



**ORGANISATIONAL FACTORS AND THE SUCCESS OF FREE ZONES IN  
UGANDA**

**BY**

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**DECLARATION**

I, Patrick Tusiime, hereby declare that, this dissertation entitled “Organizational Factors and the success of Free Zones in Uganda: Is my original work and has never been presented to any university or institution of higher learning for any academic award.

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**APPROVAL**

This dissertation has been written under our supervision and is submitted with our approval.

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Date.....

## **DEDICATION**

This work is dedicated to my family, relatives and friends.

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## **LIST OF ABBREVIATIONS**

UNIO:	United Nations Industrial Development Organization
FZ:	Free Zone
UFZA:	Uganda Free Zones Authority
WTO:	World Trade Organization
UIA:	Uganda Investment Authority
KIBP:	Kampala Industrial and Business Park
SME:	Small and Medium Enterprise
FDI:	Foreign Direct Investment

## **ABSTRACT**

The purpose of this study was to examine the relationship between organizational factors and the success of the Free Zones in Uganda. The study was anchored on Michael Porter's Competitive Five Forces Model (1979) and had three specific objectives which it sought to address. The three objectives were; To examine the relationship between Corporate Governance and the success of Free Zones in Uganda, To investigate the relationship between Financial Management and the success of Free Zones in Uganda and To examine the relationship between Human Resource Management and the success of Free Zones in Uganda. To deliver answers to the above objectives, the study adopted a cross sectional survey design to guide the whole study process. The questionnaires and the interview guides were used as methods of data collection. Twenty five (25) questionnaires were administered with a response rate of 100%, and 3 Interview guides were administered to the sampled respondents with a response rate of 100%. The findings of the study revealed that; Human Resource Management greatly impacted positively on Success 93.4%, Financial Management 72.3% and Corporate Governance 63.4%.

Due to time constraints, the study was centered on organizational factors (corporate governance, financial management and human resource management) as potential variables relating to the success of Uganda Free Zones. However, there were other variables like employment motivation, resource utilization, administrative policies and management practices which may relate to organizational success. Therefore, research needs to be carried out on those factors to see how related to organizational success.

Based on the findings therefore; the key recommendations of the study are; Uganda Free Zones Authority (UFZA) should adopt and strengthen Human Resource Management in order to improve on Success.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Introduction

Free Zones programme is one of the entry strategies local and foreign Developer's may use to establish export manufacturing. The programme is a Country marketing policy instrument used to stimulate manufacturing, export trade, foreign exchange earnings, employment and economic growth especially in early stages of industrialization and economic development (Ge, 1999; Wells&Wint, 2000). It is a suboptimal policy option to spur export growth at the early stages of economic development of a Country. Country marketing is a function of trade promotion agencies to position host country as an attractive investment location (Wells &Wint, 2000).

This study examined the relationship between the Organizational Factors and the success of the Free Zones in Uganda. However, there are several organizational factors, but this study focused on Corporate Governance, Financial Management and Human Resource Management. Organizational Factors is conceived as the independent variable while success of the Free Zones in Uganda is dependent variable

Uganda Free Zones Authority (UFZA) is a body corporate that was established under the Free Zones Act, 2014. It is mandated to oversee the establishment, development, management, marketing, maintenance, supervision and control of Free Zones and other related matters.

Free Zones are Special designated area where goods introduced into the area are generally regarded, so far as import duties are concerned, as being outside the Customs territory and includes Export Processing Zones or Free Port Zones (Free Zone Act, 2014).

Free Zones are Customs controlled areas where raw materials, goods, plant and machinery may be landed, handled, manufactured or reconfigured for export without being subject to import duties.

Physical setup of a typical Free Zone include; Pre-built factory units, Warehouses and Storage Facilities, Office space, Utilities like water, electricity, and ICT, Road Infrastructure, Parking Yard, Police Post Area and Perimeter Wall.

Uganda's export sector continues to lag behind the rest of the world, being characterised by persistent trade deficits. In 2016, for instance, total export earnings stood at US\$ 2,482,313,000, representing a deficit of US\$ 2,347,146,000. Similarly, in 2015 total export earning was US\$ 2,267,009,000. The deficit stood at US\$3261, 108,000. The establishment of Free Zones is in response to the need to address macroeconomic challenges particularly low industrialisation and high current account deficit.

This chapter includes background to the study, statement of the problem, objectives of the study, research questions or hypothesis; scope of the study, the significance and Justification of the study.

## **1.2. Background of the study**

The study background is presented under four perspectives which are: historical, theoretical, conceptual and contextual background.

### **1.2.1 Historical background.**

According to the United Nations Industrial Development Organization (UNIO), Free Trade Zones as a driving force to encourage industrial exports is considered. Free Trade Zone is a territory of a country outside of the physical and administrative law and customs facilities are located and the entry and exit of goods and capital and skilled labor takes place in the region easily (Vafadari, 2004). Transnational investors migrate from high to low cost production Free



Zones locations. These are locations with low costs of production and favourable tax structures. However, Ghosal (1987) argues that such comparative advantage should relate to quality, quantity and configuration of material, human and institutional resources available within the bounds of a country. Furthermore, investor mobility also translates into universalization of skills as workers gain cross-cultural technological and ethical work culture resulting into homogenized production despite market differentiation. In the case of Uganda, the Free Zones programme was introduced in 2014 following the enactment of the Free Zones Act, 2014 and regulated by the Uganda Free Zones Authority (UFZA) offering specialized incentives for optimal firm performance. The Policy direction to the development of Free Zones in Uganda is premised on the need to boost the export earnings, increase industrialization and create employment opportunities to cater for the country's growing population.

### **1.2.2 Theoretical Background**

The study was guided by Michael Porter's competitive five forces model (1979). Porter's five forces analysis is a framework that attempts to analyze the level of competition within an industry and business strategy development. It draws upon industrial Organization economics to derive five forces that determine the competitive intensity and therefore attractiveness of an Industry. Attractiveness in this context refers to the overall industry profitability (Porter, 2008). An 'unattractive' industry is one in which the combination of these five forces acts to drive down overall profitability. A very unattractive Industry would be one approaching 'pure competition', in which available profits for all firms are driven to normal profit. This analysis is associated with its principal innovator Porter of Harvard University. Porter referred to these forces as the micro environment, to contrast it with the more general term macro environment. They consist of those forces close to a Company that affect its ability to serve its customers and make a profit (Porter, 2008). A change in any of the forces normally requires a business unit to re-assess the marketplace given the overall change in industry information. The overall

Industry attractiveness does not imply that every firm in the Industry will return the same profitability. Firms are able to apply their core competencies, business model or network to achieve a profit above the Industry average (Porter, 2008). Porter's five forces include three forces from 'horizontal' competition: the threat of substitute products or services, the threat of established rivals, and the threat of new entrants; and two forces from 'vertical' competition: the bargaining power of suppliers and the bargaining power of customers.

It's imperative for Free Zones Authority to recognize the competition within the Industry and position strategically to out compete other institutions like Uganda Investment Authority, Uganda Revenue Authority and Export Promotion Board in competing for financial resources from the Central Government, local and foreign Developer's, and the development partner's like World Bank, Trade Mark East Africa. The success of Free Zones world over is based on the Government support in terms of funding and favorable policies that attract Developer's and Operator's.

### **1.2.3 Conceptual Background**

It was conceptualized in this study that organizational factors would contribute to the success of Free Zones in Uganda. This subsection presents the key concepts to the study and how they are operationalized in this study. Fox and Bayat (2007) observed that the conceptual framework entails a system of concepts, assumptions, expectations, beliefs that guide the research. Uganda's global competitiveness is partially hampered by the exportation of low volumes and value of unprocessed agricultural products. The country is also affected by low industrialisation and limited value addition. Furthermore, despite progress in legal and regulatory reforms, the overall business environment still needs to be improved by increasing access to serviced land, efficient infrastructure facilities and addressing constraints that raise the cost of doing business in Uganda. As the gateway to global business and investment

opportunities, UFZA encourages both foreign and local Developer's and Operator's to establish manufacturing, commercial and services operations within Free Zones across Uganda. The administration of Uganda's Free Zones is critical in facilitating export development, new investments, generating employment opportunities and boosting foreign exchange earnings in Uganda.

The establishment of Free Zones in Uganda will accelerate development, promote export-oriented investments and production of competitive goods, create employment and enhance the country's attraction of foreign direct investments. The production and marketing of value added products will enhance the country's competitiveness in the local, regional and international markets.

Success is the accomplishment of a set task, in this study success will be looked at in terms of increase in export, employment creation and Foreign Direct Investment (FDI) in the Country.

#### **1.2.4 Contextual background**

The study was conducted out at Uganda Free Zones Authority headquarters located in Kampala City Centre at Communications house which houses the entire staff. Since 1991, the Government of Uganda (GoU) has been promoting and facilitating industrialisation, in line with the Government Industrialisation Strategy (2003) and National Industrial Policy (2008). The Government is in the process of establishing twenty two Industrial and Business Parks (IBPs) throughout the country to create jobs, add value to locally available raw materials, promote innovation and enhance exports. The Uganda Investment Authority (UIA) is the key implementing agency for the Industrial and Business Park programme.

As of May 2016, the main Industrial Business Park (IBP) being set up is the Kampala Industrial and Business Park located on 2,200 acres in Kampala. More than two hundred investors have been allocated land in the Park. Two other parks are being developed on the outskirts of Kampala: Luzira Industrial Park, a 70 acre facility with functional infrastructure (road, water,

and power) and with 15 investors at various stages of establishing their projects; and a 45-acre Bweyogerere Industrial Estate that has been allocated to seven investors. The status, as provided by UIA, is shown below:

Soroti Industrial Business Park (IBP) is 350km North East of Kampala and is 219 acres in size. Five acres of land was allocated to the Teso Fruit Farmers Association, Kasese IBP (217 acres) is located 430km from Kampala in Western Uganda and is intended to stimulate agricultural products value addition and mineral beneficiation in the region, Mbarara SME Park is a 12-acre facility catering for small scale enterprises adjacent to Mbarara Municipality 280km Southwest of Kampala, Jinja IBP (182 acres located 80km East of Kampala) is being established; and Land (150 acres) was identified for the establishment of an IBP in Kabarole and Kyenjojo district.

Bids to provide IBP land continue to be received by the UIA and UFZA to acquire land in different parts of the country to establish industries. UFZA has concluded mapping the whole country to identify strategic locations for the establishment of Free Zones. (UFZA, Annual report 2016/2017).

Success is the accomplishment of a set task, in this study success was looked at in terms of export, foreign exchange earnings, employment and increased Foreign Direct Investment (FDI).

## **1.2 Problem Statement**

The East African Community (EAC) Partner States resolved to support the establishment of Free Zones and Special Economic Zones (SEZ) in the respective countries, as specified in Articles 29 and 31 of the Protocol on the establishment of the East African Customs Union, 2004. Kenya, Tanzania and Rwanda have well established Free Zones Programmes but Uganda was lagging behind in implementing this export promotion scheme, as provided for in the regional integration process. In 2014, Free Zones law was passed. Subsequently, Uganda Free

Zones Authority (UFZA) was formed to oversee the establishment, development, management, marketing, maintenance supervision and control of Free Zones in Uganda. The Authority developed Strategic Plan targeting to establish a number of Free Zones, the overall targets are to promote the development of 10 Free Zones, license at least 100 Operators, increase export earnings by about US\$ 100 million, create 2,500 new direct jobs, and 500,000 indirect jobs, so that to have a positive impact on the country's export earnings, and to create jobs for our people, among other targets. The attainment of these noble targets to the economy requires much funding over the 5-year period; and the Government, her development partners, the Private Sector and other stakeholders are requested to enable UFZA acquire the funds.

In a bid to mobilize funds for the establishment and development of Free Zones, Uganda Free Zones Authority get involved in resource mobilization strategy to raise funds for implement of Free Zones in the country. Key strategic Stakeholders have been engaged such as Ministry of Finance, Planning and Economic Development, and Development Partners like World Bank, African Development Bank; European Union, and follow up is ongoing to ensure that funds are mobilized to establish public Free Zones and capacity building for staff in Free Zones related fields and contribute to export growth in the Country. However, the Authority has not contributed significantly to achieve its intended objectives to job creation, increasing export and bridge the gap of balance of payment of the country. It was upon that back ground that the research's need to explore the relationship between the organizational factors and the success of Free Zones in Uganda.

#### **1.4 Purpose of the Study**

The purpose of the study was to examine the relationship between organizational factors and the success of the Free Zones in Uganda.

### **1.5 Specific objectives of the Study**

The following objectives guided the study;

- i. To examine the relationship between Corporate Governance and the success of Free Zones in Uganda.
- ii. To investigate the relationship between Financial Management and the success of Free Zones in Uganda.
- iii. To examine the relationship between Human Resource Management and the success of Free Zones in Uganda.

### **1.6 Research Questions**

The study was guided by the following research questions:

- i. What is the relationship between Corporate Governance and the success of Free Zones in Uganda?
- ii. What is the relationship between Financial Management and the success of Free Zones in Uganda?
- iv. What is the relationship between Human Resource Management and the success of Free Zones in Uganda?

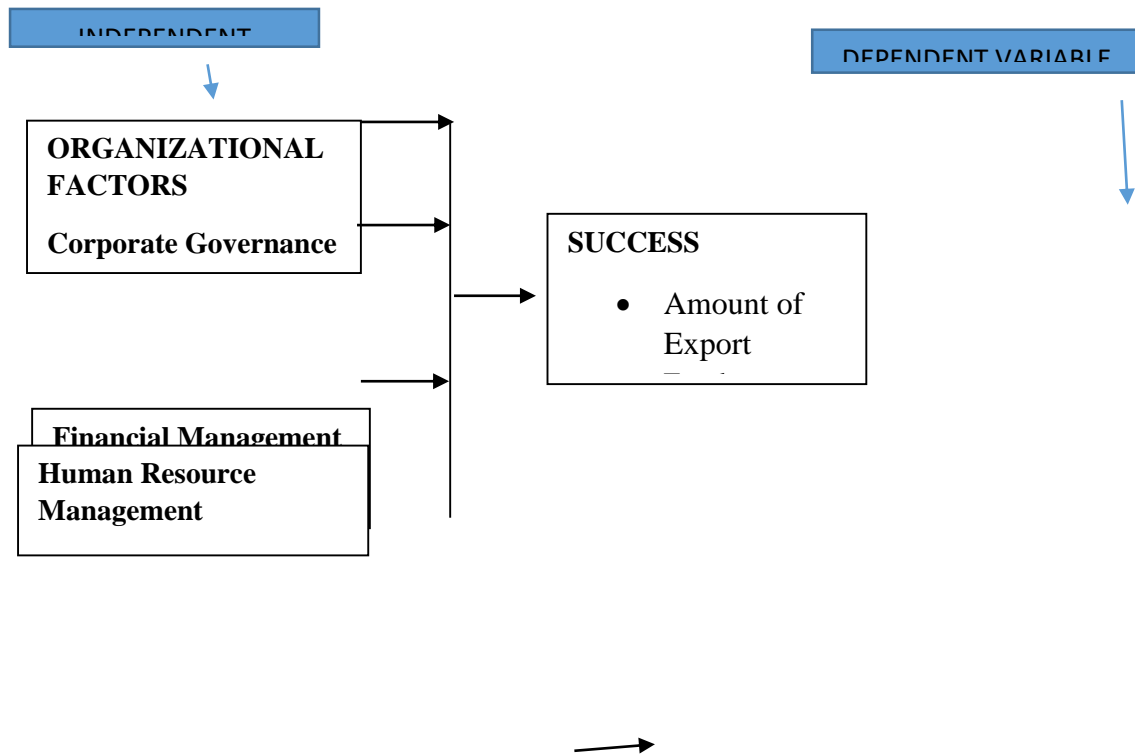
### **1.7 Hypotheses of the Study**

The study tested the following research hypotheses

- i. There is a relationship between Corporate Governance and the success of Free Zones in Uganda.
- ii. There is a relationship between Financial Management and the success Free Zones in Uganda.
- iii. There a relationship between Human Resource Management and the success of Free Zones Uganda?

## 1.8 Conceptual frame work

The conceptual framework shows the relationship between Organizational Factors and the success of Free Zones in Uganda.



Source: Adapted from Uma Sekaran (2003) and modified by the researcher.

**Figure 1. 1:** A conceptual framework illustrating the relationship between system factors and successful budget establishment

The framework in Figure 1.1 suggests that the independent variable (organizational factors) is conceptualized into three elements namely; corporate governance, financial management and human resource management, while the dependent variable, success of Free Zones is conceptualized as increased export, employment creation and increased Foreign Indirect Investment (FDI). All concepts of the independent and dependent variables are further conceptualized as shown in Figure 1.1. For example; corporate governance are conceptualized as credibility of the board members and the level of consistent to the organizational goals.

Financial management is conceptualized as revenues, donations and Human resource is conceptualized as capacity building and benching studies to successful Free Zones in the world. Figure 1.1 further hypothesized that all organizational factors have apposite relationship with the success of Free Zones. The figure suggests that when Free Zones have the required resources, success is achieved. Success of Free Zones will be measured in terms of increased export, employment creation, Foreign Direct Investment (FDI) in the Country.

### **1.9 Significance of the Study**

To the Government of Uganda, the study may be used to provide empirical evidence for Free Zones policy makers, development partners like donors and various stakeholders such as Ministry of Finance, Planning and Economic Development in revising free zones structures and policies to address the problem of inadequate finance at Uganda Free Zones Authority, so that the Authority can be in position to establish public free zones and attract many operators, managers into the free zones and contribute to export growth of the country.

To the management of UFZA, the study may help the Board and Management of UFZA in strengthening governance policies for enhanced organizational effectiveness.

To the academia, the study adds to the body of existing knowledge and covers literature gaps on organizational factors and the success of Free Zones scheme in the export sector of a developing country –Uganda and adds value to the researcher for his contribution and effort to conduct enriched study.



## **1.10 Justification of the Study**

Success is always a debatable topic. Many researchers have been able to distil the factors of project success but there is no general agreement concerning common factors for all projects (Chan et al., 2004). The reason being that each project is different from other projects and that “one size does not fit all projects” (Shenhar, 1998). Likewise different projects will display different factors of success (Dvir et al., 1998). Projects can differ “in terms of technology, size, complexity, risk” and other factors or variables (Shenhar et al., 2001). However, different ideas have emerged in the last decade. Therefore, a comprehensive review of organizational resources and success of Free Zones is essential. This study is aimed at finding the relationship between organizational factors and the success of Free Zone in Uganda. An understanding is necessary in identifying the key determinants of organizational success which will provide policy makers, project funders, implementers’ and managers with information to effectively plan future interventions.

## **1.11 Scope of the Study**

### **1.11.1 Content Scope**

The study investigated the Organizational Factors (Independent Variables) like Corporate Governance, Financial Management and Human Resource Management which are expected to be explained by success (Dependent Variable) at the Free Zones Authority.

### **1.11.2 Geographical Scope**

The study were conducted out at UFZA headquarters located in Kampala City Centre at Communications house which houses the entire staff.

### **1.11.3 Time Scope**

The study covered the period 2015-2020 the time UFZA is implementing its 1<sup>st</sup> Strategic Plan but the Authority is experiencing challenges of finance to establish public Free Zone. (UFZA Strategic Plan, 2015-2020).

## 1.12 Operational Definitions of Terms and Concepts

The following were the operational definitions of the key words and variables used in this research:

**Free Zone:** Special designated area where goods introduced into the area are generally regarded, as far as import duties are concerned, as being outside the Customs territory and includes Export Processing Zones or Free Port Zones.

**Success** refers to favourable outcome or the gaining of fame or prosperity. There favourable outcome or the gaining of fame or prosperity (PMI Book Guide, 2004). Success is considered as an intangible perceptive feeling, a measuring criterion that varies with management expectations and varies among persons and with the phases of the project. (Armstrong, 2006). In the study success was looked at in terms of increased export, jobs creation, foreign exchange and increased FDIs.

**Financial Management** here is referred to the internationally agreed principles and practices of conducting financial business where standard financial procedures are followed in conducting any transaction.

**Corporate Governance** in this study will refer to a means by which organizations are directed and controlled (YASSER, 2011) its specifically includes there dimensions of board responsibilities (Harris and Raviv, 2008), corporate ethics (Idowu &Towler, 2004) and corporate reporting (IRCSA, 2011).

**Human resources** are the people who make up the workforce of an organization, business sector, or economy.

**Free Zones governance** here is referred to as the governance where decision making and implementation of the decisions made is done by a group of people rather than by an individual.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the historical, theoretical and contextual review guiding the study; the actual literature review of Organizational Factors (Corporate Governance, Financial Management and Human Resource Management), and the summary of the literature review will be executed from UFZA Strategic Plan, Free Zones Act, text books and unpublished theses of other researchers that have carried out researches in the related topics.

#### **2.2 Theoretical review**

Theories are a useful starting point for differentiating degrees and kinds of participation including their outcome. This study adopted the Michael Porter's Competitive Five Forces Model (1979) to explain how organizational factors contribute to the success of Free Zones. Michael Porter has pioneered the use of economic analysis to investigate issues relating to the competitiveness at the organizational, industrial, and national levels. In his seminal book, *The Competitive Advantage of Nations*, Porter (1990) discusses the idea that not only companies, but also countries, compete. The World Economic Forum (2015) that was greatly influenced by the work of Michael Porter defines competitiveness as "the set of institutions, policies, and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be reached by an economy. The productivity level also determines the rates of return obtained by investments in an economy, which are harbingers of its GDP growth rates. In other words, a more competitive economy is one that is likely to grow faster over time" (World Economic Forum, 2015).

A nation's standard of living depends on the capacity of its companies to achieve high levels of productivity, and it, also, depends on the nation's ability to increase productivity over time (Porter, 1990). Porter (1990) suggests that there are four distinct stages of national competitive development: factor driven, investment driven, innovation driven, and wealth driven. The first three stages involve the successive upgrading of a nation's competitive advantages and will normally be associated with progressively rising economic prosperity. The fourth stage is one of decline (Porter, 1990). A sustained productivity growth requires that an economy continually upgrade itself (Porter, 1990). As nations develop, they progress in terms of their competitive advantages and modes of competing (Porter et al., 2007). National prosperity is created, not inherited. A nation's competitiveness depends on the capacity of its industry to innovate and upgrade its economy (Porter, 1990).

Porter defined five distinct forces that have to be thought of when determining the attractiveness or profitability of a certain industry. The stronger the five forces, the less the profitability in this specific industry and, hence, the less attractive this industry is to its potential entrant (Porter 1979). The five Competitive Forces including the threat of new entrants, the bargaining power of buyers, the bargaining power of suppliers, the threat of substitute products or services and rivalry among existing competitors. Porter considers the threat of new entrants in a given industry as a vital factor in determining industry profitability and attractiveness. He assumes several major sources of barriers to industry entry exist (Porter, 1979). In order to assess the threat of entry in the industrialization sector, each of these barriers must be analyzed in the context of the relevant boundaries. Some of these barriers are explained further below.

Restrictive government policy is a barrier. While restrictive government policies can create a significant barrier to entry in many industries, this is not the case in the industrial sector where the free zones, plays a major role in reducing such restrictions.

However, government may regulate the entry into Free Zone scheme to benefit from attractive Incentives both Fiscal (Taxes) and Non- Fiscal Incentive (Onsite Customs clearance, Economies of scale, Business facilitation), and put measures to assess the entry into the sector such as threshold like 20% and 80%, where by 20% of total output should be sold in the local market and 80% for export outside EAC (Free Zone Act, 2014). Business plan is critically evaluated, Master plan, Marketing plan, Implementation plan and the number of employment the Developer or Operator intends to create in the Country. This is done before the Authority recommend an area or building to the Minister of Finance, Planning and Economic Development to declare into a Free Zone.

### **2.3 Actual Review of Literature**

The literature is reviewed on the basis of the study objectives as laid down in the conceptual framework that is Corporate Governance, Financial Management and Human Resource Management and the respective three specific objectives in this research.

#### **2.3.1 Corporate Governance and the success of Free Zones Authority**

The World Bank (2005). Corporate governance refers to the structures and processes for the direction and control of Organizations. Corporate governance concerns the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders.

In today's global economy, the success of the national economy depends on the crucial role of organization's competitiveness, transparency and governance structure which operate within her territory, since organizations are the entities that create economic value (ICAN, 2009).

The Nwachukwu (2007) emphasize the growing consensus that good Corporate Governance has positive link to the success of Free Zones and national economic growth, and development. According to Strategic Plan (2015/16 - 2019/20), the Uganda Free Zones Authority (UFZA), to provide for the establishment of Free Zones in Uganda. UFZA is a body corporate under the

supervision of the Ministry of Finance, Planning and Economic Development (MFPED) that was established under the Free Zones Act, 2014, and commenced operations on 1<sup>st</sup> September 2014. The Authority is mandated to oversee the establishment, development, management, marketing, maintenance, supervision and control of Free Zones and other related matters. The Minister of Finance appointed a Chairperson and a Voice from the Private sector to head the high policy organ of the Institution to ensure that Free Zones are implemented in the country.

Today, corporate governance became a determinant to many subjects in identifying Organization's strengths and functions. One of the most important functions that corporate governance can play is in ensuring the quality of the financial reporting process (Cohen, Krishnamoorthy and Wright, 2004).

### **2.3.2 Financial Management and the success of Free Zones Authority**

One of the most important obstacles to industrial development is a weak financial market, in which producers may face credit constraints and experience difficulties in finding the necessary resources to finance investments. Such constraints may depend on either inefficiencies of the financial sectors or lack of creditworthiness by private firms (English and de Wulf, 2002).

Sometimes, however, the problem can be purely informational, and the misalignment between credit supply and demand may be due to imperfect risk evaluation by firms or creditworthiness evaluation by banks and financial institutions. Governments may intervene in several ways to enhance credit access. Traditional measures are subsidizing credit for small firms, spurring competition in the credit markets, facilitating information transmission and providing credit insurance, export credit and export guarantees. By definition, export credit is needed in situations where (whatever the reason) the buyer of the goods defers the payment for a certain period of time. Export credits may be in the form of supplier credits (i.e. credit granted by an exporter to a foreign buyer) or buyer credits (i.e. the exporter gets in contract with a buyer, which is financed through a loan agreement between a bank in the exporter's country and a

bank in the buyer's country). Export guarantees are instead instruments that cover the risks of export credits (political or commercial) in the case of default by the borrower. In most countries, the government assumes the credit risk through Survey of the literature on successful strategies and practices for export promotion by developing countries specialized institutions. It is clear that both these measures may result in an indirect form of export subsidy and, for this reason, their provision is regulated by the WTO.

Mortgage (Luertkenhorst, 2004 and Kisaame, 2002). Finance resource here will constitute money used by the organization to run different activities within the projects, such as; paying salaries for employees, purchase of equipment and development of structures. In this study, it is hypothesised that there is a relationship between financial resources management and the success of Free Zones.

Several researchers have related to financial resources to the success of Free Zones. For example, Debbie (2012) looked at the relationship between financial resources and project success in an examination of sponsor executing behaviours. Finding indicates that building stakeholder relationships has a significant impact on the firm's future and meeting agreements; ensure risk and quality has a significant impact on meeting agreements; and ensure communications has a significant impact on project success. Jedd (2007) examined other industries and determined poor project performance exists with success rates closer to 50%.

Woodward (2007) and Ildefonso (2007) had similar findings that indicated following project management best practices dramatically increased project success rates. They came to the finding that financial resources have a relationship with the success of Free Zones. Pyle (1986) concluded significant relationships exist between financial resources and success of Free Zones. Finch (2003) established relationships between financial loans and the Free Zones success.

### **2.3.3 Human Resource Management and the success of Free Zones Authority**

This report assumes that if an organization hires poor performers, it cannot be successful even if it has perfect plans, a sound organizational structure and finely tuned control systems. Competent people must be in post to ensure that organizational goals are attained. Even though many organizations have access to advanced information technology, the people are the ones who make the real differences.

Human resource is of strategic importance in all organizations. It contributes to the success of the organization and create competitive advantage for the organization (Maicibi, 2005). Human resource is a product of the human relations movement of the early 20<sup>th</sup> century, when researchers began documenting ways of creating business value through the strategic management of the worker force (Armstrong, 20016; Pansiri and Temtime, 2006). The function was initially dominated by transactional work such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, human resource now focuses on strategic initiation like mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion. In startup organizations, human resources duties may be performed by trained professionals (Mullins, 1999).

Several researchers have related to human resources to the success of Free Zones. For example, Ackel (2012) focused on the relationship between two human resource factors: namely top management support and project team and their influence on implementation and success of projects. The findings established strong positive significant relationships between top management support and the success of Free Zones. The findings further showed that the project manager is the key person in project success. Belout and Gauvreau (2013) examined the factors influencing project success while referring to the impact of human resource management.



Ulrich's (1997) HRM model consists of roles with associated deliverables. The most role: strategic partner, requires that HR managers align HR initiatives with strategic organizational goals. The deliverable for this role is an executed strategy that creates value as seen by major organizational stakeholders, investors, line managers and employees (Ulrich and Brockbank2005). In order to implement this role, HR managers must possess organizational and financial knowledge and business savvy (Brock bank and Ulrich 2003). In essence, HRM practices must align with line management objectives to have value. In this way, HR managers will have a place at the leadership table with other organizational functions.

Human Resource Management (HRM) is a relatively new approach to managing people in any organisation. People are considered the key resource in this approach. It is concerned with the people dimension in management of an organisation. Since an organisation is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of human resources. Human Resources Training and Development -Council organizes general seminars/workshops to enlighten exporters on new development in the sector.-Organizes Export For discuss latest development in the sector. It undertakes enterprise level training for the staff of organizations that request for such packages, Liaises with other training institutions (both locally and internationally) on training matters generally.

#### **2.4 Summary of the Literature Review**

Several scholars have attempted to research on various study objectives for example, Debbie (2012), Jedd (2007), Woodward (2007), Ildefonso ( 2007)Pyle (1986) attempted to relate financial resources to the success of Free Zone and came to the findings that the study variables are positively related.

From the perspective of national economic development zones can be created as a window to the outside world and they may release foreign exchange to finance and technical expertise and capital needed to absorb some of the country's industrial development to assist creating a free trade area within the business process is targeted tasked with assisting economic growth, industrialization and providing enhanced trade opportunities especially in the field of exports. Experience of successful countries shows that trade zones have been bridge between the domestic economy and international with oriented production, exports, technology transfer and economic development.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter highlights and describes the approaches and techniques the researcher used to collect data and investigate the research problem. They include research design, sample size

and selection, the population of the study, reliability and validity, data collection instruments, data collection methods, quality control, data analysis and measurement of variables.

### **3.2 Research Design**

This study adopted a correlation and cross-sectional. The correlational design was adopted to explain the relationship between organizational factors (corporate governance, financial management and human resource management) and the success of Uganda Free Zones Authority (Charles, 1995). The study employed both qualitative and quantitative approaches. The cross-section design was used since the phenomena of organizational factors and the success of Free Zones Authority was studied at that point in time as recommended by (Amin, 2005). The qualitative approach provides in-depth explanations on the organizational factors and how they influence the success of Free Zones while Quantitative approach provides data needed to meet required objectives and to test the hypotheses (Mugenda&Mugenda, 1999).The primary data will be collected from all staff. The secondary data was collected to supplement the primary data. The secondary data will include other people's research findings, institution manuals, UFZA quarterly, midyear and annual report, and Strategic plan.

### **3.3 Population and Area of Study Study**

A study population is a set of individual, objects, with common observable characteristics (Amin 2005) defines a population as a group of people, events and things of interest that the researcher wishes to investigate. The access population in the study constitute all the 25 employees in the various department at Uganda Free Zone Authority (UFZA). Of 25 employees, 10 are from Finance and Administration, 5 are from Legal & Corporate Affairs and 10 are from Operations and Business Development. All employees involved in the study because they are involved in implementation process of the various activities in Uganda Free Zones Authority. The study was carried out in Kampala 6<sup>th</sup> floor, communications house, Plot

1 Colville Street- Uganda Free Zones Authority head office. The study population covered all staff.

### 3.4 Sample Size and Selection

**Table 3. 1:** Sample Size and Selection

<b>Directorates</b>	<b>Access Population</b>	<b>Sample Size</b>	<b>Sampling Technique</b>
Finance & Administration	11	10	Simple random sampling
Legal & Corporate Affairs	5	5	Purposive sampling
Operations	10	10	Purposive sampling
<b>Total</b>	<b>26</b>	<b>25</b>	

**Source:** UFZA Staff Structure, 2015

### 3.5 Sampling Techniques & Procedure

#### 3.5.1 Simple random sampling

Simple random sampling is a probability sampling technique that involves selecting respondents from the population by chance (DiCicco-Bloom and Crabtree, 2006).

### **3.5.2 Purposive sampling**

Purposive sampling is a non-probability sampling technique that involves selecting respondents with intention that they have to participate (DiCicco-Bloom and Crabtree, 2006). This was because the sampling techniques helped the research to select these categories of respondents who were expected to have more knowledge about the Free Zone scheme issues.

### **3.6 Sampling Size**

The size is third respondents. A sample size is a sub set or a sub group of the population (Sekaran, 2003). These was chose from the Directorates of Operations and Business Development, Finance and Administration and Legal and Corporate Affairs and simple random sampling and purposive sampling as the researcher intends to use interviews and questionnaires as techniques of data collection.

### **3.7ata Collection Instruments**

Primary data was collected using a questionnaire survey and interviewing methods while secondary data was researched from reviews of documents such as publications, Free Zones Act, UFZA Strategic Plan &Annual plan, National Development Plan (NDP II), 2040 Vision and business reports.

#### **3.7.1 Questionnaire**

Questionnaire is a reformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. Questionnaire was used on the basis that the variables under study cannot be observed, for instance, respondents' views, opinions, perceptions and feelings. The questionnaire was used because the information had to be collected from a large sample in a short period of time yet the respondents given the fact that the respondents can read and write (Bill, 2011). In this study, a self-administered questionnaire as an instrument because the study is virtually descriptive and the tool is an easy method of

data collection. The questionnaire consisted of closed ended questions purely structured in nature whose variables was measured on a 5 Likert scale (1 Strongly Disagree, 2 Disagree, 3 neither, 4 Agree and 1 strongly Agree). The 5 point Likert scale is the most appropriate way to formulate the different questions for measuring different items from different variables. A copy of the questionnaire is attached marked appendix 1.

### **3.7.2 Interview Guide**

The researcher chose to hold interviews with all the respondents in order to probe deeper into the subject matter.

### **3.7.3 Documentary Review Check list**

A documentary review checklist was used to guide the researcher to review the strategic plans, annual reports, and operations policies, incentives and other documents used by the Free Zones Authority to obtain secondary data with respect to the study variables (Junker and Pennink, 2010).

## **3.8 Data collection method**

Both primary and secondary data that is qualitative and quantitative was obtained. The researcher used the questionnaire survey because it is practical, large amounts of information can be collected from a large number of people in a short period of time and in a relatively cost effective way. The result of the questionnaires can usually be quickly and easily quantified by either a researcher or through the use of a software package and can be analyzed more scientifically and objectively than other forms of research.

### **3.8.1 Questionnaire Survey**

A questionnaire used because it is cheap, a large group of respondents is covered within a short time, it also allows in-depth research, to gain first-hand information and more experience over a short period of time (Kothari, 2004). The questionnaire consisted of closed ended questions.

### **3.8.2 Interviews**

Interviewing provides immediate in-depth and guards against confusion. Interviewing also allows for very sensitive and personal information to be extracted from the respondent and has a higher response rate (Mugenda, 2003).

### **3.8.3 Documentary Review**

Secondary data is obtained through the use of published and unpublished document (Junker and Pennink, 2010).

### **3.9 Quality Control**

All questionnaires and interview was linked to the research objectives in order to get data that answer the research questions.

### **3.10 Validity and Reliability of the Instruments**

Data quality control techniques ensured that data collected is valid and reliable; the instruments were first tested to ensure validity and reliability. According to Amin (2005), validity may be external or internal; the former refers to the application of the study elsewhere and obtaining similar results while the latter refers to the effectiveness of the instruments on the intended research. It is the ability of the instrument to measure what it is supposed to measure and that the data collected honestly and accurately represents the respondent's opinion.

According to Amin (2005), for an instrument to be valid, the CVR should be at least 0.7. The comments and necessary adjustment from the experts will be taken into consideration in the final questionnaires to be used for data collection.

#### **3.10.1 Reliability**

The Reliability of the research tools was put into concern using consistency scrutiny of questionnaires. Reliability investigation was done on all questions under the four variables as illustrated in the table 3.2, using Cronbach Alpha Coefficient and Content Validity Index.

**Table 3. 2:** Reliability

<b>Variable</b>	<b>Cronbach's Alpha</b>
Human Resource Management	<b>.910</b>
Financial Management	<b>.821</b>
Corporate Governance	<b>.801</b>
Success	<b>.831</b>

**Source: Primary data**

The Results revealed that, all the reliability statistics measured well. Julie Pallant, (2016). Following the objectives of the study, the researcher built a draft copy of the questionnaire which was agreed upon by the research supervisor for advice; after which necessary corrections and modifications were made. The questionnaires were printed in the English Language for user understandability. The researcher distributed and administered the questionnaires to the respondents to ensure that information was obtained from the right foundation.

### **3.10.2 Procedure for data collection**

The researcher was given an introduction letter. The researcher collected both primary and secondary data that provided information on influence of corporate governance, financial management and human resource management on the success of Free Zones.

### **3.10.3 Data Analysis**

Amin (2005), states that statistical analysis will be used to describe an account for the observed variability in the behavioral date. Data was collected, coded and edited during and after the study to ensure completeness, consistency, accuracy, and removal of errors and omissions. Both qualitative and quantitative techniques of data analysis was used to analyze data collected.



### **3.11 Quantitative Analysis**

Collected data was organized, coded and entered into Statistical Package for Social Scientists (SPSS) software. Quantitative data was presented in forms of descriptive statistical using mean and standard deviations for each of the variables that was used in the study. Through frequency tabulation, correlation and regression analysis, the relations between the variables was established, correlation and regression analysis helped to show the direction of the relationship between the variable and their possible effects on the success of Free Zones.

### **3.12 Qualitative Analysis**

Qualitative data collected from interviews and documentary review was sorted and grouped into themes. The researcher therefore evaluated and analyzed the adequacy of information in answering the research questions through coding of data, identifying categories and parameters that emerged in the responses (Glenn, 2013). While analyzing qualitative data, summaries were made on how different themes/ variables are related. The content analysis technique was used during analysis of qualitative data.

### **3.13 Expected Limitation of the Study**

The researcher faced the problem of time and analyzing data. This is because the academic year 2017/18 had various academic activities including research. It was costly in accessing primary data that is needed. However the researcher used different sources of funds to curb this with time frame.

### **3.14 Ethical Considerations**

As part of the ethical considerations, the proposal was defended before a panel of UMI supervisors. The researcher then was obtain an introductory letter from UMI to seek permission to conduct the study as part of the research protocol and approval process. Participation in the study was voluntary and the respondents was told that the information they provide in the

questionnaire will be used achieving the academic objectives of the study and seek their free consent to participate in the study. Respondents was not be asked to disclose their identify on the questionnaire.

### **3.15 Measurement of variables**

#### **3.15.1 Corporate Governance**

The researcher operationalized corporate governance in terms of credibility of board members and consistent goal, transparency and accountability of the board, standard interaction mechanism and members' participation using 5 point Likert scale. Responses will be set ranging from strongly disagree (1), Disagree (2), not sure (3) Agree(4) and strongly agree (5)respectively,(Mugenda and Mugenda,1999).

#### **3.15.2 Financial Management**

Financial management measured using dimensions of accounting that include review of the various chart of accounts like cash books, ledgers, bank statements, balance sheets, looking at academic credentials of staff managing finance and others. The respondents' opinions on whether finances of the Free Zones are managed according to required financial standards was sought using the 5 points Likert scale.

#### **3.15.3 Human Resource Management**

Human resource management was measured by the number of staff that benefited from capacity building plan and benching marking studies to successful Free Zones.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

#### 4.1 Introduction

The study aimed at examining the relationship between organizational factors and the success of Free Zones in Uganda. The data collected was analyzed using the Statistical Package for Social Sciences (SPSS) computer program. This Chapter therefore, presents the description of background of the respondents, dependent variable, independent variable, and ends with testing of pertinent hypotheses.

#### 4.2 Response Rate

Table 4.1 provides a summary of response rate:

**Table 4. 1: Response Rate:**

<b>Population category</b>	<b>Sample size</b>	<b>Response Rate (%)</b>
Finance & Administration	10	100
Legal & Corporate Affair	5	100
Operations	10	100
<b>Total</b>	<b>25</b>	<b>100</b>

**Source: Primary Data**

In the study, the sample size was 25 respondents, all returned the questionnaires fully completed and 5 responded to interviews, implying a response rate of 100 %. This is very good research and according to Amin (2005) any response rate above 70% is recommended for educational researches.

#### 4.3 Results on the Background Characteristics of Respondents

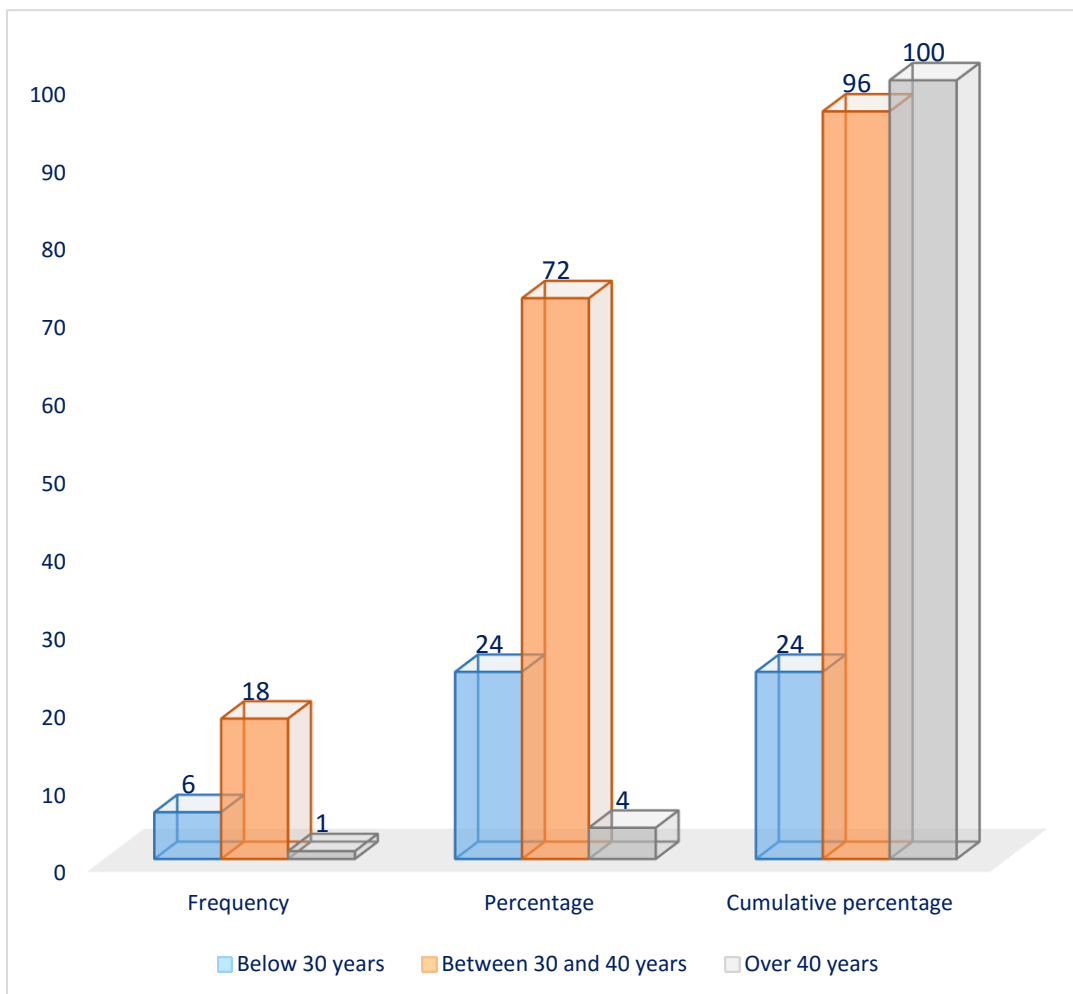
The researcher data on the background of the respondents. This information was assumed to be valuable to the study because it would help in determining whether the data collected is appropriate to the study population. In line with the study, this section presents the distribution

of respondents by category (age, gender, marital status, academic qualification, length of working and department) is reported.

### 4.3.1 Description of respondents by age

Fig.4.1 presents descriptive statistics of respondents by their ages. Respondents' ages were grouped as those below 30 years, between 30 and 40 years and those over years.

**Figure 4. 1: Respondents by age**



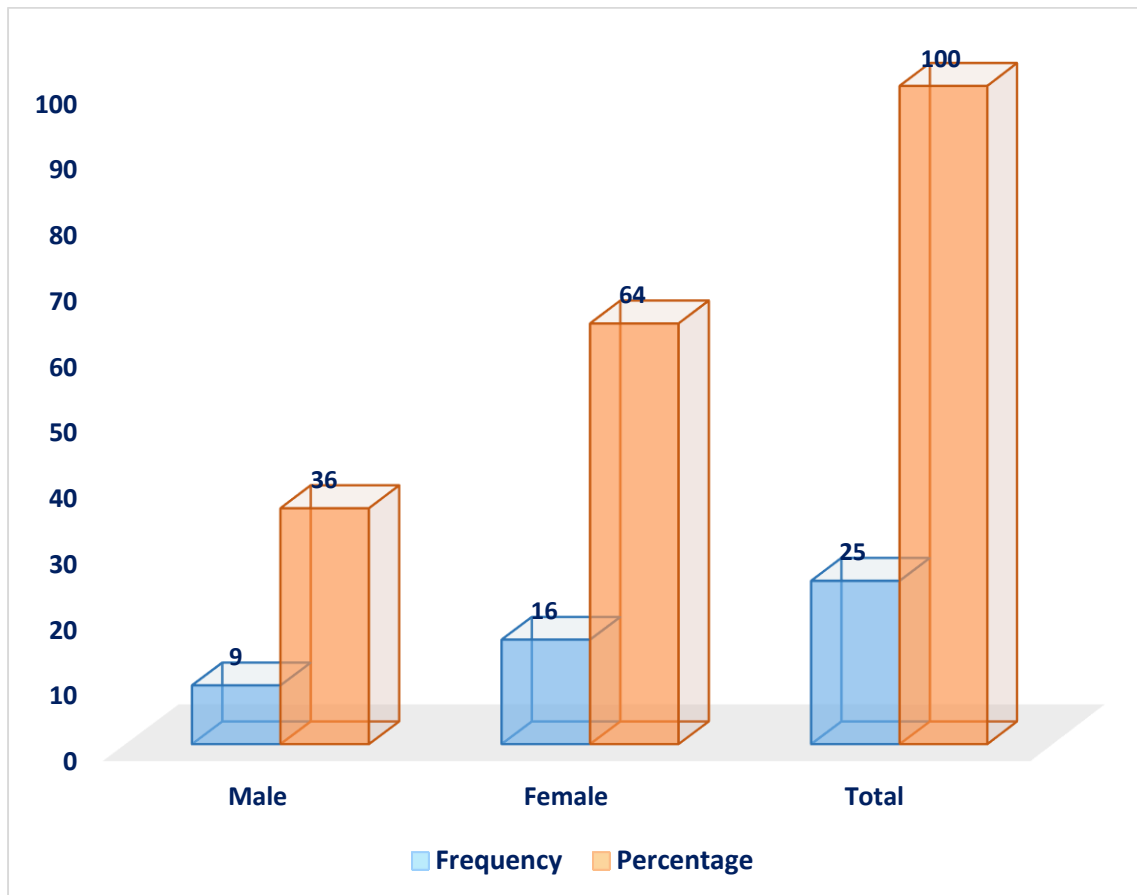
**Source: Primary Data**

From Fig 4.1, the findings show that most employees (over 70%) who participated in the study were aged 30-40 years. This indicated that all categories of age groups were represented in this study.

### 4.3.2 Description of respondents by gender

The figure below presents statistics on the gender of the respondents.

**Figure 4. 2: Respondents by gender.**



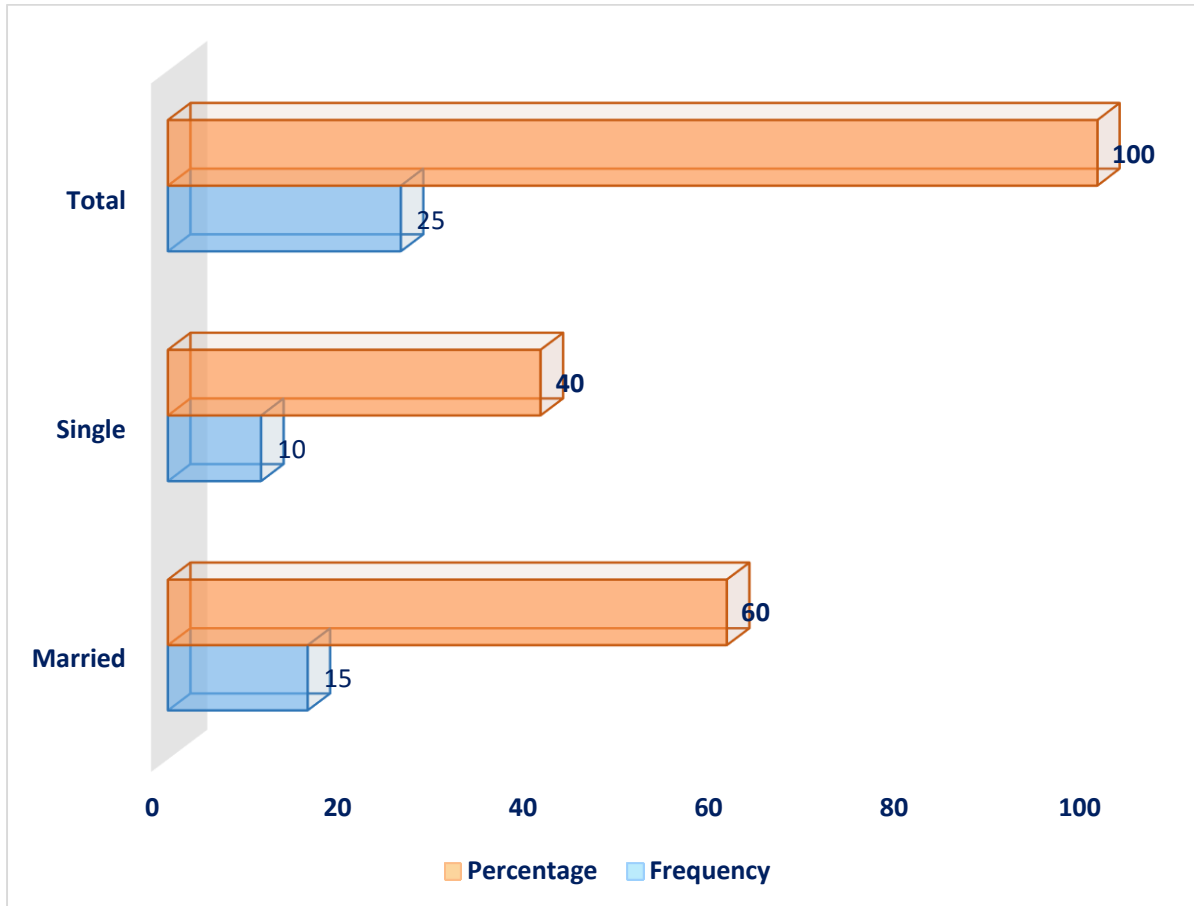
**Source: Primary Data**

According to Fig 4.2, 16 respondents, the majority (over 60 %) were females while 9 respondents (36 %) were males. Although the gender outcomes indicated a difference in favor of females, the study was a representative; since both males and females were included in the study sample.

### 4.3.3 Description of respondents by marital status

Fig.4.3 presents descriptive statistics of respondents their marital status. Respondents' marital status was categorized as married and single. The researcher assumed the other categories for example widowed and divorced fall under the single categories.

**Figure 4. 3: Respondents by marital status**



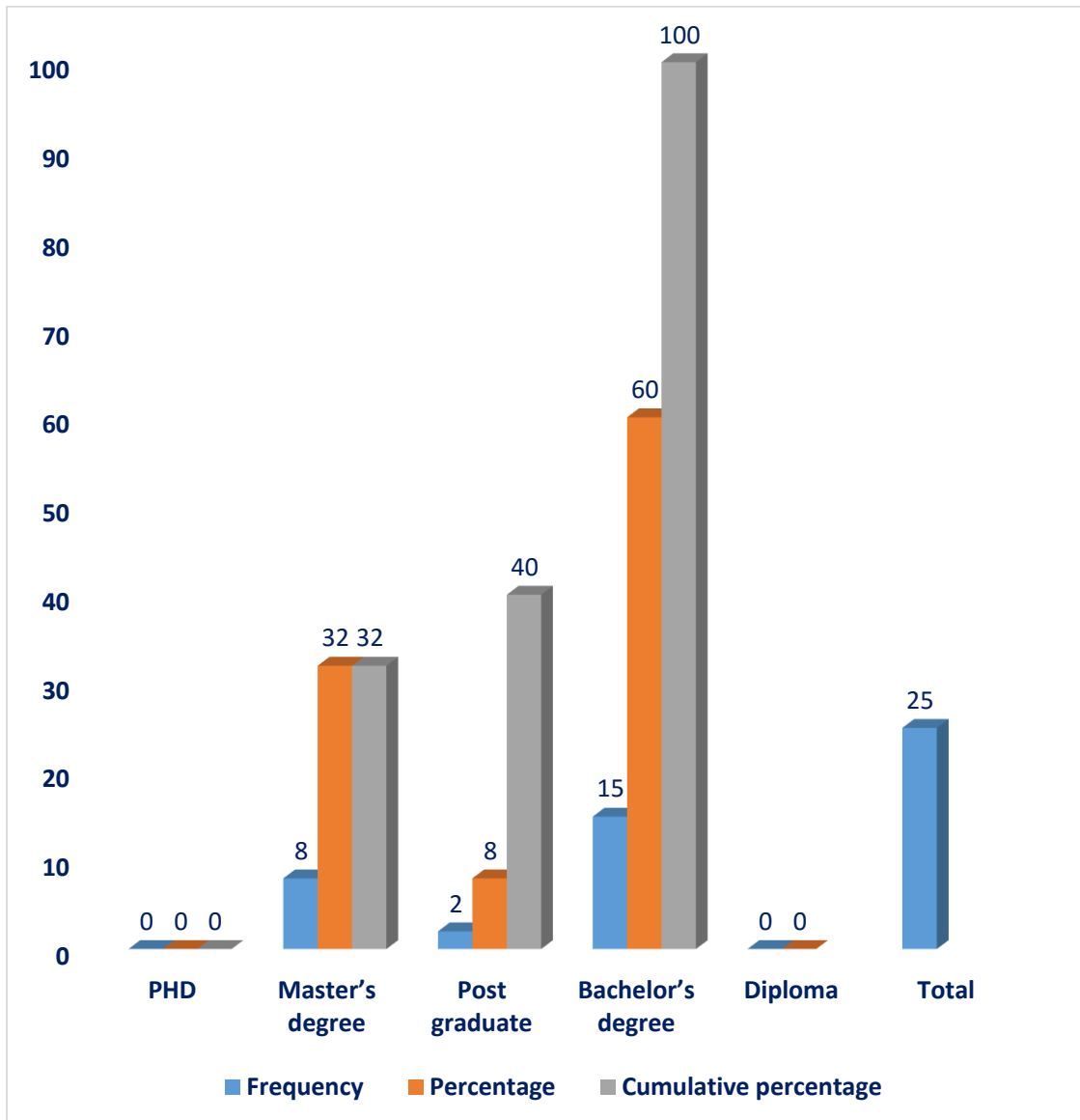
**Source: Primary Data**

According to Fig 4.3, the majority, 15 of respondents were married with 60 % while the singles were the minority, 10 respondents (40%). This indicated that all categories of respondents in reference to marital status were represented in this study.

#### 4.3.4 Description of respondents by academic qualifications

Fig 4.4 presents descriptive statistics of respondents their academic qualification. Respondents' academic qualifications were categorized as PHD, Bachelor's degree, Master's degree and other qualifications.

**Figure 4. 4: Respondents by academic qualification**



**Source: Primary Data**

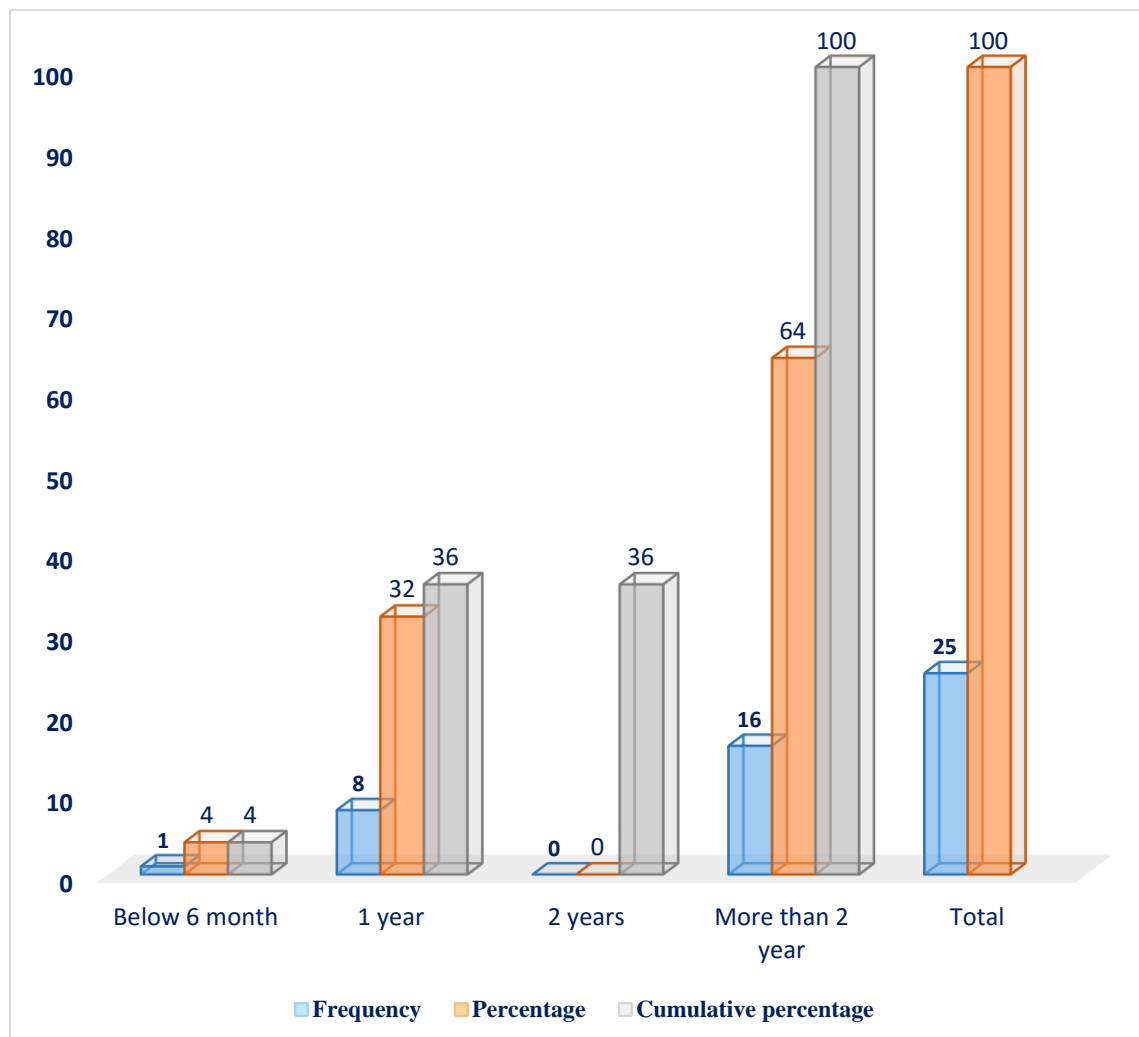
Fig 4.4 shows that of the 25 respondents who returned the questionnaires of them, the majority (60 %) of respondents were Bachelor's degree holders while 8 respondents (over 30%) had Master's degree. Only 2 respondents (40%) had Post graduate, none of the respondents has

PHD and diploma. Cumulatively, the majority of the employees in Uganda Free Zones Authority 60 % were Degree holders, implying that most respondents were qualified. Since the majority was well educated, the response from knowledgeable people would give an informed view of the topic. This indicated that all academic categories were represented in this study.

#### 4.3.5 Description of respondents by period of working

Fig 4.5 presents descriptive of respondents by their time of service in Uganda Free Zones Authority. Respondents' time of service was categorized as those who have serviced for a period of less than 6 months, 1 year, 1 to 2 years and more than 2 year.

**Figure 4. 5: Respondents by period of service**



Source: Primary Data

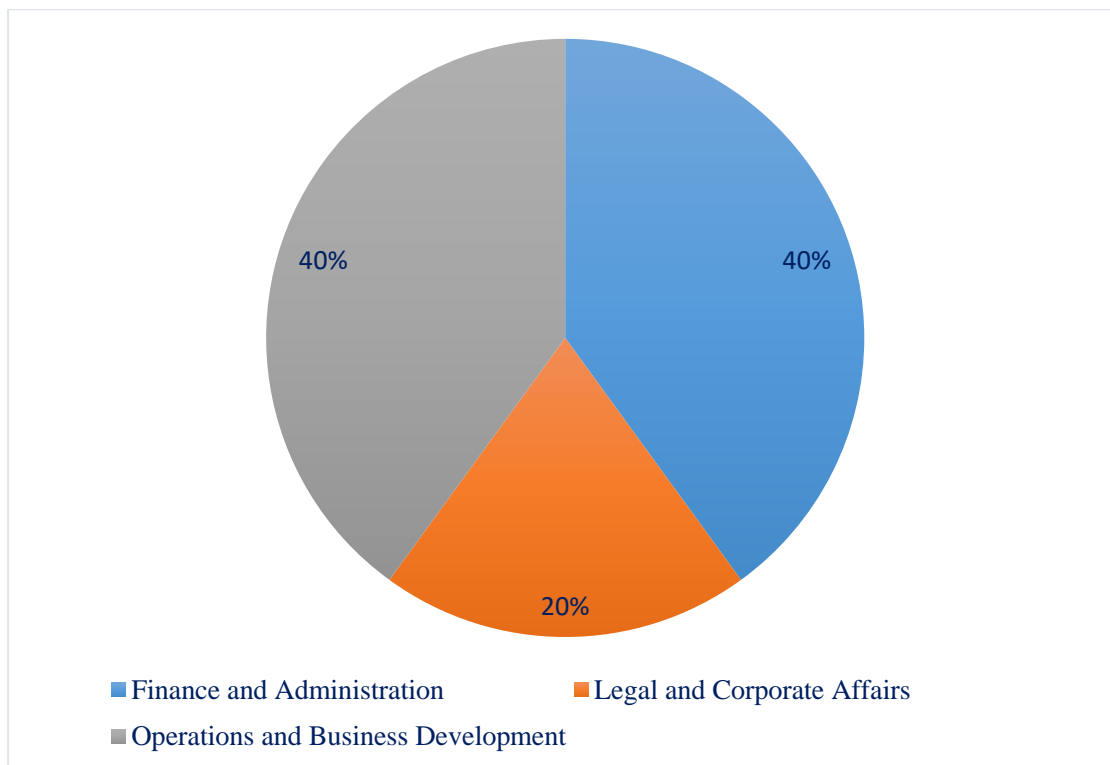


According to Fig 4.5, many respondents, 16 of them (over 60 %) had worked in Uganda Free Zones Authority for a period more than 2 years and 8 respondents have worked for 1years( over 30%) and on respondents (4%) had worked less than 6 month. This means that the organization really have pioneers who were give correct and accurate data due to experience attained. This indicated that the working period of all employees were represented fully in this research study.

#### 4.3.6 Description of respondents by department

Fig 4.6 presents descriptive statistics of respondents by their departments in Uganda Free Zones Authority (UFZA). Respondents' departments were categorized as Finance and Administration, Legal and Corporate Affairs, and Operations and Business Development.

**Figure 4. 6: Respondents by department**



**Source: Primary Data**

Fig 4.6 shows many respondents from different Directorates, 40 % were from Operations and Business Development and Finance and Administration. Directorates of Legal were represented (20%). This means that all Directorates were represented in the study.

#### **4.4 Empirical findings on the contribution of Organizational factors.**

In this section, the empirical results for the research objectives is presented, analyzed and interpreted with the goal of demonstrating the contribution of organizational factors to the success Free Zones in Uganda. The items were scaled using the five –point Likert scale where 1= strongly disagreed, 2= Disagreed, 3= Neutral, 4= Agreed, and 5= Strongly Disagreed are discussed based 5 questions which are statistically tabulated and presented in the tables showing frequencies, and percentages according to the responses collected.

##### **4.4.1 Objective one: Descriptive Statistics assessing contribution of Corporate Governance to the Success of Free Zones Authority.**

Research objective one Intended to examine the relationship between Corporate Governance and the Success of Free Zones Authority. In order to assess Corporate Governance, Descriptive statistics were applied and the results regarding the relationship between Corporate Governance and the Success of Free Zones Authority are portrayed in the table 4.2. The outputs are ordered to present percentages for easy understandability of the contribution of each of the variables (questions) under the research study.

**Table 4. 2: Descriptive statistics on respondents’ self-rating on Corporate Governance to the Success of Free Zones Authority**

S/N	ITEMS ON ORGANISATIONAL FACTORS (N=25)	LIKERT SCALE					
		SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean
	<b>Corporate Governance</b>						
1	The board of Free Zones Authority portrays good level of credibility to attract development partners	0.0	7.7	23.1	36.5	32.7	2.6
2	Board members of Uganda Free Zones are very transparent in handling the Free Zones Strategic issues	5.6	25.9	35.2	18.5	14.8	3.0
3	The board is it well balanced ( gender equality)	1.9	17.0	35.8	28.3	17.0	2.8
4	Staff of the Uganda Free Zones are fully involved and effectively participate in all the business of the Authority	0.0	17.3	38.5	26.9	17.3	2.7
5	The board of Uganda Free Zones Authority has a consistent goal	0.0	7.8	43.1	23.5	25.5	2.7
6	The board members of Uganda Free Zones are composed of knowledgeable people with different qualifications.	1.9	16.7	33.3	29.6	18.5	2.7
7	The Free Zones uses standard interaction mechanisms of information	0.0	0.0	23.1	44.2	32.7	2.5
8	Staff Members can easily question decisions made by the board, management and their concerns addressed immediately	0.0	0.0	38.5	26.9	34.6	2.6
9	Board members are actively involved in resource mobilization for the Authority	0.0	0.0	43.1	23.5	33.3	2.5

**Note: SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD= Strongly Disagree**

**Source: Primary data**

Table 4.2 demonstrates relevant frequency tables about respondents’ self-rating on Corporate Governance. In order to evaluate Corporate Governance, respondents were asked whether the board of the Free Zones Authority portrays good level of credibility to attract development partners. Results revealed that; 7.7% agreed, 23.1% Neutral, 36.5% disagreed and 32.7% strongly disagreed. Cumulatively, the statistics revealed that Majority of the respondents disagreed (36.5%) with this item. This fair rating is confirmed by the fair mean (2.6). Thus corresponding to the fact that corporate governance in UFZA is still a challenge. Respondents were probed whether the board members of this Free Zones are very transparent in handling

the Free Zones Strategic issues. Results revealed that; 5.6% strongly agreed, 25.9% agreed, 35.2% Neutral, 18.5% disagreed and 14.8% strongly disagreed. Generally, the cumulative frequencies revealed that majority of the respondents preferred to be Neutral (35.2%) on this item with a mean of (3.0). However, further analysis reveals that, the successor percentage of respondents agreed (25.9%) with the statement. This implies that, for corporate governance to do well in UFZA, transparency is highly encouraged in the corporation.

Regarding item three, the respondents' were probed whether the board is well balanced in terms of gender equality. The results generated revealed that; 1.9% strongly agreed, 17.0% agreed, 35.8% Neutral, 28.3% disagreed and 17.0% strongly disagreed. The statistics revealed that, cumulatively the majority of the respondents (35.8%) preferred being neutral on this item with a fare (mean =2.7). However, the successor percentage was 28.3% disagreeing, implying that, there is gender inequality. This negatively affects corporate governance in UFZA.

For items 7, 8 and 9 statistical results generated revealed that, majority of the respondents disagreed while others preferred being neutral with the statements having fair means as showed in Table 4.2. These results revealed that Free Zones Uganda generally, does not efficiently use standard interaction mechanisms (mean=2.5), Staff Members can't easily question decisions made by the board (mean= 2.6) and Board members are not actively involved in resource mobilization for the Authority (mean= 2.5). These indicators greatly affect negatively the Corporate Governance image of UFZA.

To give an overall view of how the respondents rated themselves on the constituent of Corporate Governance, a Mean index was computed from the 24 variables in table 4. 2, 4.3 and 4.4 giving the relevant statistics.

**Table 4. 3: Summary of descriptive statistics on respondents self-rating on Corporate Governance**

<b>Statistic</b>		<b>Value generated</b>
Mean		<b>2.80</b>
95% Confidence Interval	Lower	<b>2.20</b>
	Upper	<b>2.80</b>
Median		<b>2.70</b>
Standard Deviation		<b>1.67</b>
Min		<b>2.50</b>
Max		<b>3.00</b>
Skewness		<b>-0.21</b>

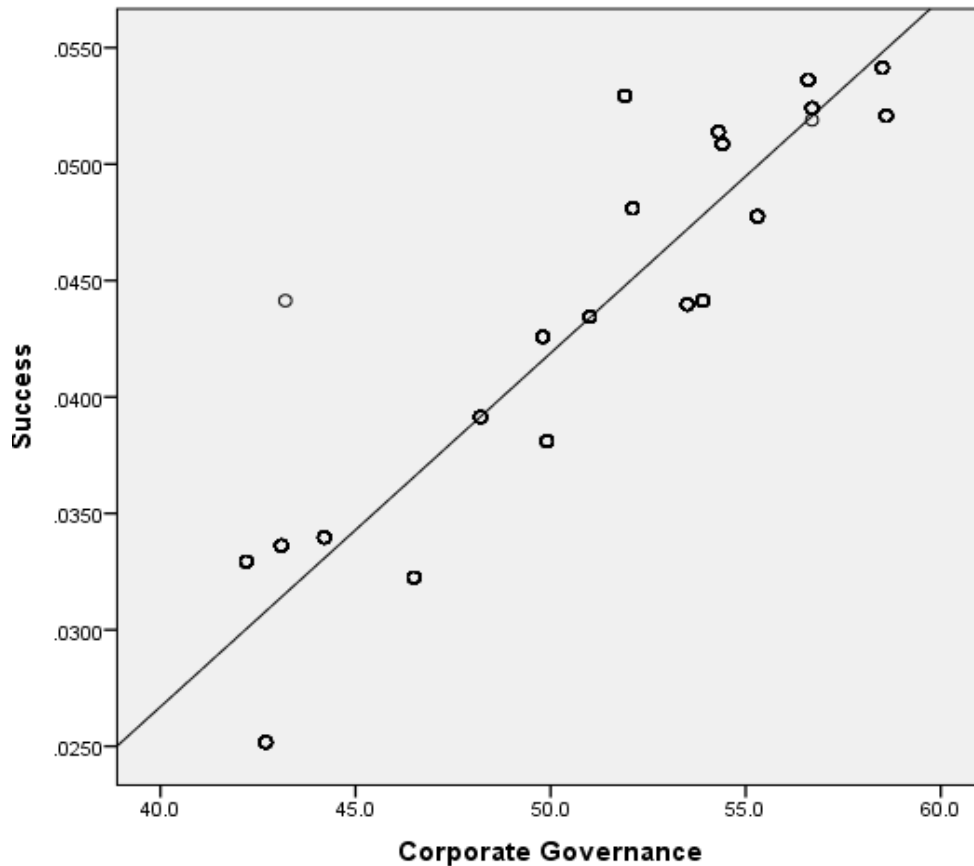
**Source: Primary data**

Results from Table 4.3 Revealed the respondents ratings on Corporate Governance in UFZA; was fair with (mean= 2.80 and median =2.70) with an opinion rating from 2.20 to 2.80 at the agreed statistical confidence interval of 95 percent. The results further revealed that some respondents scored fair with a minimum of 2.50 while some scored good at maximum of 3.00. The results further revealed that the skewness is -0.21 suggesting that the opinions of the respondents were almost normally distributed.

**Verification of Research Hypothesis One:**

From objective one, the first study hypothesis stated there is a relationship between Corporate Governance and the success of Free Zones Authority. To test whether Corporate Governance has a relationship with success of Free Zones Authority, the two variables (Success and Corporate governance) were correlated graphed using a scatter plotter as shown below

**Figure 4. 7: Scatter graph showing correlation between Corporate Governance and the success of Free Zones Authority**



**Source: Primary data**

The scatter graph revealed that, there is a positive linear correlation Corporate Governance and the success of Free Zones Authority. To confirm this graphical interfacing, the two variables (Success and Corporate governance) were correlated using Pearson’s linear correlation coefficient as shown in table 4.4

**Table 4. 4: Association between Corporate Governance and the success of Free Zones Authority**

Corporate Governance	Pearson Correlation	1	<b>.634**</b>
success of Free Zones	Pearson Correlation	<b>.634**</b>	1

**Correlation is significant at the 0.01 level (2-tailed).**

**Source: Primary data**

Results from Table 4.4 revealed that there was statistically significant positive strong relationship between Corporate Governance and the success of Free Zones Authority

( $r=0.634, P=0.01 < 0.05$ ). The implication of this coefficient is that if Corporate Governance is applied methodically by the concerned officials in Uganda Free Zones Authority (UFZA), the corporation will realize high Success of Free Zones Authority. The statistical analysis further revealed that Corporate Governance contributes 63.4% on Success of Free Zones Authority, leaving 36.6% to other exogenous factors not included in this study and need extra studies to expose them and their contributions.

In order to cement objective 1 of the research study, the degree of Coefficient of Determination ( $R^2$ ) was computed. The purpose of the coefficient was to establish the variability between the two variables (Independent and Dependent variable). Based on the results from the Table 4.4 of Correlation Analysis,  $r = 0.634$  of which if squared indicated 40.2% shared variance. This implied that Corporate Governance helped to explain 40.2% of the variance in respondents' scores on Success of Free Zones Authority. This is quite a respectable amount of variance explained.

#### **4.4.2 Objective two: Descriptive Statistics assessing contribution of Financial Management to the Success of Free Zones Authority.**

Research objective two Intended to examine the relationship between Financial Management and the Success of Free Zones Authority. In order to assess Financial Management, Descriptive statistics were applied and the results regarding the relationship between Financial Management and the Success of Free Zones Authority are portrayed in the table 4.2.

**Table 4. 5: Descriptive statistics on respondents’ self-rating on Financial Management to the Success of Free Zones Authority**

S/N	ITEMS ON ORGANISATIONAL FACTORS (N=25)	LIKERT SCALE					
		SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean
	<b>Financial Management</b>						
1	This Free Zones Authority has enough finance from Government and Development partners	1.9	16.7	33.3	29.6	18.5	2.9
2	The staffs handling finances of the Authority are well qualified for the jobs.	3.6	14.3	26.8	44.6	10.7	3.2
3	The Free Zones Authority finance section keeps all the various books of accounts written to the required financial standard	0.0	7.7	23.1	36.5	32.7	2.8
4	The Authority has a well-developed and functional financial policy document that guides all financial transactions.	5.6	25.9	35.2	18.5	14.8	3.6
5	I take part in the budgeting process in my Directorate	1.9	17.0	35.8	28.3	17.0	2.9
6	I am accountable to my boss	0.0	17.3	38.5	26.9	17.3	2.6
7	I utilize the funds given to me appropriately	0.0	7.8	43.1	23.5	25.5	2.6
8	I participate in the planning of funds for my Directorate	1.9	16.7	33.3	29.6	18.5	3.0

**Note:** SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD= Strongly Disagree

**Source:** *Primary data*

Table 4.5 demonstrates relevant frequency tables about respondents’ self-rating on Financial Management. In order to evaluate Financial Management, respondents were asked whether the Free Zones has enough finance from Government and Development partners, Results generated revealed that; 1.9% strongly agreed, 16.7% agreed, 33.3% Neutral, 29.6% disagreed and 18.5% strongly disagreed. Cumulatively, the statistics revealed that Majority of the respondents Preferred being neutral (33.3%) with this statement with a fair mean (2.9). However, the Neutral percentage is closely followed by (29.6%) who disagreed with the statement. The implication of this percentage revealed that The Free Zones has no enough finance from government and development partners. This eventually can manifest in poor performance of



the corporation/Authority. Respondents were probed whether the staffs handling finances of the Authority are well qualified for the jobs. Results revealed that; 3.6% strongly agreed, 14.3% agreed, 26.8% Neutral, 44.6% disagreed and 10.7% strongly disagreed. Generally, the cumulative frequencies revealed that majority of the respondents disagreed (44.6%) on this item with a good mean (3.2). The voice of the respondents should be taken seriously by the relevant administrative authorities of UFZA. Incompetent financial administrators' could greatly jeopardize the success of UFZA in its endeavors.

Regarding item three, the respondents' were probed whether the Free Zones Authority finance section keeps all the various books of accounts written to the required financial standard. Statistical evidence revealed that; 7.7% agreed, 23.1% Neutral, 36.5% disagreed and 32.7% strongly disagreed with the statement. The findings revealed that majority (36.6%) of the respondents disagreed with the statement with a fair mean (2.8). The statistics on this item greatly added more light on the finding of the predecessor item (2). If the authority has some un-qualified staff occupying financial positions, it suggests that various books of accounts cannot be written to the required financial standards. This challenge if not attended to; may affect UFZA's pursuit for success in its endeavors.

Regarding item 4, respondents were queried whether the Authority has a well-developed and functional financial policy document that guides all financial transactions. Results revealed that; 5.6% strongly agreed, 25.9% agreed, 35.2% Neutral, 18.5% disagreed and 14.8% strongly disagreed. Statistics revealed that majority of respondents (35.2%) preferred being Neutral on this statement with a good mean (3.6). However, this percentage was closely followed by (25.9%) of the respondents agreeing to the fact that the Authority has a well-developed and functional financial policy document that guides all financial transactions. This reveals that, if the challenges revealed in item 3 and 2 above are administratively addressed, UFZA's can easily attain the pursuit of success in operations.

Furthermore, respondents were probed whether they take part in the budgeting process in their Directorates. Majority (35.8%) preferred by Neutral of this point with a fair mean= 2.9. They were followed by (28.3%) of the respondents who disagreed with the statement. Generally, this revealed that the respondents do not take part in the budgeting process in their Directorates.

Regarding item 8, respondents were probed to find out whether they participate in the planning of funds for their Directorate. Cumulative statistical results generated revealed that, majority (33.3%) of the respondents preferred being neutral with the statements with a fair mean=2.6. These were closely followed by (29.6%) of the respondents who disagree with the statement. The obvious observation from the results is that, the respondents revealed that they do not participate in the planning of funds for their Directorate. This could affect negatively UFZA efforts of pursuing success.

To give an overall view of how the respondents rated themselves on the constituent of financial management, a Mean index was computed from the 24 variables in table 4. 2, 4.3 and 4.4 giving the relevant statistics.

**Table 4. 6: Summary of descriptive statistics on respondents self-rating on Financial Management**

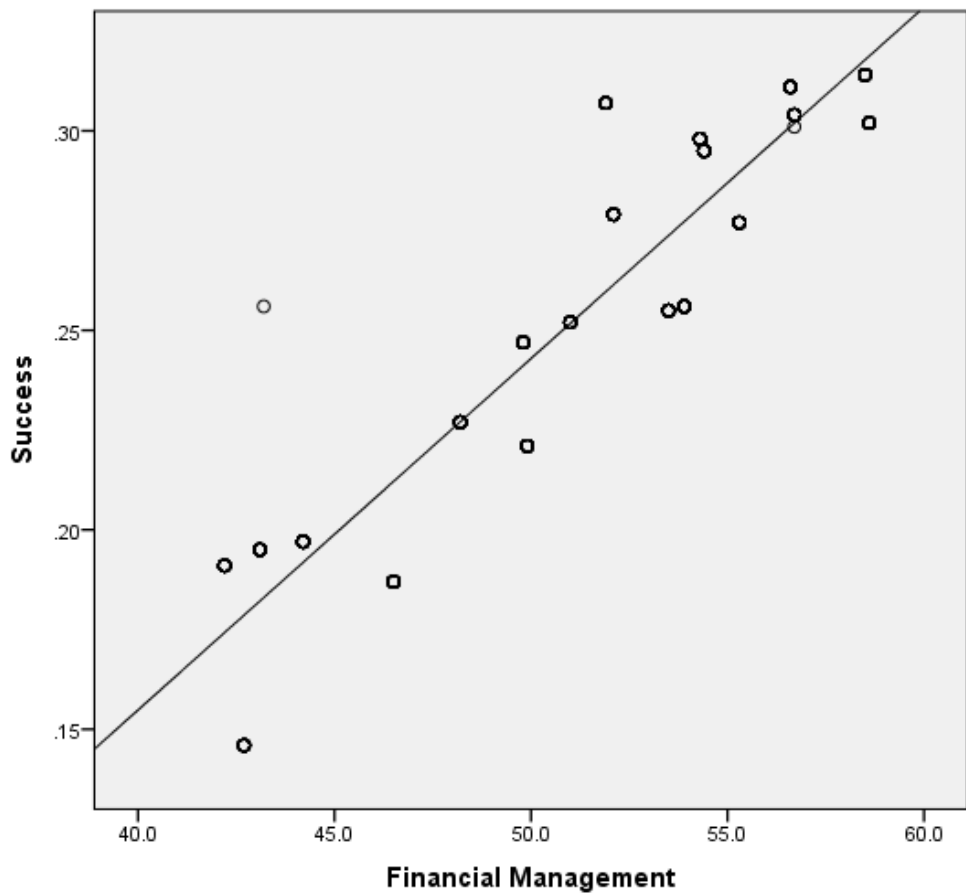
Statistic		Value generated
Mean		<b>3.01</b>
95% Confidence Interval	Lower	<b>2.60</b>
	Upper	<b>3.60</b>
Median		<b>2.90</b>
Standard Deviation		<b>1.74</b>
Min		<b>2.60</b>
Max		<b>3.60</b>
Skewness		<b>-0.32</b>

**Source: Primary data**

Results from Table 4.6 Revealed the respondents ratings on financial management in UFZA, was good with (mean= 3.01 and median =2.90) with an opinion rating from 2.60 to 3.60 at the agreed statistical confidence interval of 95 percent. The table revealed that some respondents scored fair with a minimum of 2.60 while some scored good at maximum of 3.60. The results further revealed that the skewness is -0.32 suggesting that the opinions of the respondents were almost normally distributed.

**Verification of Research Hypothesis Two:**

**Figure 4. 8: Scatter graph showing correlation between Finance Management and the success of Free Zones Authority**



Source: Primary data

The scatter graph revealed that, there is a positive linear correlation Financial Management and the success of Free Zones Authority. To confirm this graphical interfacing, the two variables (Success and Financial Management) were correlated using Pearson’s linear correlation coefficient as shown in table 4.7

**Table 4. 7: Association between Financial Management and the Success of Free Zones Authority**

Financial Management	Pearson Correlation	1	.723**
Success of Free Zones Authority	Pearson Correlation	.723**	1

**\*\*.** Correlation is significant at the 0.01 level (2-tailed).

**Source: Primary data**

Results from Table 4.7 revealed that there was statistically significant positive strong relationship between Financial Management and the Success of Free Zones Authority

( $r=0.723, P=0.01 < 0.05$ ). The implication of this coefficient is that if Financial Management is applied logically by the concerned officials in Uganda Free Zones Authority (UFZA), the corporation will realize high Success of Free Zones Authority. The statistical analysis of association further revealed that Financial Management contributes 72.3% on Success of Free Zones Authority, leaving

27.7% to other exogenous factors not included in this study and need extra studies to expose them and their contributions.

In order to reinforce objective two (2) of the study, Coefficient of Determination ( $R^2$ ) was computed. Based on the outcomes from the Correlation Analysis,  $r = 0.723$  of which if squared indicates 52.3% shared variance. This implies that Financial Management helped explain 52.3% of the variance in respondents’ scores on the Success of Free Zones Authority. This is quite a respectable amount of variance explained.

**4.4.3 Objective three: Descriptive Statistics assessing contribution Assessing Human Resource Management and the Success of Free Zones Authority**

Research objective three intended to examine the relationship between Human Resource Management and the Success of Free Zones Authority. In order to assess Human Resource Management, Descriptive statistics were used and the results regarding the relationship between Human Resource Management and the Success of Free Zones Authority are portrayed in the table 4.8.

**Table 4. 8: Descriptive statistics on respondents’ self-rating on Human Resource Management to the Success of Free Zones Authority**

S/ N	ITEMS ON ORGANISATIONAL (FACTORS (N=25))	LIKERT SCALE					
		SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean
	<b>Human Resource Management</b>						
1	I am involved in making decisions that affect my work	45	42	6	8		3.5
2	I participate in setting the goals and objectives for my job	9	42	30	19		3.2
3	Proposed decisions are made at the lowest appropriate level	25	32	23	18	2	3.4
4	My supervisor values my suggestions and requests	11	27	29	25	9	2.8
5	I am involved in benchmarking studies	18	35	16	22	9	4.0
6	I am involved in training program	14	30	26	22	8	3.8
7	I chose employees to work with	14	35	25	18	8	3.8
8	I have the tools and resources I need to do my job	16	33	31	16	4	3.4
9	My supervisor provides me with actionable suggestions on how to build my career	4	22	28	26	20	2.5

**Note: SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD= Strongly Disagree**

**Source: Primary data**

Table 4.8 shows relevant frequency tables about respondents’ self-rating on Human Resource Management. In order to evaluate Human Resource Management, respondents were probed

whether they are involved in making decisions that affect their work. Results generated revealed that; 45% strongly agreed, 42% agreed, 6% Neutral and 8% disagreed. Cumulatively, the statistics revealed that Majority of the respondents strongly agreed (45%) with this statement with a good mean=3.5. This percentage was also closely followed by (42%) of respondents agreeing with the statement. The implication of this percentage is that if respondents are involved in decision making, then chances are high for UFZA to attain success in its endeavors. In regard to item two in the Table 4.8, Respondents were probed whether they are participating in setting the goals and objectives for their jobs. Results revealed that; 9% strongly agreed, 42% agreed, 30% Neutral and 19% disagreed. Generally, the cumulative frequencies revealed that majority of the respondents agreed (42.6%) on this item with a good mean=3.2.

Regarding item three, the respondents' were probed whether proposed decisions are made at the lowest appropriate level. Statistical evidence revealed that; 25% strongly agreed, 32% agreed, 23% Neutral, 18% disagreed and 2% strongly disagreed. The cumulative findings revealed that majority (32%) of the respondents agreed with the statement with a good mean=3.4. If the human resource are taken into consideration when taking decisions for the organization, UFZA can easily achieve success in its endeavors.

Regarding item 4, respondents were queried whether their supervisors value their suggestions and requests. Results revealed that; 11% strongly agreed, 27% agreed, 29% Neutral, 25% disagreed and 9% strongly disagreed. Statistics revealed that majority of respondents (39%) preferred being Neutral on this statement with a fair mean = 2.8. However, this percentage was closely followed by (27%) of the respondents agreeing to the fact that their supervisors value their suggestions and requests.

Furthermore, respondents were probed whether they are involved in benchmarking studies. Results revealed that; 18% strongly agreed, 35% agreed, 16% Neutral, 22% disagreed and 9% strongly disagreed. Majority (35%) agreed with this point with a good mean = 4.0. This rating simply implies that if benchmarking is carried out in the area of Human resource management, the outputs will be high in terms of success.

Regarding item 6, respondents were probed to find out whether they are involved in training programs. Statistical results generated revealed that, majority (30%) of the respondents agreed with a good mean=3.8, followed by those that preferred to be neutral (26%), 22% disagreed, 14% strongly agreed and 8% strongly disagreed. The high rating implies that if respondents are involved in training by Human resource management, the outputs will be high in terms of success of UFZA.

Respondents were further probed whether they chose employees to work with. Statistical results generated revealed that; 14% strongly agreed, 35% agreed, 25% Neutral, 18% disagreed and 8% strongly disagreed. The findings revealed that majority (35%) of the respondents agreed with the statement with a good mean=3.8. The high rating implies that if respondents are involved in choosing employees to work with by Human resource management, the outputs will be high in terms of success.

Regarding item 8, respondents were queried whether they have the tools and resources they need to do their jobs. Statistical results generated revealed that; 16% strongly agreed, 33% agreed, 31% Neutral, 16% disagreed and 4% strongly disagreed. Majority (33%) agreed with this statement with a good mean = 3.4.

In regard to item 9, respondents were queried whether, their supervisors provide them with actionable suggestions on how to build their career and improve on the job. Statistics revealed that; 4% strongly agreed, 22% agreed, 28% Neutral, 26% disagreed and 20% strongly

disagreed. The findings revealed that majority (28%) of the respondents preferred being neutral with the statement with a fair mean = 2.5.

To give an overall view of how the respondents rated themselves on the constituent of Human Resource Management, a Mean index was computed from the 24 variables in table 4. 2, 4.3 and 4.4 giving the relevant statistics as illustrated in the proceeding table 4.9

**Table 4. 9: Summary of descriptive statistics on respondents self-rating on Human Resource Management**

<b>Statistic</b>		<b>Value generated</b>
Mean		<b>3.46</b>
95% Confidence Interval	Lower	<b>2.80</b>
	Upper	<b>3.90</b>
Median		<b>3.00</b>
Standard Deviation		<b>1.86</b>
Min		<b>2.50</b>
Max		<b>4.00</b>
Skewness		<b>-0.22</b>

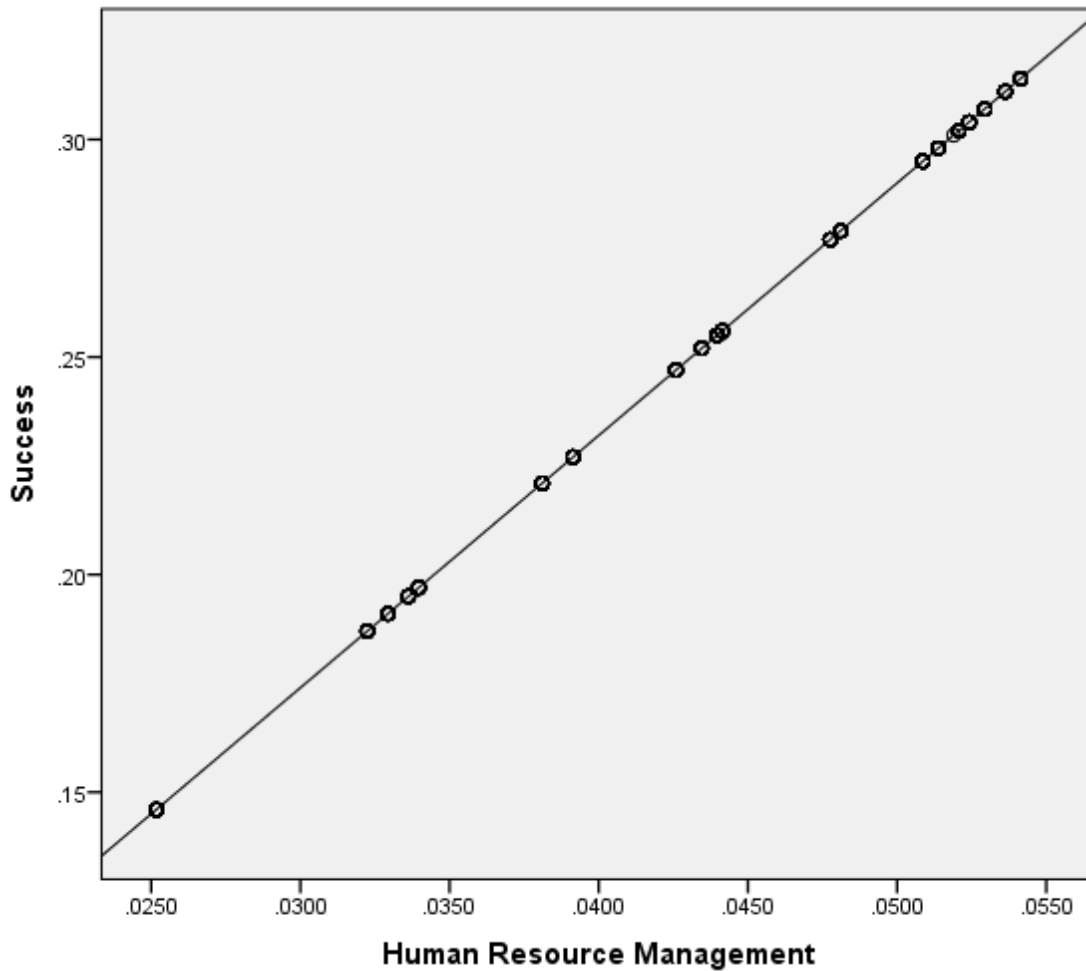
**Source: Primary data**

Results from Table 4.9. Revealed the respondents ratings on Human Resource Management in UFZA, was good with (mean= 3.46 and median =3.00) with an opinion rating from 2.80 to 3.90 at the agreed statistical confidence interval of 95 percent. The table revealed that some respondents scored fair with a minimum of 2.50 while some scored best at maximum of 4.00. The results further revealed that the skewness is -0.22 suggesting that the opinions of the respondents were almost normally distributed.



**Verification of Research Hypothesis Three:**

**Figure 4. 9: Scatter graph showing correlation between Human Resource Management and the success of Free Zones Authority**



**Source: Primary data**

The scatter graph revealed that, there is a positive linear correlation between Human Resource Management and the success of Free Zones Authority. To confirm this graphical interfacing, the two variables (Success and Corporate governance) were correlated using Pearson’s linear correlation coefficient as shown in table 4.10.

**Table 4.10: Association between Human Resource Management and Success of Free Zones Authority**

Human Resource	Pearson Correlation	1	.934**
success of Free Zones	Pearson Correlation	.934**	1

**Correlation is significant at the 0.01 level (2-tailed).**

**Source: Primary data**

Results from Table 4.10 revealed that there was a statistically very significant positive strong relationship between Human Resource and Success of Free Zones Authority ( $r=0.934, P<0.01$ ). The implication of this coefficient is that if Human Resource is applied carefully by the concerned officials in Uganda Free Zones Authority (UFZA), the corporation will realize high Success of Free Zones Authority.

The statistical analyses of association further revealed that Human Resource contributes 93.4% on Success of Free Zones Authority, leaving 6.6% to other exogenous factors not included in this study and need extra studies to expose them and their contributions.

The degree of Coefficient of Determination ( $R^2$ ) was computed. The purpose of the coefficient was to establish the variability between the two variables (Independent and Dependent variable). Based on the results from the Table 4.10 of Correlation Analysis,  $r = 0.934$  of which if squared indicated 87.2% shared variance. This implied that Human Resource Management helped to explain 87.2% of the variance in respondents' scores on Success of Free Zones Authority. This is a statistically a respectable amount of variance explained.

#### **4.4.4 Descriptive Statistics of Success (DV)**

The dependent variable was measured on a Likert scale using the questionnaire that measured a list of items on to which, respondents rated themselves on the success of Free Zones such that SA=Strongly Agree, (5), A=Agree (4), N=Neutral (3), D=Disagree (2), SD= Strongly Disagree (1).

The outputs display the Percentages for understandability of the various contributions of each of the variables (items) under the research study.

**Table 4. 11: Descriptive statistics on respondents' self-rating on Success**

S/	ITEMS ON SUCCESS (N=25)	LIKERT SCALE					
		SA	A	N	D	SD	Mean
1	UFZA has a policy requiring my supervisor to always perform quality checks on me	26.4	39.6	22.6	3.8	7.5	3.2
2	UFZA's staff performance appraisals	28.8	38.5	25.0	5.8	1.9	3.2
3	UFZA supervisors always monitor the quality of work done by the staff, check for errors and provide guidance on quality	22.4	41.4	20.7	13.8	1.7	3.0
4	Final work produced by UFZA staff is always error free.	13.3	24.4	33.3	24.4	4.4	3.0
5	Developer's comments in form of complements or complaints are considered while evaluating the quality of staff	9.1	29.1	25.5	29	7.3	2.7
6	UFZA's work to be done by staff is always quantified as periodical performance targets	18.5	46.3	27.8	7.4		2.9
7	The volume of work performed by staff is appropriate for UFZA to achieve its goals	14.5	38.2	23.6	18.2	5.5	3.1
8	UFZA staff always deliver adequate amount of work as per the set targets.	25.5	31.9	17.0	23.4	2.1	3.0
9	UFZA staff always accomplish their tasks as per set deadlines.	21.3	31.9	29.8	14.9	2.1	3.0

**Note: SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD= Strongly Disagree**

**Source: Primary data**

Respondents were asked whether UFZA has a policy requiring their supervisors to always perform quality checks on their work. Results revealed that 26.4% strongly agreed, 39.6% Agreed, 22.6% Neutral, 3.8% disagreed and 7.5% strongly disagreed. Descriptives revealed that majority of the respondents agreed (39.6%) on this statement with a good mean=3.2. Respondents were probed whether UFZA's staff performance appraisals incorporate the quality work done by employees. Results revealed that, 28.8% strongly agreed, 38.5% Agreed, 25.0% Neutral, 5.8% disagreed and 1.9% strongly disagreed. Cumulative statistics revealed

that majority of the respondents agreed on this statement with a mean= 3.2. Respondents were asked whether Final work produced by UFZA staff is always error free to increase success. Results revealed that, 13.3% strongly agreed, 24.4% Agreed, 33.3% Neutral, 24.4% disagreed and 4.4% strongly disagreed. Descriptives revealed that majority of the respondents preferred being neutral on this statement with a mean =3.0. Respondents were queried whether Customer’s comments in form of complements or complaints are considered while evaluating the quality of staff performance. Results revealed that 9.1% strongly agreed, 29.1% agreed, 25.5% Neutral, 29% disagreed and 7.3% strongly disagreed. Cumulative Descriptives revealed that majority of the respondents agreed on this statement with a fair mean= 2.7.

**Regression of Organizational factors and the Success of Free Zones Authority**

The purpose of this sub-section is to find out the contribution of each of the constituents of the independent variable (i.e. Human Resource Management, Financial Management and Corporate Governance) on the dependent variable. Predictive Modeling by Regression Analysis was used to define the level of prediction of each of the constituents.

**Table 4. 12: Model Summary**

Model	R	R Square	Adjusted R Square
1	.952 <sup>a</sup>	.916	.902

*Dependent Variable: Success of Free Zones Authority*

*Source: Primary data*

Results from the Table 4.12 provides the R value which revealed the correlation (r=0.952<sup>a</sup>) which expresses a very high degree of correlation. The R<sup>2</sup>value revealed how much of the total variation in the dependent variable, Success of Free Zones Authority can be explained by the independent variable Organizational factors. For this matter, 91.6% is explained by this model.

**Table 4. 13: Regression Analysis for Organizational factors & Success of Free Zones Authority**

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	.182	.059		.005
	Human Resource Management,	.401	.016	.503	.000
	Financial Management	.298	.019	.368	.000
	Corporate Governance	.249	.015	.320	.000

**a. Dependent Variable:** *Success of Free Zones Authority*

*Source: Primary data*

The motivation of this Regression Model is to compare and define the contribution of each of the objects of the independent variables (i.e. Human Resource Management, Financial Management and Corporate Governance) on Success of Free Zones Authority.

The model revealed that Human Resource Management, Financial Management and Corporate Governance are all significant predictors of Success of Free Zones Authority.

The model further revealed that; one unit change in Human Resource Management leads to (Beta =0.503), Financial Management leads to (Beta = 0.368) and Corporate Governance leads to (Beta = 0.320).

The results of the Model suggested that Human Resource Management (50.3%) makes the strongest unique contribution to explaining the dependent variable Success of Free Zones Authority. This is followed by Financial Management (36.8%), and Corporate Governance (32%) in that order. The model was supported by the Sig. Value (0.001) which is less than the Alpha Value (0.05) proposing that the Model was statistically substantial at Sig=0.001.

**Summary**

In this study, both Descriptive and Inferential statistical results obtained revealed that, Human Resource Management has a significant effect on Success of Free Zones Authority. The research results revealed that each variable under consideration in the

Organizational factors (i.e. Human Resource Management, Financial Management and Corporate Governance) has its contribution in terms of influence on the Success of Free Zones Authority.

The Degrees of Coefficient of Determination ( $R^2$ ), Correlation Analyses and Predictive Modeling all revealed that; Human Resource Management had the greatest influence on the Success of Free Zones Authority. Hypotheses testing have also strongly and positively predicted well of Human Resources Management.

The research study results confirm the relevancy of the Organizational factors and the implication this has for all the players in the field of the Success of Free Zones Authority in Uganda; they should endeavor to work with Human Resource Management model and strengthen it further in order to address the Success of Free Zones Authority gaps and concerns in Uganda Free Zones Authority (UFZA).

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

The purpose of the study was to examine the relationship between organizational factors (Corporate governance, financial management and Human resource management) and the success of Free Zones in Uganda using Uganda Free Zones Authority as the case study. This

chapter presents the summary of the study findings, discussion, conclusions, recommendations, limitations of the study, contributions of the study and areas recommended for future research.

## **5.2 Summary**

This sub-section presents the summary on the specific objectives that guided the study. The main finding of the study revealed that there is a strong positive relationship between organizational factors and the success of Free Zones in Uganda a case of Uganda Free Zones Authority.

### **5.2.1 Corporate governance and the success of the Free Zones in Uganda.**

The first objective of the research study was “To examine the relationship between Corporate Governance and the success of Free Zones Authority”. Findings revealed that Corporate Governance positively contributes to the success of the Free Zones in Uganda. The standard coefficient of Corporate Governance implied that Corporate governance contributes to the success of the Free Zones in Uganda by 32%; in other words if there is an improvement in corporate governance, the success of the Free Zones in Uganda will be achieved.

### **5.2.2 Objective Two: Financial Management and the Success of Free Zones**

The second objective of the study was “To investigate the relationship between Financial Management and the success of Free Zones Authority”. Findings revealed that Financial Management positively contributes to the success of the Free Zones in Uganda. The standard coefficient of Financial Management inferred that Financial Management adds to the success of the Free Zones in Uganda by 36.8%; in other words if there is an improvement in Financial Management, the success of the Free Zones in Uganda will be achieved.

### **5.2.3. Objective Three: Human Resource Management and the Success of Free Zones**

The third objective of the study was, “To examine the relationship between Human Resource Management and the success of Free Zones Authority”. Findings revealed that Human

Resource Management positively contributes to the success of the Free Zones in Uganda. The standard coefficient of Human Resource Management inferred that Financial Management adds to the success of the Free Zones in Uganda by 50.3%; in other words if there is an improvement in Human Resource Management, the success of the Free Zones in Uganda will be achieved.

### **5.3 Discussion**

This section deals with the discussion of results hypothesized by hypothesis.

#### **5.3.1 Corporate governance and the success of the Uganda Free Zones Authority**

The first hypothesis of the study stated that corporate governance have a positive relationship with the success of Free Zones in Uganda Free Zones Authority. Findings revealed that Corporate Governance positively subsidizes to the success of the Free Zones in Uganda. The results revealed that the board members of the Free Zones are composed of knowledgeable people with different qualifications. They are also very transparent in handling the Free Zones Strategic issues. The board of the Free Zones Authority portrays good level of credibility to attract development partners. In addition, Staff of the Free Zones are fully involved and effectively participate in all the business of the Authority. This has contributed positively to the success of the Uganda Free Zones Authority. These findings are in line with Nwachukwu (2007) who noticed that good Corporate Governance has positive link to the success of Free Zones and national economic growth, and development. In today's global economy, the success of the national economy depends on the crucial role of organization's competitiveness, transparency and governance structure which operate within her territory, since organizations are the entities that create economic value (ICAN, 2009)

It was observed that, the Free Zones does not use standard interaction mechanisms of information and Staff Members cannot easily question decisions made by the board, management and their concerns addressed immediately. The Board members are not also



actively involved in resource mobilization for the Authority. The findings also revealed that there is gender inequality. These setbacks can negatively affect the success of the Uganda Free Zones Authority because corporate governance concerns the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders (The World Bank (2005:2).

### **5.3.2 Financial Management and the Success of Uganda Free Zones Authority**

The second hypothesis of the study stated that financial management have a positive relationship with the success of Free Zones in Uganda Free Zones Authority. Findings revealed that Financial Management positively contributes to the success of the Free Zones in Uganda. Findings revealed that the Authority has a well-developed and functional financial policy document that guides all financial transactions. They effectively participate in the planning of funds for their Directorate. Results moderately revealed that the Free Zones have enough finance from Government and Development partners. These findings are in line with Debbie (2012), Woodward (2007) and Ildefonso (2007) who looked at the relationship between financial resources and project success in an examination of sponsor executing behaviors. Their findings revealed that following project management best practices dramatically increased project success rates. They also came to the finding that financial resources have a relationship with the success of Free Zones. Pyle (1986) concluded that a significant relationship exists between financial resources and success of Free Zones. These findings suggest that for any positive change in Financial Management handling, it may yield positive results to the success of free zones in Uganda.

It was observed that, the staff do not adequately take part in the budgeting process in their Directorate. They are moderately accountable to their bosses. This kind of lease fare attitude creates challenges for the Free Zones Authority finance section of not keeping all the various

books of accounts written to the required financial standards. Following this scenario, the staff underutilize the funds given to them.

### **5.3.3 Human Resource Management and the Success of Uganda Free Zones Authority**

The third hypothesis of the study stated that human resource management have a positive relationship with the success of Free Zones in Uganda Free Zones Authority. Discoveries from the statistics of association and predictive models revealed that Human Resource Management positively contributes to the success of the Free Zones in Uganda. The standard coefficient of Human Resource Management inferred that Financial Management adds to the success of the Free Zones in Uganda by 50.3%; in other words if there is an improvement in Human Resource Management, the success of the Free Zones in Uganda will be achieved.

Findings showed that the staff are greatly involved in benchmarking studies. In addition to this point, they are involved in training programs as well as choosing employees to work with. This kind of management, results in staff getting involved in making decisions that affect their work positively. These findings are in line with; Ackel (2012) who focused on the relationship between two human resource factors: namely top management support and project team and their influence on implementation and success of projects. The findings established strong positive significant relationships between top management support and the success of Free Zones. The findings further showed that the project manager is the key person in project success. He encourages the staff to participate in setting the goals and objectives for their jobs. He gives them the tools and resources they need to do my job. The findings also agree with Ulrich's (1997) HRM model which consists of roles with associated deliverables.

The model reveals that, the most role: strategic partner, requires that HR managers align HR initiatives with strategic organizational goals. The deliverable for this role is an executed strategy that creates value as seen by major organizational stakeholders, investors, line

managers and employees (Ulrich and Brock bank2005). In order to implement this role, HR managers must process organizational and financial knowledge and business savvy (Brock bank and Ulrich 2003). In essence, HRM practices must align with line management objectives to have value. In this way, HR managers will have a place at the leadership table with other organizational functions. Generally, the results suggest that for any positive change in Human Resource Management handling, it may yield positive results to the success of free zones in Uganda.

## **5.4 Conclusions**

### **5.4.1 Corporate governance and the success of the Free Zones in Uganda.**

Findings revealed that Corporate Governance positively promotes to the success of the Free Zones in Uganda. Findings revealed that, the board members of the Free Zones are very transparent in handling the Free Zones Strategic issues and so Staff of the Free Zones are fully involved and effectively participate in all the business of the Authority. The challenge remains that The Free Zones moderately use standard interaction mechanisms of information and Board members are moderately actively involved in resource mobilization for the Authority. Therefore an improvement on the level of Corporate Governance will lead to the success of the Free Zones in Uganda.

### **5.4.2 Financial Management and the success of the Free Zones in Uganda**

Findings revealed that Financial Management positively contributes to the success of the Free Zones in Uganda. Results revealed that the Authority has a well-developed and functional financial policy document that guides all financial transactions and the staffs handling finances of the Authority are fairly qualified for the jobs. The challenge remains that the staff are moderately accountable to their bosses and they underutilize the funds given to them.

### **5.4.3 Human Resource Management and the success of the Free Zones in Uganda**

Findings revealed that Human Resource Management positively contributes to the success of the Free Zones in Uganda. Findings revealed that the staff are involved in benchmarking studies and they are involved in training program as well as choosing the employees to work with. This has resulted into making decisions that affect their work positively. The challenge remains that, their supervisors fairly provide them with actionable suggestions on how to build their careers and improve on the jobs.

### **5.5 Recommendations**

The following recommendations are suggested as per the findings.

That the Free Zones use standard interaction mechanisms of information and that Board members are actively involved in resource mobilization for the Authority. Therefore an improvement on the level of Corporate Governance will lead to the success of the Free Zones in Uganda.

The staff take part in the budgeting process in their Directorates and become accountable to their bosses.

The staff supervisors provide their supervisees with actionable suggestions on how to build their career and improve on the jobs. By providing actionable suggestions on how to build their career, it's believed that there can be the success of the Free Zones in Uganda.

### **5.6 Limitations of the Study**

During the course of carrying out the study, some challenges were faced. Basing on the findings and analysis results, the current research had a few limitations.

The study adopted a cross sectional survey design which is done once which means there is no follow up survey in future which could help establish the sustainability of the research findings

from the respondents which the researcher thinks would have been good as it could facilitate the comparison of the research findings and have objective understanding of the trends.

Some of the participants were too busy to attend to the research needs of the study given the nature of their work. Another challenge was related to time. The researcher managed this challenge by making use of the supportive team leader who in one occasion was willing to introduce the researcher in person to the respondents through a sensitization of the respondents on the importance and significance of the research study.

### **5.7 Contributions of the Study**

The most important contribution of the study is the awareness of the relationship between organizational factors (Corporate governance, financial management and human resource management) and the success of Uganda Free Zone Authority since the study came to finding that there is a positive relationship between the study variables. Therefore, Free Zone administration and managers can use the recommendations suggested to improve the success of the Free Zones. The study can also provide a basis of future research in the field of organizational factors (corporate governance, financial management and human resource) and the success of Free Zones.

### **5.8 Areas Recommended for Future Research**

Due to time constraints, the study was centered on organizational factors (corporate governance, financial management and human resource management) as potential variables relating to the success of Uganda Free Zones. However, there were other variables like employment motivation, resource utilization, administrative policies and management practices which may relate to organizational success. Therefore, research needs to be carried on those factors to see how related to organizational success.

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**APPENDICES**

**Appendix 1: Self-Administered Questionnaire**

**Self-administered Questionnaire for Employees at Uganda Free Zones Authority on Organizational Factors and the Success of Free Zones**

Dear respondent,

I am carrying out a survey on Organizational Factors and the Success of Free Zones in Uganda using Uganda Free Zones Authority as the case study in partial fulfillment of requirements for award of a Master’s degree in Business Administration of Uganda Management Institute. It is against this background that you have been selected to participate in the research by completing the questionnaire. It would therefore be very helpful if you assist by answering the questionnaire as per the instructions at the beginning of each section. The information sought is required for academic purposes. Therefore, it will be treated with the highest level of confidentiality.

Thank you

Yours faithfully,

.....

**PATRICK TUSIIME**

**(Researcher)**

## Section A: Background variables: Classification of Respondents

In this Section, you are kindly requested to provide factual information about yourself. Kindly tick the best opinion.

### Section A: Background Information

1. Gender:  Male  Female
  
2. Age  (20-30)  (31 -39)  (40 -49)  (Above 50)
  
3. Education level attained
  - a) PHD
  - b) Master's Degree
  - c) Post graduate
  - d) University degree
  - e) Diploma
  
4. How long have you worked in this Free Zones Authority?
  - a) Less than 6 Months
  - b) 1 years
  - c) 1 to 2 years
  - d) More than 2 years
  
5. How long have you worked in your current position/ area of work?
  - a) Less than 6 Months
  - b) 1 year
  - c) 2 years
  - d) More than 2 years

## Section B: Corporate Governance

S/N	Statement	LIKERT SCALE				
		SA	A	N	D	SD
1	The board of Free Zones Authority portrays good level of credibility to attract development partners					
2	Board members of this Free Zones are very transparent in handling the Free Zones Strategic issues					
3	The board is it well balanced ( gender equality)					
4	Staff of the Free Zones are fully involved and effectively participate in all the business of the Authority					
5	The board of this Free Zones Authority has a consistent goal					
6	The board members of this Free Zones are composed of knowledgeable people with different qualifications.					
7	The Free Zones uses standard interaction mechanisms of information					
8	Staff Members can easily question decisions made by the board, management and their concerns addressed immediately					
9	Board members are actively involved in resource mobilization for the Authority					

## Section C: Financial Management

S/N	Statement	LIKERT SCALE				
		SA	A	N	D	SD
1	This Free Zones Authority has enough finance from Government and Development partners					
2	The staffs handling finances of the Authority are well qualified for the jobs.					
3	The Free Zones Authority finance section keeps all the various books of accounts written to the required financial standard					
4	The Authority has a well-developed and functional financial policy document that guides all financial transactions.					
5	I take part in the budgeting process in my Directorate					
6	I am accountable to my boss					
7	I utilize the funds given to me appropriately					
8	I participate in the planning of funds for my Directorate					

**Section D: Human Resource Management**

S/N		LIKERT SCALE				
	Statement	SA	A	N	D	SD
1	I am involved in making decisions that affect my work					
2	I participate in setting the goals and objectives for my job					
3	Proposed decisions are made at the lowest appropriate level					
4	My supervisor values my suggestions and requests					
5	I am involved in benchmarking studies					
6	I am involved in training program					
7	I chose employees to work with					
8	I have the tools and resources I need to do my job					
9	My supervisor provides me with actionable suggestions on how to build my career					

**Section E: Items on Success**

S/	Statement	LIKERT SCALE				
		SA	A	N	D	SD
1	UFZA has a policy requiring my supervisor to always perform quality checks on my work.					
2	UFZA's staff performance appraisals incorporate the quality work done by					
3	UFZA supervisors always monitor the quality of work done by the staff, check for errors and provide guidance on quality improvement					
4	Final work produced by UFZA staff is always error free.					
5	Developer's comments in form of complements or complaints are considered while evaluating the quality of staff performance.					
6	UFZA's work to be done by staff is always quantified as periodical performance targets					
7	The volume of work performed by staff is appropriate for UFZA to achieve its goals					
8	UFZA staff always deliver adequate amount of work as per the set targets.					
9	UFZA staff always accomplish their tasks as per set deadlines.					

## **Appendix 2: Interview Guide**

### **Interview Guide for Uganda Free Zones Authority all Staff**

#### **Topic: Organizational Factors and the Success of Free Zones in Uganda**

Interviewer: Tusiime Patrick

Interviewees: All staff

Date ..... of  
Interview ..... Time .....

Name of Interviewee.....

Venue.....

Interview guide for the entire staffs.

1. Could you kindly tell me about your work experience?
2. What are the board strategic responsibilities?
3. What are the board monitoring responsibilities?
4. What is your academic background?
  
5. How do you look at the success at this Free Zones Authority and the contribution to the GDP in terms of:
  - i. Export.
  - ii. Employment
  - iii. FDI in the country.
  
4. In your opinion, how is corporate governance influencing the success of Free Zones Authority in terms of:
  - i. Credibility of the board members.
  - ii. Consistent goals of the organization.
  
5. In your opinion, how is financial management influence the success of Free Zones Authority with respect to:

- i. Revenue

6. In your opinion, how is Human Resource Management influence the success of Free Zones Authority with respect to:

- i. Capacity building; and
- ii. Benchmarking studies.



### Appendix 3: Documentary review guide

Documents	Themes	Remarks
Strategic plan	Median or long term strategic plan	
	Approved operational plan	
	Human resource policy	
	Balance sheet	
	Payment vouchers	
Charts of accounts	Receipts books	
	Ledgers	
	Invoices	
	Audit reports	

Source: Adopted from United Nations (2006). Building inclusive financial sectors for development, and modified by the researcher.

## **Appendix 4: Introductory letter**

## **Appendix 5: Plagiarism test**