The sample sizes selected were relatively small. All the small scale businesses in Nkozi Sub County could not be interviewed; therefore, only samples were taken. However, difference businesses are faced with different social-economic environment in their day to day operation. This made the information to vary from business to business. Therefore, it is possible that some of the important information could have been left out.

In addition, majority of the respondents who constituted the sample size for this study possessed homogeneous traits and belong to common groups. This means that the findings cannot be generalized as being representative of all other cases even those in the same area. The findings of this study can only be illustrative in other related contexts. More so, the study focused on small scale businesses within Nkozi Sub County; therefore, it is very difficult to generalize or make reliable conclusions that reach across borders or the whole country

There are small scale businesses that were not registered and they didn't have a fixed place for their businesses. This included hawkers, individuals who majorly sold their items late in the evening and those who sold during day time but they didn't have fixed location. The researcher found it difficult to capture this business and includes it within the sample. Most likely, these categories of businesses were not represented in the study yet these small scale businesses greatly contribute to the livelihood of their owners. Therefore, the sample might not be the true representative of the of the small scale businesses in Nkozi sub county.

## **CHAPTER FOUR**

### **PRESENTATION AND DISUSION OF THE FINDINGS**

#### **4.0 Introduction**

This chapter presents and discusses the findings of the study. It deals with five sections. The first section contains a summarized description of the personal characteristics of the respondents while the second section contains enterprise characteristics. Employment creations are discussed in the third section. The forth section examined money income creation. Savings and asset generation are discussed in section five.

The collected data are then analyzed in response to the problems posed in the first chapter of this study.

#### **4.1 Demographic characteristics of the respondents**

Demographic characteristics of an individual have a significant role in his/her entrepreneurial behavior and performance of the business enterprise he/she runs. Different studies have also shown that proper management of business organizations often depends on the educational background of the individuals in charge. Therefore, social demographic characteristics of the traders considered in this study include: sex of the trader, marital status, age, religion and educational level.



**Table 2: Demographic characteristics of traders**

<b>Social- demographic characteristics of the traders</b>	<b>Value label</b>	<b>Frequency</b>	<b>Percentages</b>
Sex	Male	76	79.2
	Female	20	20.8
	<b>Total</b>	<b>96</b>	<b>100.0</b>
Marital status	Married	50	52.1
	Single	12	12.5
	Widowed	19	19.6
	Divorced or separated	15	15.6
	<b>Total</b>	<b>96</b>	<b>100.0</b>
Education level	None	17	17.7
	Primary	47	49.0
	Secondary	28	29.2
	University	4	4.2
	<b>Total</b>	<b>96</b>	<b>100.0</b>
Religion	Catholic	40	41.7
	Muslim	7	7.3
	Protestant	34	34.4
	Others	15	15.6
	<b>Total</b>	<b>96</b>	<b>100.0</b>
Age	18-24	28	29.2
	25-30	13	13.5

	31-40	17	17.7
	41-50	19	19.8
	Above 50	19	19.8
	<b>Total</b>	<b>96</b>	<b>100.0</b>

Source; Primary data 2015

Table 2 shows that majority of the respondents (79.2%) were male and the remaining 20.8% were female. This could be due to the fact that in rural areas, men are the bread winners. Therefore, making them to greatly participate in income generating activities as compared to women.

Table 2 also shows that most of the respondents (52.1%) were married followed by widowed (19.6%) while 15.6% were divorce or separated and 12.5% were single. This is majorly because for married people, each spouses pool their income together to start up a small scale business. Therefore, making it easy for them to raise money as compared to those who are single, widowed, and divorce or separated

Results also shows that many of the small scale business enterprises owners (29.2%) are in the age group of 18-24, 19.8% in the age group of 41-50, 19.8% above 50 years. 17.7% in the age group of 31-40 and 13.5% in the age group of 25-30. The result of the findings shows that the study covered various age groups.

Majority of the respondents (41.7%) were Catholic, 7.3% are Muslim, 34.4% are Protestants and 15.6% are others. Therefore, it can be concluded that majority of the respondents were Christians.

Table 2 also depicts that most of the traders (49.0 %) attained primary level of education followed by those who attained secondary level of education (29.2%). However, 17.7% did not attain any level of education and 4.2% attained university level of education. Understanding the level of respondents' education helps in identifying and determining the development approaches to be followed (Aklilu, 2010). High level of human capital and research and development are positively associated with the performance of firms.

#### 4.2. Characteristics of the SSEs

It was established that SSEs are influenced by many characteristics and among those that were involved in the study were low revenue and profitability, few number of employees, ownership, and low levels of technology and business types. The findings were revealed as below;

##### 4.2.1. Low level of Technology

In studying the level of technology in rural communities, the researcher looked at the machines that are used during manufacturing process in case of products and the process used in case of service delivery.

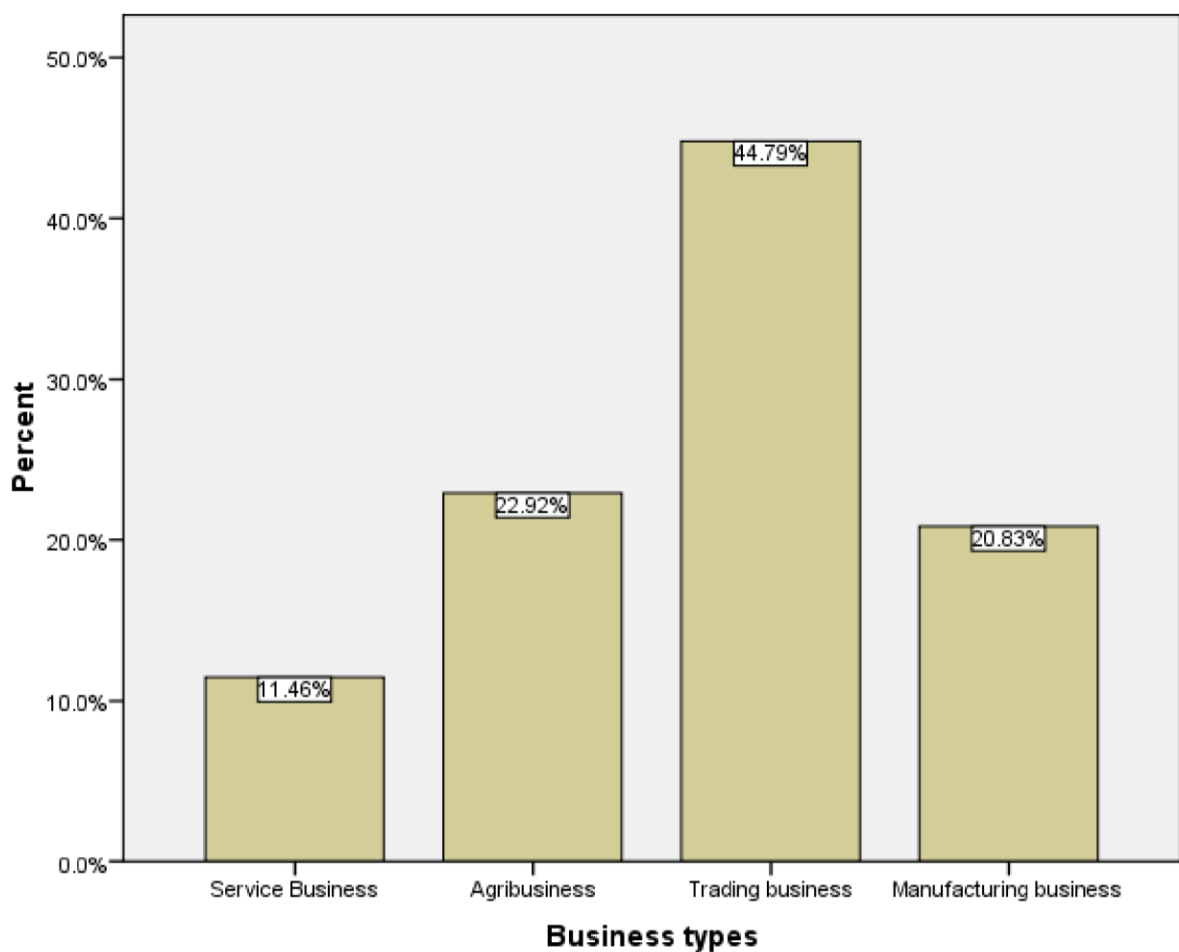
**Table 3 Low level of Technology**

<b>Rate</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly agree	35	36.5
Agree	32	33.3
Not sure	10	10.4
Disagree	06	6.3
Strongly disagree	13	13.5
<b>Total</b>	<b>96</b>	<b>100</b>

Source; Primary data 2015

From the above table, the biggest number of respondents 36.5% strongly agreed that low level of technology is the characteristic of small scale businesses, 13.5% strongly disagreed with it, 33.3% agreed while 6.3% disagreed with the statement. This implied that low level of technology might not be affecting small scale business in income generation and savings according to the responses from the citizens.

#### 4.2.2 Business types



**Figure 1: Bar graph showing business types**

Figure 2 shows that most of the businesses (44.79%) are trading business followed by agribusiness (22.92%) while 20.83% of the businesses are manufacturing business and 11.46% are service business.

It can be concluded that majority of the SSEs in the rural communities are trading businesses. This finding is in line with that of Head (2009) who posits that traders dealing in a particular type of business flock in a certain locations beyond what can be explained on the basis of traditional determinants of locations such as market size or cost. The reasons behind this behavior might be very diverse. It is often argued that external economies of scale are driving different types of business to concentrate in a particular location.

#### **4.2.3 Low revenue and profitability**

The term revenue means the sales or amount of money that was generated from small scale business enterprises after selling the goods and profitability meant the amount of money got as a profit after deducting all the expenses. In others words profitability means how attractive a business is to influence other people to start the same business (competitors).

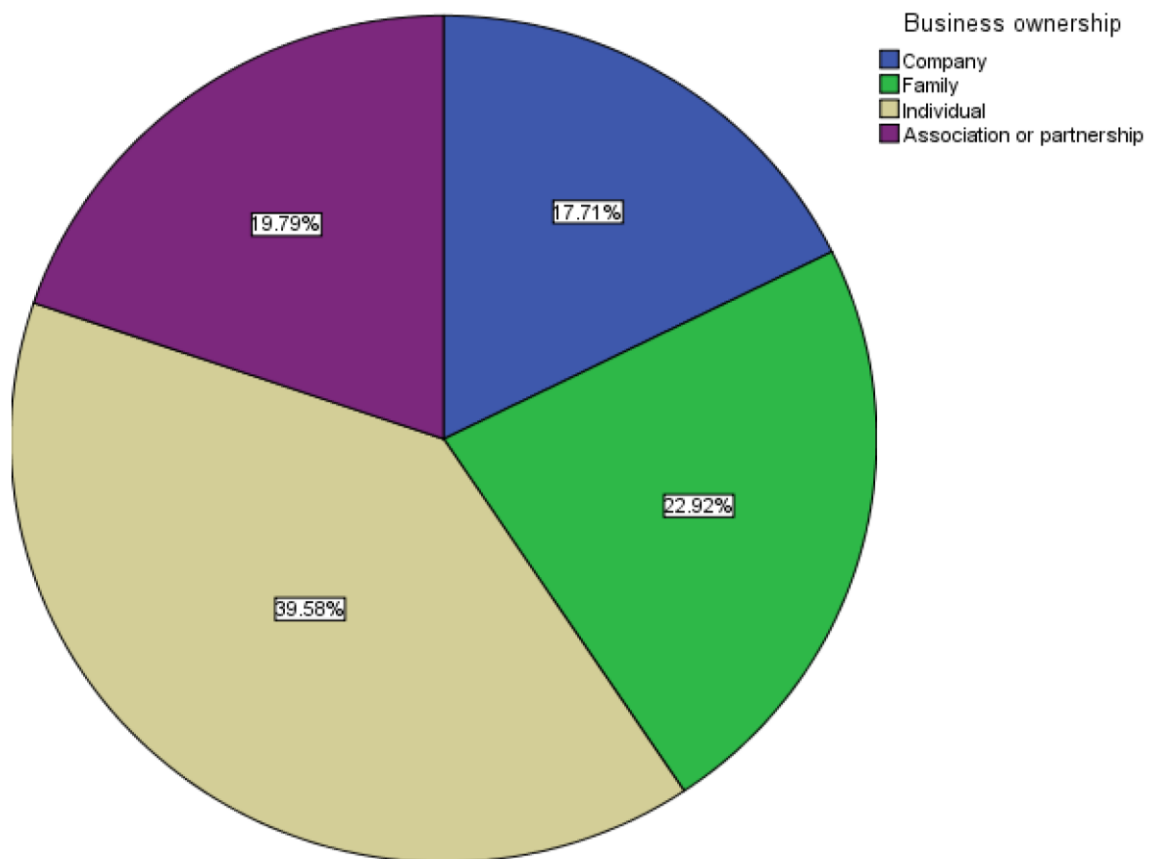
**Table 4 Low revenue and profitability**

<b>Response</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly agree	55	57.3
Agree	36	37.5
Not sure	5	5.2
Disagree	00	00
Strongly disagree	00	00
<b>Total</b>	<b>96</b>	<b>100</b>

Source; Primary data 2015

In reference to the above table the findings revealed that the majority of the respondents 57.3% strongly agreed that one of the characteristics of small scale enterprises was low revenue and profitability, 37.5% agreed, 5.2% not sure. However, none of the respondent disagreed or strongly disagreed about low revenue and profitability.

#### 4.2.3 Business ownership



**Figure 2: Pie chart showing Business Ownership**

Figure 3 shows that most of the businesses (39.58%) in Nkozi sub-county are individually owned followed by those businesses owned by family (22.92%). Figure also shows that 19.79% of the businesses are owned by association or partnership and 17.71% are owned by company.

#### 4.2.4 Few employees

Employees are the people who are paid for the work they do. For example if the owner of the business employs another person in the business, that person is called an employee.

**Table 5: Response on Few employees as a characteristic of SSEs**

<b>Response</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly agree	37	38.5
Agree	29	30.2
Not sure	02	2.1
Disagree	10	10.4
Strongly disagree	18	18.8
<b>Total</b>	<b>96</b>	<b>100</b>

Source; Primary data 2015

Basing on the above table, the majority of the respondents strongly agreed with the statement that few employees is the characteristic of small scale business enterprises, 38.5% strongly agree, 30.2% agreed, 18.8% strongly disagreed, 10.4% disagreed while 2.1% were not sure. It was also revealed that the few people are thought to be employees are family members who are not paid any salary. This implied that since these family members are not given salary this could promote untrustworthy and at the end the business fail to make profits.

Many employees are employed by family. Like many women work for the husbands. They may think they are not being paid which reduce on the level of their hard work

So according to the findings, the failure to pay salary to employees might be the cause of low revenues and profitability because these shop attendants whenever they get a chance of stealing some money from the business they use it and on the other hand if a person is not motivated especially with money, feels reluctant, do not attend to customers and does not take business seriously. The respondents recommended that even if the business is owned by husband and wife they should consider rewarding themselves to avoid withdraws from the business and unplanned cash withdraw which is affecting their savings behavior. The business owners should be sensitized about motivating the people they employ in order to increase on their revenue and the profitability.

#### **4.3 Employment creation**

The findings show that among the SSEs owners, majority of them (69.8%) had previous occupations and only 30.2% had not had previous occupations. According to this survey SSEs created employment opportunities for those owners of SSEs. Among those owners of SSEs 30.2% had been unemployed, this means that SSEs created job by 30.2%. In addition, SSEs created employment for 22.4% percent of students in high school, college and university. From this we can conclude that SSEs have indispensable role in employment creation. Those employed in SSEs also gain direct and indirect positive effect by being employee of SSEs.

One of the interviewee stated as below

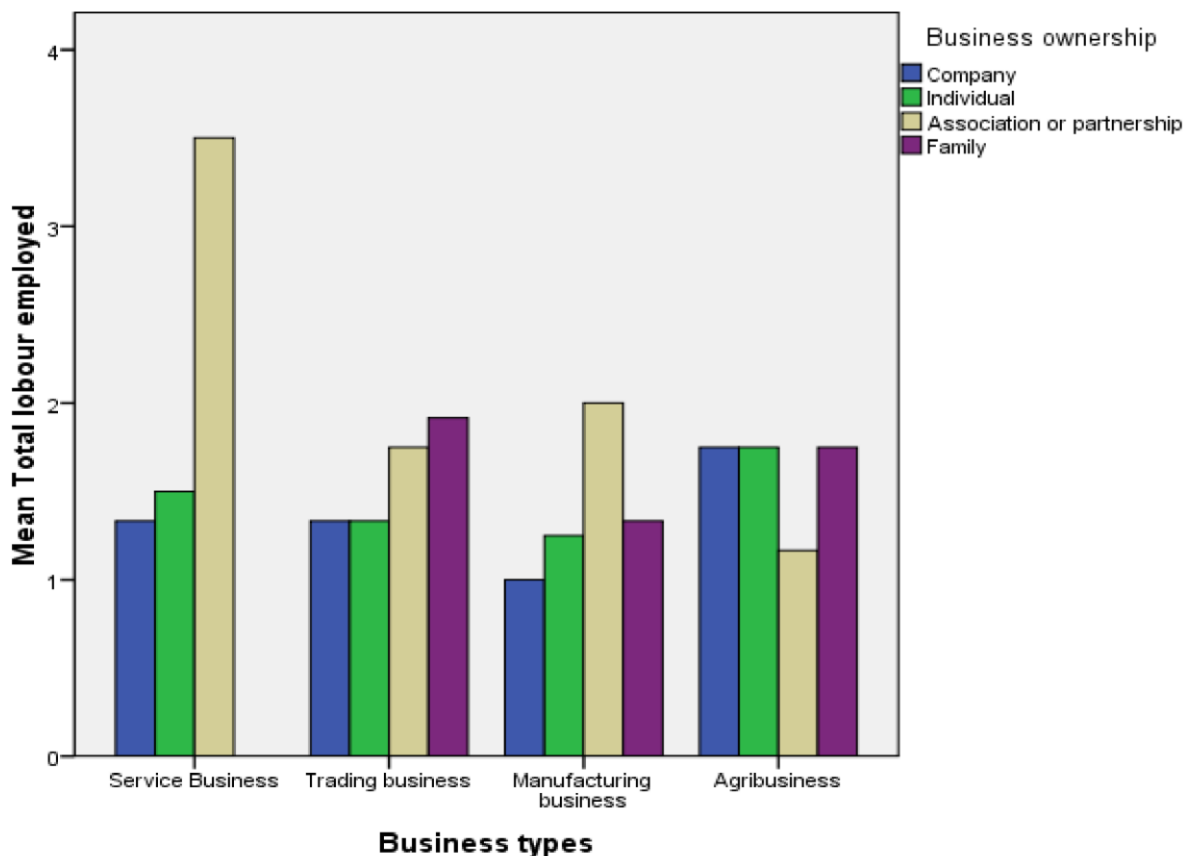
*Majority of employees are motivated to create SSEs, due to the background skill they have. Due to the*



*expectation of better income. Finally, due to the fact that SSEs require low startup capital*

From this we can conclude that experience or skills that were gained by working in SSEs helps to start their own business and to earn better income. This directly creates employment.

From this it can conclude that experience or skill that were gained by working in SSEs helps to start their own business and to earn better income. This directly creates employment.



**Figure 3: Bar graph showing mean total labour employed against business types categorized by business ownership**

Figure 4 shows that the mean number of labour employed by the association or partnership business is higher in service sector as compared to other business types. In addition, result shows that family business are not employing any employees in the service sector

We can conclude that establishing more businesses owned by partnership or association leads to creation of more employment.

### **Types of jobs created**

Several types of employment have been mentioned with figures. According to the study there are different kinds of jobs such as full time recruited, part time recruited, casual work, family part time job, family full time job, full time self-business, and part time self-business.

The results show that majority of the employment created was full time self-business (79 employees) followed by full time recruited (51 employees). Ten people were employed as casual workers, five people as part time recruited, two as family part time job, six as part time self-business and 1 as family full time.

### **4.4 Income Generation**

**Table 6: Income Generation**

Variable	Mean	Minimum	Maximum	Skewness	Std. error
Average monthly income from SSEs	111000	0	500000	1.608	1.512
Average monthly total income from all activities	340000	33000	3000000	3.112	580500

Source; Primary data 2015

Since skewness is greater than one from table 5, median gives a better explanation of the result.

Table 5 shows that the minimum amount of monthly income a SSE could generate was 0 Uganda shillings per month while the maximum income a SSE could generate was 500000 Uganda shillings per month. The median income from a SSE was 70000 Uganda shillings per month. This clearly shows that majority of the respondent generate a monthly income of 70000 Uganda shillings from SSEs.

Similarly, the minimum total amount of income from all activities recorded in the survey was 33000 Uganda shillings per month and the maximum amount of total income from all activities per month recorded in the survey was 3000000 Uganda shillings per month. The median total income from all activities was 250000 Uganda shillings per month. This clearly shows that majority of the business have a monthly total income from all activities of 250000 Uganda shillings

According to the above table average monthly income from the SSEs is 111000 while the average total income from all the activities is 340000. This therefore shows that on average, SSEs contributes 111000 to the total income and individuals. Statistically, SSEs contributes 32.6% of the total income of the individuals. From the above results, we can conclude that SSEs leads to the generation of money income

Majority of the SSEs (79.2%) generate monthly income below 100000, followed by 100000-200000 (13.5%). 5.2% of the SSEs generate monthly income in the range of 30000-150000 and lastly 2.1% of the SSEs generate a monthly income in the range of 200001-300000

Similarly, majority of the SSEs owners (75.0%) generate monthly income below 500000, followed by 1500000-3000000 (9.4%). 8.3% of the SSEs owners generate monthly income in the

range of 1000001-1500000 and lastly 7.3% of the SSEs owners generate a monthly income in the range of 500000-1000000

From this we can conclude that majority of the SSEs create money income which is below 100000. On the other hand, majority of the SSEs owners have a total monthly income of less than 500000

#### 4.5 SSEs and Savings promotion

**Table 7: Savings and Asset generation**

<b>Variable</b>	<b>Value labels</b>	<b>Frequency</b>	<b>Percentage</b>
Whether save some part of the income	Yes	33	34.3
	No	63	65.7
	<b>Total</b>	<b>96</b>	<b>100.0</b>
Main use of income generated from SSEs	Asset generation and savings	26	27.1
	Household needs	40	41.7
	Expanding business	15	15.6
	Other uses	15	15.6
	<b>Total</b>	<b>96</b>	<b>100.0</b>

Source; Primary data 2015

Table 10 shows that majority of the SSEs owners (65.7%) do not save part of their income and few of the SSEs save some part of their income

According to table 10, SSEs owners use their income for different purposes. However, a majority of employees use their income for household consumption (41.7%). 27.1% percent use their income for asset generation and savings. 15.6% percent of them use it for expanding business and the remaining 15.6% is put in to other uses.

A 47 years old respondent responded as below:

*If keeping money for school fees is saving, then I can say I do save my profit I get from small scale business. Otherwise the expenditure required is so much that can't allow me to do savings for further investment*

Therefore, we can conclude that very small proportion of the income from SSEs is used as savings. This could be attributed to low saving level in the rural communities. We can conclude that small scale business enterprises contributes small percent in the savings

**Table 8 SSEs and assets acquisition**

<b>Whether put some money in the generation of assets</b>	<b>Frequency</b>	<b>Percentages</b>
Yes	30	31.3
No	66	68.7
<b>Total</b>	<b>96</b>	<b>100.0</b>

Source; Primary data 2015

Majority of the SSEs owners (68.7%) do not put some part of their money in the generation of assets while 27.1% of the SSEs owners put part of their income in asset generation.

According to one of the interviewee, SSEs leads to asset acquisition. The respondent further explained as below:

*When people start different small scale business, individuals get income and invest the profits. Like for my case, I started with a cold drinks shop in Kayabwe trading center but now I have opened another branch in Masaka. In the process, I have acquired assets like fridge.*

However, another interviewee argued as follows:

*The profits I get from SSEs is very small for me to invest in asset acquisition. I always use the small profit I get for running my family. It's the only source of money for the family. This makes it hard to invest money on the acquisition of asset.*

Therefore, we can conclude that very small proportion of the income of the SSEs use their income from SSEs for asset creation

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes the findings of the study that examined the role of small scale business enterprises in income generation in rural communities of Nkozi Sub County. The findings of this study were analyzed in SPSS and presented using statistical tables and graphs as discussed in the foregoing chapter.

Specifically, the study explored the role of small scale business enterprises in generation of money income in rural communities in Nkozi Sub County, role of small scale business enterprises in savings in rural communities in Nkozi Sub County, the role of small scale business enterprises in generating assets in rural communities in Nkozi

Accordingly, this chapter proceeds to draw general conclusions based on these findings. Included also in this chapter is a summary of the findings, recommendations and suggestions for further research.

#### **5.2 Summary of the findings**

The findings revealed that SSEs created employment opportunities for those owners of SSEs. The majority of the employment created was full time self-business. The study also revealed that experience or skills that were gained by working in SSEs helps to start their own business and to earn better income which directly created employment for them.

According to the study, SSEs leads to the generation of money income. Small scale businesses generate a monthly income of 70000 Uganda shillings. The results further revealed that majority of the SSEs contribute less than 1000000 Uganda

shillings to the total income of individuals monthly. Statistically, SSEs contribute 32.6% of the total income of the individuals.

The study findings also revealed that majority of the small scale businesses do not use money generated from small scale businesses for asset creation. The study also found out that the profit acquired from small scale businesses is very small to invest in the acquisition of assets.

The study revealed that greater proportions of the income generated from SSEs are consumed. This leaves very small proportion of the income from SSEs allocated as savings. This could be attributed to the poor savings culture in the rural communities.

### **5.3 Conclusion**

In this study, it investigated the role of the small scale business enterprises in income generation using a cross sectional data from 96 respondents. It can be concluded that SSEs have indispensable role in income generation. Small scale businesses enterprises positively contribute in income generation.

### **5.4 Recommendations**

Based on the major findings mentioned in the analysis, a number of recommendations have been drawn with the view to improve the role of SSEs in contribution income generation.

Conducting follow up and evaluation will lead to SSEs to know their problems and give support.

Local administration of Nkozi sub-county has to be integrated in any supports provided to SSEs in order to enhance their capacity and ensure sustainability of the enterprise.



Provision of business development services such as training technical and managerial, advisory and counseling services are very crucial for sustainable growth of SSEs. Therefore, support agencies need to tailor their training and an advisory service to meet the specific needs and situation of SSEs.

Despite the fact that savings are one of the means of accumulation of capital, often savings alone cannot be sufficient for running and expanding business operations, thus, there is a need for creating lines of credit. Therefore, support of MFIs and Banks should be encouraged.

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## APPENDICES

### Appendix 1: RESPONDENT'S QUESTIONNAIRE

Dear respondent,

I am Alele Daisy a student of Uganda Martyrs University, pursuing a degree of Arts in Ethics and Development studies is required to carry out an academic study on: **The Role of Small Scale Business Enterprises in income generation in rural communities**. I kindly request you to answer the following questions. All information given will be treated confidentially for purely academic purposes.

Thank you for your cooperation.

#### SECTION ONE: BIO-DATA

1.1. Sex ( )

1. Male      2. Female

1.2. Age .....

1.3. Marital status ( )

1. Married                      2. Unmarried                      3. Divorced

4. Under age                      5. Widowed

6. Other (specify).....

1.4. Religion ( )

- 1. Catholic
- 2. Muslim
- 3. Protestant
- 4. Other

1.5. Educational level ( )

- 1. None
- 2. Primary
- 3. Secondary
- 4. University and above

**SECTION TWO: CHARACTERISTICS OF THE SSES**

2.1. What is your type of sector or business?

.....

2.2. When does this enterprise started operation?

.....

2.3. What is the form of ownership of this enterprise? ( )

- 1. Sole Proprietorship
- 2. Cooperative
- 3. Partnership

Others (specify) .....

2.4. How is the location of your enterprise in relation to market area? ( )

- 1. Home
- 2. Mobile
- 3. Industrial site
- 4. Traditional market
- 5. Commercial district shop
- 6. Roadside
- 7. Other (specify).....

2.5 The following are the characteristics of small scale enterprises.

Characteristics	Strongly agree	Agree	Not sure	Strongly Disagree	Disagree
Revenue and profitability					
Employees					
Market Area					
Ownership					
Management and control					
Area of operation					
Technology					
Gestation period					
Flexibility					
Resources					
Educational level					

2.6 . What are your measurements for growth rate? (Rank them)

1. Employment opportunities
2. Income creation
3. Opening other branch
4. Other (specify.....)



**3. SECTION THREE: EMPLOYMENT CREATION**

3.1. Do you have previous occupation? (            )

1. Yes                      2. No

3.2. If yes (1), what was your previous occupation? (            )

1. Student                      2. Daily labor                      3. House wife
4. Private business employees                      5. Government employee
6. Non Governmental organization
7. Other (specify).....

In order to see the trends of job creations fill in the following table

Type of job created	Number of employees	
	Skilled	Unskilled
Full time recruited		
Part time recruited		
Casual worker		
Family part time job		

Family full time job		
Full time self		
business		
Part time self-		
business		
Others		
Total		

**SECTION FOUR: INCOME GENERATION**

4.1. Type of job you work in this enterprise. ....

4.2. The last year total annual incomes before you start in this job or SSEs. ....

4.3. Average personal annual income, if there is other than this SSEs, after engaged in this business. ....

4.4. Average annual income from SSEs only.....

**SECTION FIVE: SAVINGS AND ASSET CREATION**

5.1. Do you save some part of your income? ( )

- 1. Yes
- 2. No

5.2. Do put some part of your money in generation of assets? ( )

- 1. Yes
- 2. No

5.3. For what purpose do you use your income from SSEs? (Rank them)

- 1. Create business ( )                      2. Use for household needs ( )
- 3. Medical expenses ( )
- 4. Use for entertainment ( )              5. Asset generation ( )
- 6. Put into saving ( )
- 7. Other (specify) .....

**THE END, THANKS FOR YOUR CONTRIBUTION**

## **Appendix 2: Interview guide**

1. What are SSEs?
2. Do SSEs have contribution to employment? If yes, to what extent? To what age group, sex etc.?
3. What are the types of employments are created by SSEs and what types of employment have more employees?
4. Do SSEs create income? If the answer is yes, to what extent will they create income?
5. Do SSEs to leads asset generation and savings? If yes to what extend? To what group of people?
6. Are SSEs sustainable? If the answer is yes, to what extents are MSEs sustainable?
7. Do SSEs face challenges? If the answer is yes, what are the obstacles that face SSEs?