

Factors Affecting the Growth of MSE in Jinja District - Uganda

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Abstract:-

Purpose - The drive of this paper is to understand the determinant of low growth of micro and small enterprises (MSE) in selected towns of Uganda. It adds to the literature by distinguishing these determinants which exist when running a Business of any kind amidst this pandemic.

Design/methodology/Approach- In this study, a cross-sectional research design with both descriptive and explanatory research design has been employed, and 303 owners of enterprises have participated. The towns were selected purposely, and the respondents were also selected by using a simple random sampling technique. The data was analysed by using STATA v-14 and applied descriptive and binary logistic regression analysis (odds ratio).

Findings - The findings of the study revealed that age of the owner, access to finance, family business back ground, interest rate, tax rate and COVID-19 pandemic have mostly affected the growth of the enterprises with the statically significant level. On the contrary, entrepreneurship training, the experience of the owner, the inflation rate and competition less likely affect the growth of the enterprises with a significant level. Other factors such as gender, education background, business age, business type, location social responsibility, and social attitudes were not statically significant to determine the growth of the MSE.

Practical Implications – The results imply that performance, growth and profits in an enterprise play a vital role in ensuring its sustainability. Managers can use the findings to monitor and influence the determinants that may lead to under development.

Originality- The first contribution of this study is to unravel which factors have a contribution is assessing how these factors influence the enterprise growth. This paper fills a gap in the literature by exploring internal enterprises variables mediating the relationship between the enterprises growth and contributes to the discussion on the contradictory results regarding the relationship between risk-taking and enterprise growth.

Keywords- COVID-19, Growth, MSE, Profits, Taxes

Paper type- Research paper

I. INTRODUCTION

Micro and small enterprises (MSE) are the best alternatives Reddit best for the country's Gross Domestic development, reduction of unemployment, and creating healthy economic environments. Saleem (2017) ascertains that in fast-growing countries, MSE create more jobs for young people, as these enterprises do not require a lot of space, rigorous training, huge capital requirements, and sophisticated technologies.

In South Africa, these enterprises have become a point of reference for economic growth and expansions, contributing 50% of employment opportunity as well as the gross domestic product of other African countries. Kassa (2021) found that in Romania, these enterprises contribute 50% of GDP by adding value to the country's economy (Cicea et al., 2019). Sejaaka, Mindra, Nseroko (2015) asserted that 90 percent of MSE do not exist longer than one year after their establishment. Compared to large enterprises, MSE are less efficient and incur high costs per unit of revenue; and use labour-intensive technologies to compensate for the lack of technical capacity in order to perform well. Characteristically, larger firms are more capital-intensive than the smaller ones.

According to Lakuma (2019), a recent report on comparative analysis of Ugandan firms in different size categories indicated that the already low performance of the manufacturing and other sectors on Micro and small enterprises (MSE) are the best alternatives Reddit best for the country's Gross Domestic development, reduction of unemployment, and creating healthy economic environments. Saleem (2017) ascertains that in fast-growing countries, MSE create more jobs for young people, as these enterprises do not require a lot of space, rigorous training, huge capital requirements, and sophisticated technologies.

Ofono Opondo (2021) notes that NRM has implemented a number of programs to fight poverty, reduce gross inequality, cause socio-economic transformation, and create wealth for prosperity over the years. Unfortunately, it seems there isn't much progress, as there is evidence for stagnation or retrogression at household levels. He further says that although NRM has rebuilt a vibrant state, it hasn't hit a decisive blow in the poverty fight.



Consumer goods are plenty but there isn't much creativity, innovation, and productivity at the household and community levels to push socio-economic transformation, sustained prosperity and enjoyment of wealth.

Recent World Bank and IFC surveys as well as research contributions have made attempts to uncover which factors the entrepreneurs themselves perceive as obstacles (Never, 2016); these include high taxes, access to electricity and informal sector practices being ranked as major obstacles. Furthermore, the Government of Uganda (2014) recognized that low barriers to market entry results in destructive imitation rather than innovation and positive market selection.

Ndege & Park (2015) as cited in the World Bank report of 2013, urge that micro and small enterprises played a significant role in the fight against poverty in developing countries especially in Egypt. Robert Kappel and Babette Neverl, (2017) have observed that in Uganda,

these enterprises absorb more labor force in the system, they need less start-up cost, and produce inputs for large industries. Micro and small enterprises (MSE), thus build the enormous majority of businesses. This contribution shows that their economic development is not only hampered by 'normal' business constraints faced by many MSE in developing countries. Besides, the system of favouritism prevailing in Uganda's political economy disproportionally affects the MSE sector, negatively impacting the country's economic development to some extent as well. However, the growth of micro and small enterprises is exposed to different challenges in Uganda such as lack of access to markets, finance, low ability to acquire skills and managerial expertise, high mortality rate, low access to appropriate technology, bureaucratic and administrative challenges, lack of entrepreneurial skills, and poor access to quality business infrastructure. Similarly, Abebaw et al., 2018; Gbadeyan et al., 2017; Ndege & Park, 2015 have noted that the same challenges are being faced by Cape coasts and other countries.

Kamunge et al., (2014) argue that micro and small enterprises' mortality rate (three MSE of five have failed within the first few months) is high due to strong competition with large companies, and the absence of subsidies by the government. Studies such as Cherkos et al., (2018); Assefa & Cheru, (2018); Gutu & Yali (2020) and supported by Mamo (2020) have shown that the same factors affect the enterprise's growth and continuity in general. They also found that capital performance of enterprises, access to credit and training had a positive contribution to capital accumulation.

Relatedly, Tekola and Gidey's (2019) study has indicated that numerous factors affect the growth of MSE such as sustainability, lack of credit, weak market linkage, insufficient training, weak human resources development schemes, dependency on government and spoon-feeding mentality, oscillations in government policies, price variations, weak links, and poor market and product development strategies. In a study by Wolde and Geta (2015), it was observed that an enterprise that engages in manufacturing, limited market access, lack of access to working and selling premises, amount of initial capital, access to finance, social networks, financial problems, lack of managerial and entrepreneurial skills, workplace and marketing problems, the inadequacy of infrastructural facilities, and vertical linkage are factors that affected the growth of MSE (Leza et al., (2016). The other reason which also motivated the researchers to undertake this study is that exploring the factors was the most important way to facilitate the growth of MSE in the study area. Hence, this study places more emphasis on investigating which factors highly affect the growth of micro and small enterprises in the study area. Based on the question, the objective of the study becomes to assess the factors that affect the growth of micro and small enterprises.

II. STATEMENT OF THE PROBLEM

Women and men play an essential position in Uganda's development agenda. Consequently, the government of Uganda has introduced a series of programs as an entry to economic empowerment of its nationals and resultantly, economic transformation. These include Entandikwa and Youth Entrepreneurship Scheme (1996), NAADS (2002), Emyooga (2020), and presently Parish Development Model (PDM) as a strategy to promote the growth of MSE. Entandikwa and youth entrepreneurship gave people some money for business development, but nothing much was realized. NAADS gave the farmers some resources for improving their agriculture-based businesses, but still little impact has been made in the faces of beneficiaries. To date, the Government has introduced Emyooga and PDM (2020) programs to improve the people's lives at parish levels. However, the Entandikwa and youth entrepreneurship scheme (1996) failed to continue due to corruption. The NAADS programme (2002), did not progress well because some money was being embezzled by government officials. The Emyooga and PDM programs are working at parish levels through provision of seed capital to women, youth and people with disabilities with little focus on men.

Additionally, records indicate that disbursed funds under Emyooga did not have any accountability from those who were supposed to allocate (Among 2021). Ideally, Zeleke Worku (2016) notes with concern that the issue of empowering all locally owned and operated MSE has not been effectively addressed much as their success has remained invisible and unacknowledged. Inadequate resources have been cited as barriers to the growth of MSE.

In Uganda, the resource accessibility trend from NAADS and Emyooga is currently generally low with high embezzlement rate (BoU 2009, Among 2021). For example, a farmer is given only 1kg of seeds to plant - how will she or he develop? Under Emyooga (2020) project, seed money of about Uganda Shillings 1,000,000/- was given to a group of 15- 40 people. It is really not enough for each individual to run a meaningful business using that small amount. The application process to obtain a loan from the fund managers was challenging. Therefore, since the implementation of the above program's strategy 25 years ago, not much has been achieved in terms of growth of MSE. Peoples' economic, social and political positions remain low due to poor growth of MSE nationally. Nathan et al., (2004) have observed that Entandikwa credit and youth entrepreneurship scheme (1996) were poorly implemented. It is, therefore, not clear how far the provision of these programs have contributed to the growth of MSE (Nathan et al., 2004).

Studies on the influence of Entandikwa, (1996), NAADS, (2002) and Emyooga, (2022) programs on the growth of MSE have produced diverse findings in Uganda. More importantly, in the study sites, comprehensive studies are very few. Furthermore, the Entandikwa, (1996) NAADS, (2002) and Emyooga, (2020) models were established by NRM government. As such, majority of the findings on the strengths and weaknesses of programs are measured under this pretext. This study, therefore, was designed to fill this contextual gap.

Objectives of the study

To determine the factors which affected the growth of MSE Hypothesis of the study

H1 There is a positive relationship between entrepreneurial training and growth of MSE.

H2 COVID-19 has greatly affected the growth of MSE in Uganda

H3 Taxes influenced the growth of MSE

H4 There is a positive relationship between restaurant operations and growth of MSE.

H5 There is a positive relationship between bars and growth of MSE

Knowledge Gap

Women and Men play a key role in economic development by creating wealth and employment (ILO, 2007). Most MSE are mainly run by women followed by Men (Sharma et al., 2012). OECD (2004) and Hassan and Mugambi (2013) observed that women micro traders create new jobs and provide viable opportunities for enterprise development. Even though MSE play a crucial part in economic growth, Meressa, (2020) shows that female-owned MSE have high mortality rate than male-owned enterprises. The current environment in Uganda, Women and Men owned enterprises have gone through similar experiences. This research, therefore, is to assess the factors that influence growth of MSE.

Studies carried out showed a lot of controversy surrounding on determinants that influence growth of MSE. Some studies argue that the amount of credit promote the success of MSE (Lawal et al., 2009) while others indicate that these strategies do not have significant contributions to the growth of MSE (La Porta & Schliefer; 2008). The variation in conclusions could be attributed to the varied approaches used to determine the influences. A study that comprehensively evaluates the causes of low growth of MSE is quite necessary. Due to the varied study findings, this study sought to shade light on the causes of low growth of MSE.

III. LITERATURE REVIEW

MSE definition. Kassa (2021) observes that there is no universally agreed definition about the micro and small enterprises. Scholars define micro and small enterprises based on their respective countries' situation. Ardjouman and Asma (2015) ascertain that MSE have no standard definition. In Uganda, MSE is branded as seen in Table I & II

Growth

Growth refers to change in volume and size. Entrepreneurs appreciate growth if their businesses register change in a positive manner in terms of their products, increased sales and income, and capital investments. A study carried out by Meresa (2020) found that initial capital, access to land, access to finance, firm location, sectoral engagement, market linkage, and business experience were significant on one hand. On the other, however, gender, education, ownership structure, record keeping, financial management practices, and information and communication adoption were found to be insignificant variables.

Evidence by Leza et al., (2016) indicates that firms with resources grow faster than those without.



Meresa (2020) advises that enterprises with lower capital growth should take actions for better improvement of their growth and their contribution to the regional as well as national economy by means of creating strong linkages with customers, preparing a formal recording of economic transactions, and improving financial management practice for easy access to finance.

Profit and its determinants

In classical economics framework, a firm is perceived as a profit maximizing entity. Despite the heterogeneity of their nature, all firms are in the market primarily to make a profit. Profit is measured by deducting cost from revenue. In the context of micro and small enterprises, Yordanos (2014) notes that the major components of cost are raw materials, wage bills, electricity and communication costs. Revenue is calculated as a product of quantity sold and per unit price. If profit can be measured accurately, the information can be used to evaluate the success/performance of the enterprise. Nevertheless, Yordanos (2014) adds that measuring profit is a very difficult task for researchers mainly because most of the micro and small enterprises do not keep financial records. He that a stylized fact, in many literature reviews, is that more profitable firms grow, whereas the less profitable firms decline. Profitability increases the comparative advantage of the firm. A profitable firm has the means to finance expansion, aspire to grow, employing more people, and survive longer than the unprofitable ones. Profit leads to business growth. Yordanos (2014) further notes that growth is better explained in terms of profits. A profitable and growing firm performs better than the rest in the group. Contemporary bodies of literatures explain firm performance in terms of profitability either using the Structure-Conduct-Performance (SCP) model or the Firm Effect model. According to the SCP model, the underlying industry (or market) structure (Note 1) determines firm conduct (Note 2) behavior/strategy, which relates to the firm's ability to differentiate its goods and services from the competitors and thus to influence the price it can charge. Industry structure and firm conduct combine to determine firm performance. Under this model, firms are considered more or less the same and the difference in performance is because of the market structure. This is to say firms enjoy profitability in a tight Oligopoly kind of market structure than a very competitive market structure. Carlton & Perloff (2000) observe that in short, SCP model assumes that there are relationships between the structure of markets, the conduct of firms, and the performance of firms. This paper therefore examines the factors that affect MSE growth as follows:

Idleness

In Uganda, business ownership (by male and female) has a significant effect on the success of the enterprise. Women are more hardworking than men, although they are overburdened when they become housewives by caring for the children, preparing meals, and managing other family engagements. Despite of this, they are smart enough to be risk-takers, enhance savings for the business and improve the health status of the business (Alemu & Dame, 2017). When business owners are females, sales volume increase, but not profitable (Prijadi & Desiana, 2017). On the contrary, gender has a positive influence on the overall success and growth of micro and small enterprises (Aworemi et al., 2010).

Age

Some studies indicate that young people below 50 years were not affected by COVID-19 that much. Old entrepreneurs had hard times to run their businesses due to fear of contracting COVID-19. They even feared to interact with young people because they were said to be disease transmitters. On the other hand, the previous study indicated that young entrepreneurs are courageous and risk-takers to start businesses than the old people. The old people may be engaged in different responsibilities, and they may reject the activities of their business. As cited by Yonis et al. (2018), there is a negative relationship between the performances of MSE with the age of the owners. Nejati et al., (2014) established that the young owners become more successful than the old ones. Alemu & Dame (2017) noted that the old owners are unable to cover the mortgage payment of the enterprise more easily than young people. Aworemi et al., 2010) observe that age has a positive influence on micro and small enterprise growth.

Entrepreneurship Skills

Education is a means to change the behavior of humankind. If the MSE owners are well educated, they can manage the enterprises properly and can predict the risks that might happen. Yonis et al., (2018) have noted that education matters a lot for the survival of the enterprises. As observed by Afande (2015), education is the factor that positively affects the growth of the firms. King & McGrath (2002) have emphasized that educated business owners can allocate scarce resources, maximize the profit of the enterprises, and have the trust of the creditors to access a loan (Alemu & Dame, 2017). By looking at the importance of education, one can see that it is very useful in the promotion of MSE growth.

In a study conducted by Meresa (2018), it can be concluded that education has a positive influence on micro and small enterprise growth. Long and short-term training's are helpful in enhancing the skills of the new entrepreneurs, and to manage their future businesses. To operate new technologies effectively, cease new business opportunities, discover new ways or methods of doing business, and to be able identify treats, entrepreneurship training is compulsory. Kebede & Simesh (2015) and Meresa (2018) have found that as long as the training quality is maintained, the marketing skill training is a good complementary mechanism to communicate with the customers of the product made by the newly established and existing enterprises.

Access to finance

Financial access is the base for the success of micro enterprises' growth and sustainability. The financial position must be secured at a reasonable cost. The government of Uganda (2020) has provided credit for young enterprises and creative entrepreneurs through Emyooga programme. Mulugeta & Getaendale (2017) observed that this service is based on the requirements of start-up, growing, and matured micro and small enterprises. Kamunge et al., (2014) argue that access to finance creates a strong competition to implement technologies, skills, and innovation. Meresa (2018) notes that to access loan from credit institutions, collateral obligation, amount of money, and the high-interest rate are challenging for young entrepreneurs.

Experience of the owner and age of the business

An experienced owner can be a successful business owner by predicting the future risks and by using the prior best practices. Experience is better than a certificate (degree) to run the activities properly. Kamunge et al., (2014) ascertain that management practices such as planning, control, organizing skills, and proper staffing are implemented by the experienced business owners. The experience of the owner/manager can have a significant effect on the success of a business venture in terms of both the survival and growth of the business (Alemu & Dame, 2017; Meresa, 2018; Saleem, 2017). Regarding the age of business, when the business becomes older, the appeal will decline, and acceptance from the customers diminishes from time to time. But when the owner applies innovative ideas that can save the old enterprise from devastating risks (Afande, 2015), it can remain appealing as a newly established one. According to the prior studies, results from an aged firm exhibit a negative influence on the profitability of the enterprises (Alemu & Dame, 2017; Margaretha & Supartika, 2016).

Types of business

In the Ethiopian context for a few businesses, types are given a priority for young entrepreneurs to start a similar business such as manufacturing, construction, urban agriculture, etc.

Young entrepreneurs before deciding to engage in the micro and small business should be aware of how to select the business or their interest. During business selection, the entrepreneur uses different techniques to identify the right business type at macro and micro levels. The business type has a determinant effect on the success of the enterprises. The owner should consider the competition, credit access, and other factors that lead the business into growth or profitability horizons (Alemu & Dame, 2017). The owners can be systematic by diversifying the types of products and the business, too.

Table I Classifications of micro and small enterprises in 2016/17

Enterprise	No. People	T/TO or T/A
Micro	≤ 04	10 million Ushs.
Small	≤ 50	100 million Ushs.

Source of information: UBOS (2016), UIA (2017).

Business location

The location of the micro and small enterprise can be a major factor for the overall success of the business. When the operation area of MSE is near the main road, for example, owners can easily display their products for the consumers to view and appreciate, and increase sales volume. However, the reverse is true for enterprises that are not near the main road. Location is crucial for the success or survival of the business (Giday, 2017). The enterprise's location, if there is proximity to banks and other micro and financial institutions, credit access may be simple, and if nearby universities, hotels, government offices, and bus stations, the growth of the enterprises will be more effective (Mersha & Ayenew, 2017a, b).

Family business background

Family is a base for youth success and failure. The background of the family paves way for the young entrepreneur's success to select the type of business to engage in, and to be profitable. In an experienced family operated business, their youngsters tend to create new related businesses, and they develop capacity on how to operate it. Existing literature suggests that entrepreneurial family background is important to identify solutions for challenges and mechanisms of how to survive and grow businesses (Alemayehu & Gecho, 2016; Alemu & Dame, 2017).

However, Baligeya and Kaggwa (2021) observed that families at times fail to make any progressive growth of their enterprises due to grid over business money to meet individual needs. Their differences are exposed within the business venture while in some cases, some family members over exercise power over the others.

Social attitude Scholars such as Maziku et al., (2014) have noted that good attitude helps in determining whether the situation is favourable or not, evaluate cognitively, and the overall understanding of emotional feelings and actions regarding objects, people, or events. They mimic how an individual senses about something. To change the mindset of customers, the entrepreneur uses different techniques such as bazaars, exhibitions, and other promotional activities. After creating a good image in the mind of the customers, the owners should employ different strategies to maintain the legacy of the product in the minds of consumers in a long lasting way. As much as possible, creating a good reputation is mandatory to have good attitude from the customers of the enterprises. In general, social attitude towards the enterprise owner has an impact on the performance of MSE (Giday, 2017).

Social responsibility

Corporate social responsibility (CSR) is a new concept and has become acceptable by business societies, organizations, and other entities. The organizations are responsible for providing different services to the community such as supporting vulnerable population groups, protecting the environment, and providing different social services. The micro and small enterprises are responsible for their respected society during their operations. Social responsibility and small and micro enterprises have a positive relationship (Mandl & Dorr 2007). Corporate social responsibility has extended impact on the attractiveness of MSE, although few theoretical and empirical contributions could be found (Turyakira et al., 2014).

Tax rate

High tax rates decrease firm's internal sources of revenue. The high tax rate becomes a cost for the enterprises. With the tax levied by the government by guess or by asking the owners of daily income, the officer will project the amount of tax that will be paid by the enterprise owner. During projection of the tax, the amount of tax becomes high for the micro enterprises and has an impact on the performance of MSE. In a study by Bouazza et al., (2015), it was revealed that in Algeria, MSE experience heavy tax rates that end up discouraging them from expanding their operations.

Tee et al., (2016) have observed that the tax policy of some countries affect the overall performance of MSE. In general, the tax rate hurts the growth of micro and small enterprises.

Inflation rate

In the Ugandan context, the double-digit inflation rate affects the growth of MSE. Due to inflation, workplace rent increased and the purchasing power of citizens diminished, ultimately affecting the growth of MSE. The small-scale manufacturer's input prices may rise, and they may be affected by raising the inflation rate (Meresa, 2018).

Interest rate

It is known that with a reasonable interest rate, providing a credit service plays a significant role in the success of micro and small enterprises. The interest rate and success of the creditors have a direct relationship. The cost of credit facilities available should be reviewed downwards to enable timely repayment and increase in the demand for loans by SMEs. This will enable them to grow their businesses, which will have a triple effect in the economy (Bawuah et al., 2014).

Competition

Sitharam and Hoque (2016) made suggestions that businesses should make decisions that deal not only with business survival opportunities, but also with business development in a changing environment under dynamic competitive conditions, where each competitor tries to do impossible things to survive. Over the years, competition among MSE has increased radically. Competition and sustainability for MSE involve factors such as changing market trends, changing technologies, and emerging new management and organizational techniques. MSE survival is increasingly dependent on several factors including the resilience of MSE to refocus some of their strategies (Gunasekaran et al., 2011).

IV. MATERIALS AND METHODS

In this study, a cross-section research design with both descriptive and explanatory research designs were employed, blended with the quantitative approach in the analysis of quantitative data. The target population was purposely selected from different towns in Jinja district, comprising of 242 MSE. From each town, the researcher applied a simple random sampling technique to select respondents. To identify the target participants or sample size for this study, the researcher used Yamane's (1967:886) formula. Hence, the formula is described as follows:

$$n = \frac{N}{1+N(e)^2}$$

where, N = target population, n = sample size, e = error term

$$N = 242$$

$$n = \frac{1+242(0.05)^2}{1+242(0.05)^2}$$

$$n = \frac{242}{1+0.25}$$

$$n = \frac{242}{1.25}$$

$$n = 194$$

Based on the sample size, the respondents have anticipated proportionally from each town as shown in Table II

Variables and measurement of the study

The variables were measured basing on Table III

Data analysis and model specifications

Descriptive statistic results

After data verification was done, data were analysed by using descriptive statistics and binary logistic regression analysis.

Regarding the model specification, the binary logistic model was employed. The dependent variable of the study was “growth of MSE.” Hence, it is coded as 0 for “growing” and 1 for “not growing.” The model is selected for analysis because the dependent variable has a dichotomous scale. The data was analysed by using STATA v-14.

Table II Sample size of the study

Town %	Target population	Sample size
Mutai 38.	100	75
Muguluka 19.5	42	38
Buwenge 41.7	100	81
Total 80.1	242	194

Source: Author’s computation, (2021).

V. FINDINGS

Two hundred forty-two (242) respondents were invited for the interviews, out of which 194 respondents turned up, representing a response rate of 80.1 %.

Sekaran (2003), Cooper and Schindler (2003) confirm that a response rate above 70% is sufficient for a study. The total sample size of 194 was therefore sufficient enough to guarantee generalization of the study findings.

This section briefly elaborates on the characteristics of respondents by sex, age, level of education, and business types the owners were engaged in.

As indicated in Table 3, 43.3% of the total respondents were males, while the remaining 56.7% were females. The age profile is also presented in the table. From the total respondents, ≥18 meaning 18 and above years. To determine whether there is low growth of MSE, the respondents were requested to answer to a set of statements on the five- point Likert scale. The first question was inquiring whether the lack of entrepreneurship skills affects the growth of SMEs. Majority of the respondents agreed that the pandemic had registered low MSE growth rates as evidenced by 65 out of 84 males agreeing, while 19 responded to the contrary. 94 out of 110 females responded that they needed entrepreneurship skills while 16 said no need, with a mean value of 2.040 and a standard deviation of 1.2077, implying that some respondents did not agree with the statement. The standard deviation indicates a high variation from the mean. The implication is that the findings exhibited a positive relationship between entrepreneurial training and growth of MSE.

Secondly, respondents were also asked whether they had observed some profits from restaurant operations. 58 males negated claiming that the pandemic lock down created enormous chaos and no profits were observed. 26 somehow received some income, 96 females acknowledged total business failure, while 20 females noted that the pandemic benefited those in big hotels. This finding is supported by a mean score of 2.0957 with a standard deviation value of 0.85394. This implies that majority of the respondents were not in agreement with this statement. The standard deviation of indicated a small variation from the mean score depicting that few respondents were not in agreement with this statement. So, it can be concluded that there was a negative relationship between pandemic and MSE growth.

The third question was to establish the respondents’ opinions regarding whether restaurants operations generated income for savings. The findings indicate that majority of the beneficiaries agreed that the income from MSE could not enable them to save as reflected by a mean score of 2.0651 and a standard deviation of 0.88321. It can be concluded that there was a negative relationship between restaurants and growth of MSE.

Table III Descriptive statistics of the study

	Obser.	Frequency /Y N.		%	Total
	M/F	M/F	M/F	M/F	
% 'Statement					
Age ≥ 18	194	84	00	43.3	100
	110	00	00	56.7	
	84	65	19	43.3	100
Entrepreneurship	110	94	16	56.7	
Restaurant	84	58	26	43.3	100
	110	96	20	56.7	
Bars	84	79	5	43.3	100
	110	98	12	56.7	

Authors' computation, (2021).

As per the fourth question on whether Bars had generated reasonable income. The responses indicated that 79 of the 84 males confirmed that their businesses completely had registered no profits at all. 5 of them said their businesses were being ran indoors secretly. 98 females argued that the business would be profitable if women night activities were not banned, while 12 disagreed with the statement. The mean score of 2.51132 indicated that majority of the respondents were not in agreement with the statement. A standard deviation of 1.22635 signified a high variation from the mean implying that a sizable number of women respondents did not find a positive correlation between bars and MSE growth.

In conclusion, the results from the mean and standard deviation in the table 4.1 below show that: There was no significant relationship between bars and the growth of MSE.

The overall mean score was computed to be 32.333, the Variance was 473.889 while Standard Deviation was 21.769 among which some activities were as follows:

Entrepreneurship skills, the agreed percentage for mean was 31.8, Variance was 184.96 and Standard Deviation was 13.6. The disagreed population was mean scores at 8.75, Variance at 52.688 and standard Deviation at 7.259. On restaurant, the mean score was 30.8, Variance at 314.56 and standard Deviation at 17.7 while the mean of 11.5,

Variance of 74.25 and Standard Deviation of 8.617 disagreed. Bars scores for the mean 22.1, variance 40.6 and Standard Deviation of 20 found significant relationship with low growth of MSE.

Mean score of 3.4, Variance 2.64 and standard Deviation 1.625 found no significant relationship.

The Model diagnosis test of the study logistic model for goodness-of-fit test result showed that in Table 4, the model is appropriate for further analysis at $p < 0.01$. The other model test which was undertaken by the researchers is the link test.

This test helps to test specifications of the dependent variable of the study and it is interpreted as a test, conditional on the specification. Since the hat is significant ($p < 0.01$) and the hat square has no explanatory power (because $p > 0.05$), the model is correctly specified. The ROC curve analysis results indicate it as positive and the observations were incorporated in the study model. Regarding the classification, Table 3 shows that the model predicts the membership of the group. The model is correctly classified as 77.4% of cases were growing and 75.7% as not-growing SMEs. Thus, the overall accuracy of classification weighted average of these two values was 76.6% of the cases; this may be seen as the model that fulfills the goodness of fit.

VI. DISCUSSIONS

Socio-economic determinants of micro and small enterprise growth in Jinja District. The detailed discussion of the logistic regression results (odds ratio) of the study variables based on Table 4 is discussed as follows: The age-related factors were considered in this study. The MSE owners below the age of 30 are exceeded by the MSE owners above 30 years by 8.739 in terms of the growth of MSE. This result assured that the youngest MSE owners were more successful than the other group. This finding is consistent with the finding of Yonis et al. (2018), but contradicts with the findings of Aworemi et al., (2010).

Therefore, the age of the owners was able to predict the growth of MSE. The sources of finance can be from credit institutions, banks, families, friends, and their own sources. The finance-related factors could determine the growth of MSE to operate continuously for the achievement of their growth agenda.

The study logistic results revealed that access to finance-related factors also indicated odds ratio (B) = 13.475 (95% CI = 6.305 to 28.798), which means that the enterprises can be improved by 13.475 times, when the owners accessed credit from financial institutions. It is known that without financial resources, the success and growth of the enterprises may not be achieved easily by the business owners. This result is consistent with the findings of Kamunge et al., (2014) and Meresa (2018). Therefore, avoiding obstacles that hinder access for the SME owner plays a crucial role in sustainable growth. Experience-related factors can affect enterprise growth positively and negatively. Experience can be a means for the success and failure of the business. The study logistic result of the owner's experience is odds ratio (B) = 0.290, 95% = CI .102 to .827; this result indicates that the growth of enterprises can be decreased 0.290 times as long as the owner is not experienced to operate the business. Hence, this study result is the same as the findings of Alemu and Dame (2017), Saleem (2017), and Meresa (2018).

When the family owners become experienced or have a business operation background, their daughters and sons may become successful, because they know how to operate the business properly, and they know how to do the reverse when risks happen in their business operations. The study logistic result confirmed that the owners' family business become business operators in the prior time, and the growth of their SMEs surpasses by 4.446 times. To compare and contrast this finding with the previous results, this result can be evidenced that family business background is meant to facilitate enterprise survival and to help it achieve the profitability (Alemu and Dame, 2017). Thus, the results of this variable become consistent with the above-mentioned author's results. To conclude, the family background is a base for the growth of the MSE owners in this competitive world.

Entrepreneurship training-related factor logistic regression result revealed that $\exp(B) = 0.069$, 95% = CI .007 to .285; that affects the growth of enterprise by decreasing 0.069 times.

The growth of MSE is less likely affected by the entrepreneurship training-related factors in the study area. This result is similar to the researches done by Mulugeta and Getaendale (2017), and Meresa (2018), in the prior time.

To summarize, the quality training is interesting for owners that may help them enhance the overall performance and the growth of MSE, and the reverse is true when the owner could not access entrepreneurial training by concerned bodies. Factors that arise from high inflation rate-related factors affect negatively the growth of MSE by .520 times. This factor is a challenge for small enterprises because they may be unable to accumulate inventory to speculate price, and the owners may face additional expenses such as rent, the meal of workers, and other related costs when inflation happens (Meres, 2018). The other factor considered in this study is the interest rate. The logistic regression result revealed that interest rate-related factors affect the growth of micro and small enterprises by odds ratio $(B) = 2.853$, 95% = CI 1.220 to 6.676, which means that the growth of enterprise can be improved 2.853 times. This result is consistent with the Ndege and Park (2015), and Alen and Bhero (2017), findings. The interest rate becomes reasonable for the creditors to achieve consistent growth for their enterprises. The interest rate should not be a cost for creditors especially for the small-scale micro and small enterprise owners. The Competition among the enterprises may not be a big deal for the success and growth of the MSE. However, when there is unfair competition between MSE and companies, the giant will swallow the small enterprises.

The study logistic regression result confirmed that high competition affected the growth by 0.406 times to less the continuous improvement of the enterprises. The remaining variables sex, education background of the owners, business age, business type, business location, social responsibility, tax rate, and social attitude have not been statistically significant to affect the growth of MSE.

VII. CONCLUSION

Based on the discussions, the conclusions of the study have been drawn as follows. From the variables, the study age of the owner, access to finance, family business background, and interest rate most likely affect the growth of the enterprises with a statistically significant level. owner, inflation rate, and competition less likely affect the growth of the enterprises with a statistically significant level. The remaining variables such as gender of the owners, education background of the owners. On the contrary, entrepreneurship training, the experience of the owners, business age, business type, business location, social responsibility, tax rate, and social attitude were not statistically significant to affect the growth of MSE.

The future research line will attempt to: Investigate the political, technological, and other factors that determine the growth of micro and small enterprises. The future study is better to address country-level factors

Abbreviation

MSE: Micro & Small Enterprises

NAADS: National Agricultural Advisory Service

Regression analysis of low growth of MSE during the lockdown

NRM: National resistance movement

PDM: Parish development model

Table IV Classification

Innovation	Yes	No	%
Observations			
Does your business earn profits?	14	180	7.2
91.8			
From the above is it growing?	16	178	8.2
91.8			
Could the reason be			
COVID-19 lockdown?	190	4	97.9
2.1			

Source: Author's computation (2021) Additional Information

Acknowledgements

We would like to thank the anonymous reviewers, Sisay G. for his guidance and technical support, and the data collectors.

Authors' contributions

All research activities were done independently by the authors. The author read and approved the final manuscript.

Funding

The author has not received funding from any organization.

Consent.

The authors personally prove that the paper should be published in this journal.

Availability of data and materials

All datasets are included in the manuscript.

Competing interests

The authors declare no competing interests.

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International Journal of Recent Development in Engineering and Technology
Website: www.ijrdet.com (ISSN 2347-6435 (Online) Volume 15, Issue 07, July 2026)

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