



**REGULATIONS AND GROWTH OF MICRO ENTERPRISES IN KAMPALA CITY
AUTHORITY, UGANDA; A CASE STUDY OF KAWEMPE MUNICIPALITY**

BY

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DECLARATION

I, Chris Bernard Iga hereby declare that this report is my original work and has never been published and or submitted for any degree award to any other university or institution of higher learning before and no one is allowed to reproduce it without my prior consent.

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DEDICATION

I dedicate this work to my mother Mrs Kovia Nabakoza Yiga for teaching me the love for education and without her early support I would not have been able to attain higher education

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ABSTRACT

This study investigated the effect of regulations on the growth of micro enterprises (MEs) in Kampala, an area that has received little attention from researchers. The study specifically set out to establish the effect of formal entry regulations, property regulations and labour regulations on the growth of MEs in Kampala. A cross sectional descriptive research design was used to gather data for this study using 30 questionnaires, 10 interviews and various documents. Findings from the study revealed that formal entry regulations have a significant effect on the growth of micro enterprises and these regulations in Uganda are characterised by high entry cost and limited knowledge about them from micro entrepreneurs. Findings further showed that property registration regulations have no significant effect on the growth of micro enterprises because the property rights of most of the micro entrepreneurs are not protected by national laws. It was also evident from the study findings that labour regulations in Uganda have no significant effect on the growth MEs since their compliance is not enforced by government. The study concludes that not all regulations in Uganda have a significant effect on the growth of MEs and that the existing formalisation regulations, property rights laws and labour regulations are not sensitive to the growth needs of MEs. This study recommends that for growth of MEs, there is need for reforms to make formal entry regulations less costly and widely known to micro entrepreneurs. There is also need for reforms to protect the property rights of poor micro entrepreneurs. Lastly, there is need for government to make labour regulations that are sensitive to the growth needs of MEs and at the same time enforce compliance to these regulations by MEs.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Micro Enterprises (MEs) play a significant role in poverty alleviation for both developed and developing countries since they provide employment to over 70% of non farming communities (White, 2004). In Kampala, MEs employ over 90 percent of the urban poor yet it has been noted that they experience slow growth due to poor management of associated growth constraints. Since MEs have the capacity to create jobs, understanding factors involved in their growth would help Government to realize this potential and develop policies to support their growth. The growth factor that was of interest to this study was government regulations which according to Briggs (2009) determine the business environment under which MEs operate in the market economy.

The study therefore investigated the effect of regulations on the growth of MEs in Kampala, Uganda. Regulation was conceived in this study as the independent variable while growth of MEs was the dependent variable. Regulation was measured in terms of formal entry regulations, property registration regulations and labour regulations, while growth was measured in terms of number of employees, capital and profit. This chapter presents the background to the study, the statement of the problem, the purpose, the objectives of the study, the research questions, the hypotheses, the scope of the study, the significance, justification and operational definitions of terms and concepts.

1.1 Background to the study

The last three decades have experienced unprecedented growth of private sector led economies and this phenomenon has become the only dominant form of economic management at global scale. This private sector led growth has been for generations promoted by capitalist Western Countries like United States of America (USA) and the views that prevailed for much of the 20th century were guided by Karl Marx who prophesied in 1912 that modern economy will be based on the advantages that are accrued from big companies (Zafar, 2010, Liedholm & Mead, 1999). An alternative view emerged in economic literature that places Micro and Small Enterprises (MSEs) as the foundation for entrepreneurship and private sector growth in market economies. The role of MEs in holding national economies together during times of economic reforms and restructuring through job creation, quick technology transfer, managerial ability development, competitiveness development, indigenous entrepreneurial growth, dynamism and innovativeness has put them in the limelight since change and reform are part of the modern knowledge era (Zaltan, 1993).

Since mid 1970s, the greatest desire for the economists has been to design policies that promote growth of MEs. The aim has always been the creation of an enabling environment for the sustainable growth of very small enterprises from micro to middle sized level since it is the medium level enterprises that cause higher economic growth because they employ many people, pay higher wages and taxes and produce higher output per unit (Baldwin, 1998). However in many of the least developing nations, there is evidence of the ‘missing middle’, a shortage of middle sized growth oriented enterprises that make an important contribution to development. UNCTAD (2005) attributes the shortage of middle sized MEs to hidden and largely inadvertent biases in the economic regulations in countries that mitigate

against the gradual and organic growth of their enterprises by not taking into account the needs of micro enterprises in the three dimensions of their evolution (i.e. start-up, survival and growth). These complex and sometimes biased regulations are assumed to condemn MEs in the informal sector where growth opportunities are scarce (UNCTAD, 2005). Unlike in the developed world, where much empirical research has been carried out on ME growth constraints, Okpara & Wynn, (2007) argues that in Africa very little is known about the effect of regulation to growth of MEs.

The main argument in this study therefore was that government regulations have an effect on the rate of growth of micro enterprises. The researcher based this argument on the theoretical model popularized by World Bank group through their studies on the *cost of doing business* that strongly recommended the need for deregulation reforms to make for greater market freedom for entrepreneurs. According to this model, less costly and simpler regulations would increase business formalization and growth of ME operations through cost reduction and exposure to economic incentives like low interest bank loans, settlement of contract disputes. Leading small business driven economies of the world including USA, China have adopted this model (World Bank, 2009).

The arguments in this study have been guided by two major concepts; regulation, the independent variable and growth of MEs, the dependent variable. Regulations represent a full range of rules and regulatory instruments set by government for controlling start up and operations of business (White, 2004). The study focused on three less studied measures of regulations, namely formal entry, property registration and labour regulations. The concept of growth can be defined as development from simpler stage to more complex stage (<http://dictionary.reference.com/browse/growth>). In this study growth of micro enterprises

was measured in terms of increases in number of employees or workers for the business, value of capital and profits per annum. This study targeted micro enterprises that include agro processing firms, motor garages, furniture workshops and restaurants in Kampala, Uganda.

Uganda has since the mid 1980s been hailed as one the leading proponents of private sector led reforms in Sub Sahara Africa. According to the 2011-2015, National Development Plan (2010), Government of Uganda wants the private sector to be the engine of growth, to be the primary focus for job creation, income growth and poverty reduction. The Government of Uganda has implemented a number structural policy measures since 1980s to reduce the prominence of public sector as an employer and enhance private sector growth. The Economic Recovery Program (ERP) of 1987 introduced policy reforms like privatization, the Poverty Eradication Action Plan (PEAP) that is currently referred to as National Development Plan and Competitiveness and Investment Climate strategy (CICS).

Despite these policy efforts from Government, the private sector is still in the hands of MEs. Studies show that MEs make up 80% of all businesses in Uganda and employ 90% of the non-farm jobs in the country (Uganda Ministry of Finance and Economic Development, 2008; Calton, 2001). There are no reliable figures on the actual numbers of MEs in Kampala, the capital city and study area. However information from UBOS (2010) show that out of the 1,069,848 micro enterprises in the country, 45% operate in Kampala where they provide employment opportunities to over 90 percent of the urban poor especially women and youth. The most dominant small enterprises can be categorised as food processing; service based like hotels and restaurants, transport and communication; input dealers, retail shops (UBOS, 2010). Over 80% of Micro enterprises in Kampala operate in the informal sector where they hardly survive, while 30% of them close before the age of four years, one of the highest failure rates in the World (Briggs, 2009).

The constraints responsible for this poor performance in the private sectors are inadequate provisions of vital utilities, inappropriate access to financial services, an inadequate commercial justice system, a high level of corruption, an insufficient tax administration system, poor regulations and weak institutional framework. As a result, private sector investment is still low estimated at 13% of GDP well below the Sub Saharan average of 20% of GDP (Calton, 2001). Moreover much of the contribution to the GDP might be coming from big enterprises owned by foreigners at the expense of local private initiatives that are mainly organised under micro enterprises. Kunt (2007) observes that the inappropriate regulation framework in Uganda that includes costly entry, cumbersome property registration regulations and inappropriate labour regulations among others is the major reason for poor growth of MSEs in the country. Like in the rest of Africa, little is known about the effect of existing regulatory framework on the growth of Micro in Kampala, Uganda hence the importance of this study. Kawempe Municipality, one of the five municipalities making up Kampala City Authority was sampled for this study because of its proximity to the researcher.

1.2 Statement of the problem

Since the 1980s when market reforms were carried out in Uganda, Micro Enterprises have played a significant contribution in the economic development of the economy mainly through job creation for non farming poor and indigenous entrepreneurial growth. At the moment 80% of all businesses in Uganda are micro in nature and these enterprises employ an estimated 90% of the nonfarm jobs in the country (Calton, 2001).

Whereas markets reforms enhanced the emergence of micro enterprises or otherwise regarded as the foundation of private entrepreneurship in market economies, scholars like Calton

(2001) argue that these reforms may not have created the desirable momentum for the growth of micro enterprises. Studies show that over 80 percent of the Micro Enterprises in Kampala do not grow in their operations beyond micro level because they operate in the informal sector while 30 percent fail or close before the age of four years. This failure rate is regarded as one of the highest in the World (Briggs, 2009 & Calton, 2001). The poor growth of MEs in Kampala, Uganda means that few of them transform to medium level a situation that shows evidence of the ‘missing middle’, a shortage of middle sized growth oriented enterprises that make an important contribution to poverty eradication by employing many people and paying higher wages. UNCTAD (2005) observes that this “missing middle” is generally attributed to hidden and largely inadvertent biases in the economic regulations in the country that mitigate against the gradual and organic growth of their enterprises by not taking into account the needs of MEs in the three dimensions of their evolution (i.e. start-up, survival and growth).

These complex and sometimes biased regulations are assumed to condemn MEs in the informal sector where growth opportunities are scarce. Yet unlike in developed nations, in Uganda and Africa, the effect of regulatory environment to growth of MEs has not been well studied (OECD,1992; Okpara & Wynn, 2007). This study therefore investigated the effect of regulations on growth of MEs in Kampala, Uganda.

1.3 Purpose of the study

The purpose of the study was to investigate the effect of regulations on growth of Micro Enterprises in Kampala City Authority, Uganda with specific focus on Kawempe Municipality.

1.4 Objectives of the study

The following objectives guided the study;

1. To establish the effect of formal entry regulations on growth of Micro Enterprises in Kampala City Authority.
2. To determine the effect of property registration regulations on growth of Micro Enterprises in Kampala City Authority.
3. To find out the effect of labour regulations on growth of Micro Enterprises in Kampala City Authority.

1.5 Research Questions

1. What is the effect of formal entry regulations on the growth of Micro Enterprises in Kampala City Authority?
2. What extent do property registration regulations affect the growth of Micro Enterprises in Kampala City Authority?
3. How do labour regulations affect the growth of Micro Enterprises in Kampala City Authority?

1.6 Hypothesis of the study

The study will be guided by the following hypothesis;

1. Formal entry regulations affect growth of Micro Enterprises in Kampala City Authority.
2. Property registration regulations affect growth of Micro Enterprises in Kampala City Authority.
3. Labour regulations affect growth of Micro Enterprises in Kampala City Authority

1.7 Significance of the study

It is envisaged that findings from the study will contribute to an improvement in the Uganda's regulatory framework in the areas of formal entry, property registration, access to resources and labour productivity since policy makers will get feedback about the performance of the existing regulations and suggestions for improvement. Micro business owners as a critical interest group that makes up 90 percent of the Uganda's private sector will use the lessons from the study to organise themselves better in the pursue of favourable regulations. Scholars will use findings as a source of theoretical literature for future studies. The researcher will use the findings to get answers to the questions raised in the study and as such make a theoretical contribution to the growth of small business sector in Uganda.

1.8 Justification for the study

In Uganda, there is a growing debate about the importance of entrepreneurship as opposed to development aid, as an important strategy for job creation and poverty eradication. Indeed, Micro Enterprises employ the majority of the poor in Uganda. However the anticipated job creation and poverty eradication from Micro Enterprises is limited by their slow growth, survival and high failure rates. It was assumed that the costly and cumbersome regulatory burden was one of the major causes of poor growth and performance for micro businesses. This study therefore established the effects of the current regulations for formal entry, property registration, labour management to the growth of micro businesses and made recommendations for improving the small business sector.

1.9 Scope of the study

The content scope of the study includes regulation as the independent variable. The dimensions of regulation are formal entry regulations, property registration regulations and labour regulations. Growth of MEs was measured in terms of number of employees, capital accumulation and profit. Geographically, the study was carried out in 2 parishes of Kawempe 11 and Makerere 11 in Kawempe Municipality located in the northern side of Kampala Distric because the target location had a large population of MEs. The period covered for the study was from 2000 to 2010 because the period was long enough for the owner of the business to gain adequate knowledge of the growth constraints in the environment.

1.10 Operational Definitions

This study was guided by the following key concepts; regulation, the independent variable, growth, the dependent variable and Micro Enterprises. Regulation in this study represented rules set by government that are passed by politicians (legislature) and implemented by regulators in order to facilitate growth of business operations. In the study regulations are measured in terms of formal entry regulations, property registration regulations and labour regulations. In the study formal entry regulations are measured in terms of length of registration procedures, time, cost and minimum capital requirements. Property registration regulations are measured in terms of length of property registration procedures, time and cost of registration. Labour regulations are measured in terms of existence of minimum wage standards and MEs adherence to work contracts, work schedule, provision of health insurance and social security or retirement benefits.

Growth of a ME can be referred to as change from lower to a higher level. In the study Growth was measured in terms of number of employees, capital accumulated and profit.

Micro enterprises are private firms that are independently owned and operated businesses that are not dominant in their field. In the study, MEs was taken to employ a maximum of 10 people with annual sales turnover of maximum Ushs 12 million and with maximum total assets of Ushs 12 million.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews a selection of literature on the effect of regulations on growth of MEs. This literature will give a detailed account on scholar's views related to the way formal entry regulations, property registration regulations and labour regulations influence growth of MSEs. The chapter will present the theoretical review, conceptual review, objective by objective related literature and a summary of literature indicating lessons learnt and gaps that will guide data collection.

2.1 Theoretical review

Available literature provides two major theoretical perspectives of studying regulations in relation to growth MSEs that have evolved over time. The public theory perspectives as espoused mainly by Stigler (1971) who believes that regulations are supplied by the state in response to public or interest group demand for the collection of market failure or a highly inequitable practice like high unemployment. Under the public theory perspective government is a major supplier of regulations for controlling production and other market forces. On the other hand the deregulation theories as popularised by De Soto (2001) focus at creating an enabling business environment for formal entry, survival and growth of small businesses through less costly and simplified regulation frameworks. Under the deregulation theories, Government uses regulations to provide an enabling environment for growth of enterprises.

The evolution of public theories on regulation gave rise to different contribution. Earlier contributions on the public theories under the Normative Analysis as a Positive Theory predicted that the public or customers will always demand for favourable regulations from government in order to control quality of products, prices and unemployment with an aim of controlling unfettered competition in the market place (Viscus & Vermon, n.d). This school of thought does not seem to be relevant in the context of Kampala, Uganda where Government's role in the private sector economy is more of facilitation than controlling

Another major contribution under public theory perspective came from an article by Nobel laureate George Stigler in 1971 that came to be referred to as the Economic theory of regulation. According to Stigler (1971), the basic resource of a state is the power to coerce and politicians like the rest of us are presumed to be self interest maximizers. Any politically connected or financially empowered interest group can therefore easily influence politicians and regulators to enact favourable regulations. So the level of influence of one group on the policy makers (legislators and regulators) relative to the other determines the regulatory activity. In Uganda, since the majority of non farming communities are self employed in micro enterprises, the economic theory of regulation assumes that these people once organised can easily push the state to enact favourable regulations for the growth of the micro and small business sector. But micro entrepreneurs in Uganda are poorly organized since they mainly operate in the informal sector and therefore have no collective institution to push for their interests.

The deregulation theories as popularised by De Soto (2001) during his studies among the poor Peruvian urban immigrants argues that deregulation helps growth of businesses for the

poor. His legalist school of thought assumes that small entrepreneurs resort to operate informally as a result of huge cost of operating or starting a business, time and efforts of formal registration. However operating in the informal sector denies them the opportunity to access credit for their business growth. To change this situation he advocated for simplified regulations in order to formalise property rights in favour of micro entrepreneurs. The point is that the micro entrepreneurs can then convert their formal held assets into real assets. These registered properties can then serve as collateral for credit making it possible for capitalism to work for very small business owners (Odigie, 2007). Although his ideas were focussed on only deregulating property rights for the poor and micro business owners, this theoretic argument has struck a strong cord with development institutions like the World Bank (2009) who through its studies on the *cost of doing business* recommended strongly the need for deregulation reforms to make for greater market freedom for poorer entrepreneurs.

The Doing business model developed since 2003 with studies and consultations from professionals in 183 countries by the World Bank group predict higher growth rates for small enterprises operating in a business environment with minimal regulations, where formalisation and operational costs are low (World Bank 2004, 2009). According to this model, minimal, simplified and less costly regulation procedures increase formalisation by leading to higher entry rates in the formal sector, increase property ownership and access to productive resources, increase productivity of workers since firms will adhere to the few existing labour laws all this leading to higher growth opportunities for MSEs. This model was selected to guide the study because of its close relevance to the questions and hypotheses under investigation.

2.2 Conceptual review/ framework

In this section the researcher defines the key concepts in the study and explains how the different dimensions and indicator of these concepts contribute to the growth of MEs. The purpose of the conceptual review is for the researcher to show the relationship between different variable of the study (Amin, 2005; Sekaran, 2003). In market economies regulation play a leading role of providing a favourable environment for the growth of enterprises.

Therefore, White (2004) define regulations as instruments or laws set by government for facilitating business start up and operations and for micro entrepreneurs; the major concern with regard to regulations is always the cost of compliance to these rules. Regulations related to enterprise growth are operationalised using Doing Business model as formal entry regulations, property registration/rights laws, accessing external finance/credit, dealing with construction permits, employing workers, protecting, and investors, paying taxes, trading across borders, enforcing contracts and closing a business (World Bank, 2009). In this study, only three dimensions of regulations were considered, that is formal entry, property registration regulations and labour regulations.

The researcher selected formal entry regulations as one of the dimensions for measuring regulations in this study mainly because Briggs (2009) argues that 80% of Micro enterprises in Uganda operate in the informal sector where growth opportunities are scarce. Since the formal sector support growth of enterprises by accessing them with economic opportunities like bank loans, court services and partnerships with bigger organisations, it means that the regulatory framework in Uganda is not sensitive to the formalisation needs of micro enterprises, hence the need to study formal entry regulations. World Bank (2009) outlines the

four indicators of formal entry studied as number of procedures, days (time) it takes to be formally registered, cost and minimum capital requirements.

The researcher further selected property registration regulation as another dimension for measuring regulations in the study since De Soto (2001) asserts that the majority of low income earners in the World do not own registered property either because the registration regulations (in terms of length of procedure, time, cost) are cumbersome or the existing regulations do not consider property rights for the poor's assets hence denying them the opportunity to have collateral that would act as security for bank loans that would lead to capital development and business growth. Lastly, labour regulations were selected as dimension of measuring regulation because micro enterprises are the major employers in Uganda, therefore understand the working conditions in this sector in terms of minimum wage, contract obligation and provision of social security is critical for increased labour productivity, firm growth and poverty alleviation (World Bank, 2004).

In this study, the concept of Growth is defined as development from simpler stage to more complex stage (<http://dictionary.reference.com/browse/growth>). Growth is operationalised using Solov Robert 1970 Neo Classical growth model, that divides growth into five basic components; workers, capital, stock, output and profit (Kydlan & Prescott (n.d)). In the study growth of micro and small enterprises will be measured in terms of increases in number of employees or workers for the business, value of capital and profits per annum. The researcher chooses to focus the study on three dimensions of number of workers, capital and profit because of their relevance to the situation of micro enterprises in Kampala, Uganda. The selection of number of workers as a measure of growth was based on the fact that 90% of

the urban poor in Uganda are either unemployed or under employed and since micro enterprise provide the best opportunity for their employment, understanding how regulations affect employment levels would be critical for future policy debates (Obbo, 2011). Likewise capital is very critical for the growth of any business since it determines the size and scale of operation. Lastly, the health of any business is measured in terms of its ability to make profit hence its selection as a measure of growth (Kydland & Prescott (n.d).

Against this background the researcher presented a conceptualised relationship as shown in diagram 1 below. The conceptual framework above explains the relationship between regulations and growth of micro enterprises. It hypothesizes that if formal entry regulation, property regulations and labour regulations are simplified then growth of micro enterprises will increase. In the framework the research argues that complex, costly and cumbersome formal entry regulations reduce growth of micro. Therefore simplifying number of procedures, reducing on time for registration, cost of registration and minimum capital requirements would increase formalization and their after increase the capital base of enterprises since they will be able to access productive resources like credit leading to increased number of workers and profit and this eventually contributing in growth of micro enterprises. Likewise simplifying the property registration regulations would increase micro entrepreneur's access to registered property making it easier for them to access low cost credit from banks that would lead to increased capital and growth of their enterprises. It is also assumed in the conceptual framework that reducing on the rigidity of labour regulations would encourage as many MEs to comply with these regulations since it will be less costly for them and this will increase of the productivity of the enterprises resulting into higher outputs, profits and eventually growth of these enterprises.

Conceptual Framework

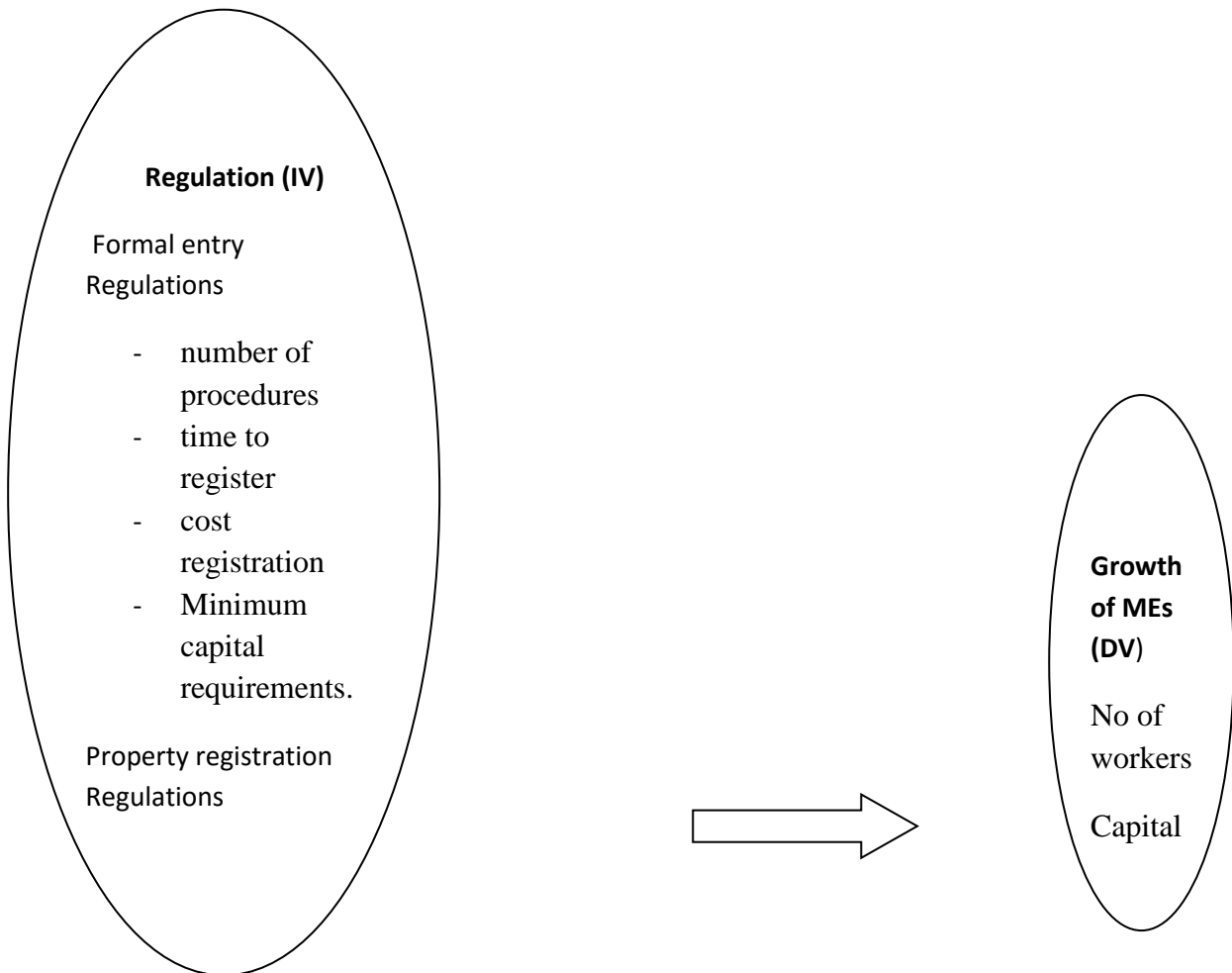


Figure 1: Diagram representation of the conceptual framework

Source: World Bank (2009)

As explained above the nature of regulations set by Government determines the growth opportunities for micro business sector. The researcher puts emphasis on the need for this research since it will establish the effect of regulation frameworks (in terms of formal entry, property rights and labour relations) on the growth of micro enterprises. Brown and Lup (2004) observes that most of the regulations set by governments of developing countries in this sector focus on small and medium enterprises employing up to 250 people and less on micro enterprises employing up to 10 people. This lack of sensitivity to micro enterprise sector that employs the majority of the urban poor remains a serious challenge to economists in countries like Uganda hence the need for more research in this area.

2.3 .1 Formal entry regulations and growth of Micro enterprises

Djankov et al., (2002) cited by Ishengoma and Kappel (2006) define formal entry or formalisation as a process that involve the entry of either new businesses or those operating in the informal sector into the formal sector. This process involves the registration of an enterprise in exchange for a certificate of incorporations that makes the firm officially recognised. Being officially recognised creates significant growth benefit and incentives for private enterprises operating in the formal sector. Higher firm output and growth for firms operating in the formal sector is connected to a higher possibility of access to productive resources like credit and full utilisation of judicial and other public services and the economic infrastructure (World Bank, 2004). But entry into the formal sector is governed by rule set by government. It is these rules that World Bank (2004) defines as formal entry regulations.

World Bank (2009) outlines the measures of formal entry regulations as number of procedures, time (days) it takes to formally register, cost and minimum capital requirement. These measures vary from country to country and according to Ishengoma and Kappel (2006) they determine the effectiveness of formal entry regulations (Ishengoma & Kappel 2006). In this study the researcher claims that in Uganda formal entry regulations are cumbersome and costly for an average owner of a micro enterprise, one of the major reasons as to why many of them operate in the informal sector. So, simplifying formal entry regulations would increase the number of micro enterprises that formalise, hence exposing them to growth opportunities easily found in the formal sector.

Indeed Klapper et al. (2006) argues that many MEs in developing countries operate in the informal sector because the lengthy, costly and cumbersome registration regulations in those countries hinder them from entering the formal sector. Studies indicate that poor nations have more complex regulatory frameworks as compared to developed ones because they are slow at reform. Apart from Rwanda that leads low income countries at carrying out regulatory reforms that are aimed at creating a favourable growth environment for her young indigenous private sector dominated by micro enterprises, the reforms are slow in Sub Sahara Africa and other poorer nations (World Bank 2009).

To illustrate the lengthen and costly procedures in developing countries as compared to developed countries, World Bank (2009) observes that it takes 215 days to formalise a business in Democratic republic of Congo compared to Australia where it takes 2 days. Welch,(n.d) explains that in Uganda, entrepreneurs need to go through 17 steps to start a new business, which on average, takes over 36 days and at a cost equivalent to 132.2% of the GNI per-capita. This costly and length procedures is a waste of resources of the poor and might be

preventing many MSE from joining the formal sector hence contributing to their limited growth potential.

There seems to be no agreement in literature as to whether simplifying formal entry regulations lead to automatic increase formalisations of MSEs and their growth. Fajnzylber et al. (2009) disagrees that that lowering registration cost and number of procedures increases the number of micro firms that formalise basing on his study in Brazil. On the other hand the study conducted in Mexico by Kaplan et al. (2006) points out that reducing the cost of registration only temporarily increased firm entry in the formal sector at moreover a relatively modest magnitude implying that burdensome regulations may not be the most important barrier to firm formalization as compared to poor taxations and credit systems, though it was regarded as a good starting point in the right direction. Scholars like Bruhn (2007) urge that simplifying entry regulations increases registered businesses for high ability former wage workers opening new businesses, but not medium ability owners of unregistered business owners existing in the informal sector. In addition, Bruhn (2007) asserts that for medium ability entrepreneur's taxation and labour requirements provide as many obstacles as costly formal entry regulations and all these obstacles should be addressed to encourage reducing the informal sector. Bruhn (2007) arguments are based on the premise that formal entry regulations should not be done in isolations.

Further, literature provides contrasting views on effect of formal entry regulations to entrepreneurship or formation of young business, a critical element in the dynamism of the MSE sector. When the existing economic environment promotes entrepreneurship, then there are higher chances of job creation in the economy since a high number of small businesses will be started. Stel et al.(2007) believes that heavier entry regulations do not have any

significant effect on entrepreneurship or formation of young businesses, but only seem to influence the distribution of business activity between formal and informal rather than influencing the total number or volume of activity. But World Bank (2009) urges that efficient business registration leads to higher growth opportunities for MSEs, higher job opportunities and this could reduce on the number of business start up since many poor people in developing countries start businesses as a source of employment and after all the few existing ones will be growing and absorbing them as workers.

Measures that would simplify formal entry regulations include; combining registration processes in a one stop-centre. These one stop centres should be decentralised at different levels namely local, municipal, district, regional and national in order to ease registration procedures, and increasing the effectiveness and efficiency of offices involved in the registration process. This is so far the most popular reform. Others include cutting or eliminating minimum capital requirements since they discourage many very small businesses from registration because they just cannot afford such costs. Further registration process should be considered as a purely administrative process hence eliminating the involvement of courts or politicians up to President or Prime Minister for approval of start up or formalisation. Further, simplifying and standardizing incorporation documents would particularly benefit owners of very small businesses because it frees them from the need to consult lawyers. Others would include centralising registration requirements for businesses so that a company that has registered would automatically get a trade license as the case is in Ethiopia. In addition making registration process electronic not only improves safety, but also enhances information sharing among institutions and improves transparency (World Bank, 2004; Ishengoma & Kappel, 2006).

In general, literature backs up the claim that simplified regulations leads to growth of micro business, since formalisation exposes them to a number of growth opportunity. Since these studies were carried out outside Africa, this study will endeavour to find out the effect of formal entry regulation to the growth of micro enterprises in the context of Kampala, Uganda.

2.3.2 Property registration regulations and growth of MSEs

Properties are assets that are deemed to be owned by individuals or groups of persons. Land is the most important economic assets in all societies and other assets include a house, a farm, and equipments. Property registration regulations represent a collection of rules set by government to govern or control the process of acquiring a legal certificate or title deed that award ownership of property. In countries, property registration and management is carried out in line with established property rights systems. These property rights laws are crucial in all market economies because they define rules for property registration, ownership and trade. (Claeys, 2005; De Soto, 2001).

Unregistered Property in itself doesn't have any commercial value. According to De Soto (2001) such unregistered property is also referred to as dead capital since it cannot be used as collateral for a mortgage; it's not attractive as an enticement to investors. Its potential as a wellspring for further production can't be tapped, because owners, lenders and investors have no certainty of ownership. De Soto (2001) believes that holding a registration certificate or title gives security of ownership and can promotes exchange of property to another buyer. The buyer could securely use the property to expand investment, use it as collateral in taking new loans for expanding the investments or even sell it to another person. It is this cycle of increased investment and exchange that leads to growth of enterprises and nations in capitalist nations.

Doing business model of the World Bank (2009) measures the effectiveness of property registration regulations in term of number of procedures, cost and time it take to get a registration certificate. In this study, the researcher claims that simplifying property registration by making the registration procedures short, less time consuming and cheap leads to growth of micro enterprises since many owners of property would find it easy to register that proper which registered property would then be used a collateral to secure capital for business development. Indeed literature shows that many developing countries have complex and costs property registration regulations, the reason why many of their micro and small enterprises hardly grow (Ishengoma & Kappel, **2006**). For example in Philippine it can take 13-25 years and up to 170 procedures to acquire a piece of land legally. As a result 60-70% of the people do not have legal title to their land (Beardsley & Farrell, 2004). In top performing countries like Singapore it takes 3 procedures, 1-4 days and 1% the value of the property to complete property transfer while in Uganda according to World Bank (2009) it takes 13 procedures and a total 21 days to register property.

Complex, costly and time consuming property registration regulations attract further costs in bribes and lawyers fees making it even more expensive for poor owners of micro enterprises to register their property. In agreement, Beardsley and Farrell (2004) argue that this problem does not only preclude the development of the mortgage market and robust financial system, but also removes the main source of collateral for small business owners and entrepreneurs. It is also hard for big companies to obtain land because of poor development of the mortgage industry. Such complex property registration regulations retard growth of enterprises in the market economy and De Soto (2001) argues that a simplified and less costly registration law in poor countries would turn saved resources or otherwise ‘dead’ capital estimated in trillions

of dollars (more than any World Bank loan that developing countries would ever get in the next 150 years) into real capital hence kick starting the real development in these countries.

In contrast, scholars like Ostrom and Hess (2007) believe that it is the complex regulatory framework that leads to the growth of MEs. Ostrom and Hess (2007) argue that private property registration requires strong rules in developing countries that should ensure that the micro entrepreneurs are not deprived of all their assets in a mortgage industry that is controlled by the rich. Ostrom and Hess (2007) believe that the rush to open up systems in the name of deregulation or easing registered property ownership may end up benefiting the rich since the resulting boom in mortgage market could easily deprive micro business owners of their land, yet their access to secured loans may not work since few banks owned by the rich would prefer to lend their money to the owners of micro enterprise because they are regarded as risky. Therefore easing regulations is seen as a trick for the rich to grab resources from the unsuspecting poor.

Simon et al. (2002) argues that proponents of a simple property registration framework put forward the need to have collateral for loan purpose as the main reason as to why property registration regulations should be simplified. However Simon et al (2002) showed no correlated relationship between access to bank loans leads and higher investment by micro and small business owners. On the contrary these loans result into other problems sometimes leading to the confiscation of the poor's property and therefore should be avoided. Putting more emphasis on saving and re investing profits was seen as a more secure undertaking compared to risking one is property in commercial banks whose objective is profit maximization. Therefore complex registration regulations are needed to protect property of the poor.

Hsu (2009) points out that poor entrepreneurs do not need to worry since economists have designed other methods which they can use to secure loans. He argues that it is more beneficial for the poor to rely on social pressure through savings and credit societies and cooperatives as a source of their loans rather than focusing on collateral based system which is so expensive for them. Ssombwe (2011) observes that in the last 5 years of intensive investment by Government of Uganda to persuade low income people to join Savings and credit associations or SACCOs to access financial services using social pressure approaches since they lack collateral, at least 541 SACCOs with a membership of 270,000 person have received government support national wide. This shows that the poor without adequate security still have options that could boost growth of their business capital

Despite the availability of options for business growth entrepreneurs managing micro enterprises should not give up on registering their property for the poor are poor because poor property regulations in countries ensure that their assets cannot easily be turned into capital (De Soto, 2001). Since the majority of owners of MSEs are the poor – mainly women and youth, World Bank (2009) urges that property registration reforms would benefit them more since many developing countries have regulations that restrict them from property ownership. Some of the suggested areas of reform by the World Bank (2009) include;

- Simplifying and lowering fees; charging fixed fees independent of the property value or lowering fee charges as a percentage of property value. This would lead to lowering of taxes and fees removing the incentives for under reporting value of property and promote formal registration transactions. It can also reduce the burden of governments trying to detect cheaters. It would also mean that the capital gains and property taxes collected latter will be based on realistic value.

- Simplifying and combining procedures; Reducing on the number of documents saves entrepreneurs and officials valuable time. All procedures could be implemented in decentralised on stop shops.
- Easing access to registry; using internet to allow easy access to information related to verification of land ownership etc reduces time and cost to obtain documents. Where a person has to visit the registry, decentralise offices of land registry. Computerising registry and transferring records from paper to digital system speeds up processing
- Use of internet; connecting information on the internet helping easy access by officials and entrepreneurs.

These reforms would help to easy property registration helping many poor micro entrepreneurs to access registration certificates that would promote growth of their businesses. However it is not clear whether property regulations have any effect on the growth of micro businesses in Kampala, Uganda since no study has been carried, hence the need for this study.

2.3.3. Labour regulations and growth of MSE

Labour regulations have twin goals of protecting employees from exploitation and rewarding entrepreneurship. But balancing the twin goals of protecting employees and rewarding entrepreneurship remain a challenge since the interface between labour regulations and MSEs is associated with numerous operational costs and benefits. In this study the researcher claims that a less costly and flexible labour regulatory framework is critical for the growth of micro enterprises.

In support of the researcher's claim ILO (2006) reveals that labour market regulations can be categorised as; minimum wage regulations, work contract regulations, work limit, job security regulations, and social security regulations and argues that making these regulations less costly and flexible for micro entrepreneurs would promote their compliance while at the same time contributing to increased labour productivity and formalisation of businesses.

Proponents of entrepreneurship growth like Botero et al. (2004) argue that stronger regulations are costly to MSEs and therefore hinder their growth. These strong and complex regulations would involve setting high minimum wage standards, putting in place strict working hours yet micro enterprises may not afford to pay people working for long hours, setting strict contract conditions without sensitivity to part time workers that can easily be afforded by micro enterprises, requiring each worker to be part of the social security schemes which could be so costly to these small businesses some even start ups and putting in place string compliance mechanisms for all firms (ILO, 2007). The United Nations Development Programme (2004) report, *Unleashing Entrepreneurship*, point out the need for developing countries to do away with excessively complex labour regulations in favour of simpler rules with higher levels of enforcement to increase survival rate of small businesses. Mehrez and Gil (2005) argue that the large informal sector in developing countries is attributable to the

costly and rigidity of the labour market measured in terms of the minimum wage, length of the working day and overtime pay.

On the contrary, ILO (2007b) disagrees that minimizing regulations to the extent of deregulation as advocated for by the World Bank group would be a solution since the market does not operate efficiently without a legal framework; and the exploitative 'race to the bottom' under the competitive pressures in the absence of such a legal framework only damages long term survival of small enterprises and jobs. ILO (2007b) believe that the short run operational costs of compliance by MSEs should not be used to over look the benefits that can flow from compliance with labour laws including the development of a safer, happier and more productive workforce that is known to be the basis for long term growth of small enterprises. In fact studies by ILO suggests that MSE owners and entrepreneurs that appreciate job quality through capacity building programs do not regard the costs of complying with labour laws as a major constraint on MSE growth but as an investment for the future (ILO, 2007b). Scholars like Lee et al. (2008) argue that critiques of strong labour market regulations assume that regulations entails costs that act as an obstacle to business growth yet there are many well established long term benefit of regulations to business progress. However support from government is critical when addressing labour regulations more so social security requirements since the financial conditions of MSEs are usually so weak for them to afford.

Despite disagreements, scholars agree that short terms costs for complex labour regulations frameworks are costs for micro enterprises or else they run into the informal sector. It is therefore critical that country specific studies are carried out to guide reforms that would lead to appropriate and effective regulation that reduce the burden and cost for enterprises in

complying with the regulatory requirements in the short run while maintaining workers' protection, hence this study.

Some of the suggested reform areas by Doing Business model of the World Bank group that have been developed after studies on regulatory reforms in 183 countries since 2004 points out the need for developing countries to simplify or minimize regulations to the extent of deregulation to encourage formalisation and growth of MSEs (World Bank, 2009). It is implied that minimizing regulations would simplify the rigid labour regulations in developing countries that make the management of labour market regulations costly to MSEs. According to World Bank (2009), some of the reforms that would reduce rigidity of labour market regulations in developing countries include; allowing flexible scheduling of working hours to allow firms cater for seasonal demands, introduce apprentice wage contracts that allow first time employees for a portion of say 75% of the of the mandatory minimum wage for short periods to give an opportunity for young people to receive training and earn an income. Others include introducing un-employment insurance and strengthening the social protection systems with financial support from the government since MSEs may not afford the costs yet Government has the responsibility of providing employment to its citizens.

2.4. Summary of literature review

Overall there have been too few studies on regulations and growth of micro enterprises in Sub Sahara Africa and Uganda in particular. This would mean that policy makers in these countries based their decisions on knowledge from other regions. Even in developed nations much of the studies on regulations focused on small and medium enterprises and not micro enterprises. These very small businesses that employ many indigenous people and are centre for entrepreneurship growth within nations are generally less studied. As a result little is

known about the effect of formal entry regulation, property regulations and labour regulations to growth of micro enterprises in Kampala, Uganda hence the justification for this study.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology that was used in conducting the research. It illustrates the vital areas of research design, study population, sample size and its selection, sampling techniques. The chapter further presents data collection methods, data collection instruments, pretesting methods, procedure for data collection and data analysis.

3.1 Research Design

This study adopted a cross sectional descriptive research design that allows collection of data describing characteristics of the population under study at a particular point in time. In the study, application of quantitative data collection methods was preceded by qualitative methods. Use of multiple methods is associated with high quality results since qualitative methods provide deeper insights into the perceptions, feelings, interpretations and experiences of the respondent while quantitative methods establishes extent of their perceptions and interests and improve on objectivity (White, 2002; Amin, 2005).

3.2 Study population

In respect to this study, the study population represented owners of MEs, and experts on MSEs in Government departments. The researcher selected an accessible population of 35 owners of MEs and 10 experts on MEs from Government departments.

3.3 Sample size and selection

The sample size of 32 was determined using a formula provided by Krejcie & Morgan, (1970) as cited by Amin (2005). This number is backed up by Roscoe (1975) rule of thumb for determining sample size that suggests that sample size ranging from 30 to 500 elements is appropriate for most studies (Sekaran, 2003). The sample size and selection techniques are further presented in table 1 below;

Table 1; Accessible population and Sample size

Sub Group	Accessible Population	Sample size	Sampling technique	Sampling method
Owners of MEs	35	32	Simple random sampling, snow ball	Krejcie & Morgan
Experts on MEs from Government Departments	10	10	purposive	Krejcie & Morgan
Total	45	42		

Source; Secondary data

3.4 Sampling Techniques

Using purposive sampling methods and in consultation with the Commercial Officer Kawempe Municipality, two parishes with the highest concentration of MEs in the municipality were selected. The selected parishes were Makerere II located around Kubiri roundabout 2.5 kms from the City center and Kawempe II located about 5Kms on Bombo Road. The researcher together with the parish chief latter used snowball method to identify an accessible population of 35 elements and using simple random sampling method a total of 32 elements were selected for the quantitative survey. The qualitative study relied on purposive methods to select key informants from the following departments; Kawempe Municipality,

Ministry of Trade and Tourism, Ministry of Gender, Labour and Social Development, Ministry of Lands, Housing and urban Development, Uganda Registrations Services Board.

3.5 Data collection methods

Both quantitative and qualitative data collection method were used for collection of primary and secondary data. For quantitative methods, administered questionnaires were used, while the qualitative methods used included interviews, unstructured observation and documentary review.

Questionnaire Survey

In this method the researcher participated directly in asking questions. The method was preferred because it gave the researcher an opportunity to verbally introduce the topic and make all the necessary clarification during the course of data collection from owners of micro businesses.

Interviewing

The method helped the researcher to pursue in depth information about the topic. For this study, semi structured interviews were the main source of primary data from officials of Kawempe Municipality, ministry of trade and tourism, Ministry of Gender, Labour and Social Development, Ministry of Lands, Housing and urban Development and Uganda Registrations Services Board.

Observation

In the study this method was used to collect rich and uncontaminated data free of biases since this is an indirect method of data collection that employs vision as it main means of data collection. Unstructured observation was used to collect information on existence of basic business records, and behavioural characteristics.

Documentary review

In the study the method was used to deliver information by carefully studying written documents like text books, articles, speeches, reports and surfing from the internet for material. The method helped the researcher to record in depth data on the current thinking on regulations and growth of MEs.

3.5.1 Data collection Instruments

Data was collected using questionnaire, interview guides, observation check list.

Questionnaire

The questionnaire was used in the quantified survey to collect information about the population. The questionnaire had questions arranged in two sections; background information on the respondents and information on research variables namely formal entry regulations, property registration regulations, labour regulations and growth of Micro enterprises. All questions were closed ended.

Interview guide

In the study, interview guide had open questions related to the themes of the study. The tool was selected because it allows for a flexible and thoughtful discussion between researcher and respondent making it useful at describing relationships between variables.

Observation checklist

An observation check list was used to record what the researcher observed during data collection. This method supplemented information collected from interviews.

3.5.2 Pre testing (Validity and reliability)

In this study validity was established by measuring content validity of the instruments. Content validity focuses on the extent to which the content of an instrument corresponds to the dimensions and indicators of concepts (Amin, 2005). Content validity was determined by calculating content validity index (CVI) using expert judgement. $CVI = (\text{number of item declared valid by judges}) / \text{total no of items}$. This was repeated for all items and an average of 0.9 was computed, for the questionnaire.

For example; Judge A = $25/27 \times 100 = 92.5\%$

$$\text{Judge B} = 24/27 \times 100 = 88.8\%$$

Therefore $92.5 + 88.8 / 2 = 90.6\% = 0.96$

For the instrument to be accepted as valid, the average index should be 0.7 and above (Amin, 2005).

A reliability test method, namely test – retest was used in the study. A questionnaire with the same content was tested on the same group of about 10 elements of target population at intervals of at least 3 weeks. For both tests, 8 out 10 elements found the instrument reliable. A high coefficient of stability of 0.8 was obtained making the instrument reliable.

3.6 Procedure of data Collection

Before data collections started, the researcher wrote a research proposal that was defended and approved by a panel of consultants from Uganda Management Institute. After proposal defence an introduction letter from UMI was provided to the researcher. This letter from UMI directly introduced the researcher to the respondents for the qualitative survey. Interviews were held with selected respondents and their views recorded. For purposes of soliciting for

cooperation from owners of micro businesses for the quantitative survey, the letter of introduction was stamped and signed by the Commercial Division Officer, Kawempe Municipality authorities.

3.7 Data Analysis

The collected data was elicited (checked for completeness and uniformity), sorted, coded and condensed or tabulated into systematically comparable data so that it can easily be retrieved and analysed. For quantitative data, pre coded data from the questionnaire was compiled, sorted, edited and then entered into the computer for analysis on the Statistical Package of Social Scientist (SPSS). Frequency analysis was done from nominal scale to distinguish groups through categorisation and measure extent of relationship between variables. To measure the magnitude of difference of variables (example of interval scale), Pearson correlation coefficient and regression coefficient was obtained. Pearson correlation coefficient was computed to determine the direction, strength and significance of relationship of different variables while regression coefficient was calculated to determine how much variation in the dependent variable is explained by independent variable. On the other hand qualitative data was recorded on the computer (micro soft word) as heard from the recorder or seen from observation checklist. Data was then reduced into descriptive summaries. Actual analysis involved sorting and organizing material into common response categories (theme or sub theme) and attempts were made to conceptualise, refine and interpret themes and patterns.

3.8 Measuring variables

Nominal and interval scales were used as measurements of variables in the study. According to Sekaran (2003), nominal scale are best used when a researcher wants to assign subjects in

categories while an interval scale measures magnitude or strength and variation of relationship between variables. The dichotomous scale (example of nominal scale) that elicit Yes or No and category scale that uses multiple items to elicit single answers was used in section one (background) of the questionnaire. A five likert scale (example of an interval scale) was used in section two of the questionnaire to measure the subjective feelings, opinions and attitudes of respondents. The categories that were ranked on the five Likert scale are; strongly disagree, disagree, neither agree or disagree, agree and strongly agree. From these scales, the central tendency, correlation coefficients and multiple regression analysis were carried out to measure the degree of relationship and effect between the independent and dependent variables.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This study investigated the effect of regulations on growth of micro enterprises in Kampala City Authority, Uganda with specific focus on Kawempe Municipality. In this chapter, the researcher presents the research findings, their interpretation discussed in the context of the research questions, hypotheses and tests that were carried out to show the relationships between research variables for each objective. The chapter is divided into 4 sections; the response rate, background information on the respondents, empirical results for each objective arranged in this order; descriptive results, correlation results and regression results

4.1. The response rate

The researcher set out to study at least 42 respondents including a sample of 32 micro enterprise owners for the quantitative survey and a target group of 10 expert respondents for interviews under the qualitative survey. The results are showed in table 2 below.

Table 2: Response rate by category of respondents

Category of respondent	Target sample size	Actual sample size	Response rate (%)
Micro Enterprise owners	32	30	94
Experts on MSE in Government departments	10	8	80
Total	42	38	87

Source; Secondary data

Table 1 shows that out of the 32 questionnaires presented to micro enterprise owners, 30 were returned. The usable questionnaires were 30 representing a response rate of 94%. Of the 10 planned interviews, 8 were carried out representing a response rate of 80%. The overall

response rate was 87%. According to Saunders et al (2000), any response rate above 60% is acceptable as representative of the population. Some of the non respondent feared that data sought for this study could be used for tax assessment.

4.2. Background information on respondents

The researcher set out to study the background characteristics of the respondents in order to establish the dominant characteristics of owners of MEs, their knowledge and experience with research variables. The background characteristic studied included; gender, age, education levels, registration status of the enterprise, nature of business activity carried out by the enterprise, length of time the enterprise has been operational and number of people employed by the micro enterprise. Background results are presented in table 3 below;

Table 3: Background information for respondents

Characteristics	Attributes	Frequency	Percentage	
Gender	Male	27	90	
	Female	3	10	
	Total	30	100	
Age	18-35	12	40	
	36-50	14	46.7	
	>50	4	13.3	
	Total	30	100	
Highest Level of Education	Primary	5	16.7	
	Ordinary Level	10	33.3	
	Advance level	10	33.3	
	Diploma	4	13.3	
	University Degree	1	3.3	
	Total	30	100	
Registration status of micro enterprise	Registered	9	30	
	Not registered	21	70	
	Total	30	100	
Where the enterprise registered (only if registered)	National Register of Companies	7	78	
	Town or local council	2	22	
	Total	9	100	
Nature of activities carried out by the enterprise	Furniture making	11	36.7	
	Motor garage	7	23.3	
	Agro processing (maize milling, grinding g-nuts, animal feeds, coffee processing)	6	20	
	Welding/metal works	4	13.3	
	Restaurant/ food buying places	2	6.7	
	Total	30	100	
	How long has the enterprise been operational	1- 3 years	1	3.3
		3-5 years	9	30
Above 5 years		20	66.7	
Total		30	100	
Number of people employed by the business	1-5	18	60	
	6-10	12	40	
	Total	30	100	

Source; Primary data

Table 3 shows that the majority of respondents/owners (27 or 90%) were males while (3 or 10%) were females. Since the majority of the respondents were male, it could imply that the environment provides more opportunities for men to own micro enterprises as compared to women who mainly work as employees of these enterprises or in self employment. In regard to respondents' age, Table 3 shows that the majority (14 or 46.7%) were aged between 36-50 years, (12 or 40%) were between 18-35 years, while the minority (4 or 13.3%) were above 50 years. This could imply that middle aged people (36-50 years) have a higher resilience ability that ensures survival of the operations of micro enterprises as compared to other age groups.

Likewise respondents were asked to comment about their level of education. Table 3 shows that the majority (10 or 33%) had attained ordinary level and advanced level respectively, (5 or 16.7%) had attained primary level, (4 or 13.3%) had attained diploma level while the minority (1 or 3.3%) had attained university level. Since the majority had attained a minimum education level (above basic that is primary), this could imply that managing the operations of a micro business for survival or growth requires attainment of minimum level of education.

The researcher asked respondents to comment on the registration status of their micro enterprises with an aim of understanding the level of formalization of businesses under the survey. Table 3 shows that the majority (21 or 70%) were not registered while the minority (9 or 30%) had registered their businesses. This could imply that the majority of micro enterprises operate in the informal sector that does not require formal registration and is not regulated by national laws. However observation results show that all enterprises had trade licenses showing some form of regulation by local governments. It is important to note that

the interview results show that most of the micro enterprises didn't feel compelled to formally register as long as they paid for trade licenses to local governments.

Unlike in many other countries where trade licenses are given to only businesses that have formally registered, in Uganda all businesses can be given a license regardless of their registration status. Said by official from Kawempe Municipality.

Of those that are registered, the majority (7 or 78%) had registered with Uganda Registration Services Board (URSB) while (2 or 22%) mentioned that they registered with town council or local councils. Formal business registration only takes place at the URSB, although findings show that the majority (2 or 78%) had registered with URSB, few still confused formal registrations with obtaining a trade license.

In regards to micro enterprise activities, Table 3 show that the majority (11 or 36.7%) have furniture workshops (7 or 23.3%) have motor garages, (6 or 20%) have agro processing units (maize milling, coffee processing plants and ground nuts millers), (4 or 13.3%) metal welding and the minority (2 or 6.7%) owned restaurants/ food businesses. This could imply that most prominent business in Kawempe area is carpentry followed by motor garages. Future enterprises that complement these kinds of businesses could make business sense.

In terms of length of time the business has been in operation since start up, the majority (20 or 66.7%) have been in existence for over 5 years, (9 or 30%) between 3-5 years and the minority (1 or 3.3%) between 1-3 years. This implies a high early collapse rate since few are represented between 1 to 3 years and poor growth since many stagnate at the same level of micro after 5 years.

Results for the number of people employed by the micro businesses indicate that the majority (18 or 60%) employed between 1-5 workers while the minority (12 or 40%) employed 6-10 workers. Since the majority employs fewer people, this could imply limited capacity for these businesses to absorb many workers reflecting slow growth rates. More so qualitative data shows that most of these workers are employed on part-time basis and paid very little in terms of wages making it hard for them to escape poverty.

4.3 Effect of formal entry regulations on growth of MEs

To understand the effect of formal entry regulations on growth of micro enterprises, the researcher studied variables like length of registration procedures, time (in days) taken to register a business, cost of registration and minimum capital required by business owners before they are allowed to register a limited liability companies. Descriptive table 4 below shows data from the quantitative survey.

Table 4: Responses on formal entry regulations

Question	SA (5)	A (4)	N (3)	D (2)	SD (1)	Mean	SD
The procedures for formal registration of MSEs are long	5 (16.7%)	5 (16.7%)	12 (40%)	7 (23.3%)	1 (3.3%)	3.2	1.1
It takes the owner of MSEs a lot of time (in days) to register a business	7 (23.3%)	3 (10%)	13 (43.3%)	6 (20%)	1 (3.3%)	3.3	1.2
I find the cost of registering a new business high	5 (16.7%)	7 (23.3%)	12 (40%)	5 (16.7%)	1 (3.3%)	3.3	1.1
I find the required minimum capital before business owner is allowed to register a business high	1 (3.3%)	1 (3.3%)	27 (90%)	1 (3.3%)	0	1.7	1.7
Total	4.5 15%	4 8.7%	16 53%	4.8 15.3%	1 2.5%	2.9	1.3

Source: Primary data

Table 4 shows that the majority of respondents (12 or 40%) were not sure on whether the procedures were long, (10 or 33.4%) agreed while (8 or 26.6%) disagreed. Since the majority were not sure, this implies that most of the micro entrepreneurs have little or no access to information about formal registration procedures. A small majority agreed that the registration procedures take long, which could imply that they had difficulties with trying to register their MEs and some of these difficulties could have limited some from registering. According to interview results, registering a limited company necessitates going through

complex procedures which sometimes hinder micro entrepreneurs from registering their businesses. One of the local officials had this to say:

The requirement to prepare articles of association is too complex for the majority of micro enterprise owners. While many of these micro enterprise owners may not have in house technical expertise to prepare these complex documents, some fear paper work.

With regard to time taken (in term of days) for the business to be registered, table 4 shows that the majority (13 or 43.3%) were not sure, (10 or 33.3%) agreed while (7 or 23.3%) disagreed. The majority was not sure implying that they have never gone through the registration themselves or accessed information from any source to ascertain this information. A small majority agreed that the registration takes a lot of time which could be discouraging formalization. According to interview results it is time consuming to travel to centralised registration offices in Kampala. One business owners' comments appear to confirm this;

Travelling to those offices in Kampala city centre can be time consuming and intimidating. Sometimes you find there a line of people yet the officials handling them are neither friendly nor in a hurry to support you. It is just not easy for a local person.

Indeed during the visit to the Uganda Registration Services Board, the researcher observed an unfriendly, complex and intimidating office environment that required a lot of probing and time to reach the right office. It could also be possible that the office is under staffed since many people could be seen lining up all over the place. Such an environment could easily cause fear especially among the illiterate micro entrepreneurs and waste a lot of their time hence prohibiting them from registering their businesses.

With regard to the cost of registration, table 4 shows that the majority (12 or 40%) agreed to finding the cost of registration high, (12 or 40 %) were not sure, while the minority (6 or 20%) disagreed. Since the majority agreed that registration is costly, it could imply that high costs could be a major reason prohibiting several micro entrepreneurs from registering their businesses. Further interview findings reveal that high cost was the major reason as to why many micro businesses don't register. The costs mentioned include taxes, registration fees, transportation costs to the centralized registration offices, bribes and expenses sometimes incurred on consultants or lawyers for preparing complex documents like articles of associations that cannot be prepared by many owners of micro enterprises because of inadequate skill. As a result it is only those entrepreneurs that are compelled to formalize because of larger business interests that tend to incur the costs for registrations as explained by one Government official.

Often, micro entrepreneurs interested in growing their businesses would seek for registration if it is a requirement or prerequisite from larger public and private organizations for their participation in the bidding process, establishment of partnerships, settling disputes, or access to loans for business expansion.

With regard to whether or not the required minimum capital before a business owner is allowed to register a business is high, table 4 show that an overwhelming majority (27 or 90%) expressed ignorance of this minimum capital requirement. This implies that micro entrepreneurs do not comprehend the meaning of minimum capital requirements and its implication to business growth. However interview findings attached a very big importance on the concept of minimum capital requirement or share capital in the registration process.

Interview results show that government charges a tax rate of 0.5% of the share capital for those registering a limited liability company. As a result of this cost, interview findings show that most micro entrepreneurs register their businesses as business names or partnership but not as limited companies as registering a company could be expensive to many. Those that register as liability companies can only manage to register with a smaller share capital of about Ushs 1,000,000 (or \$400) or 2,000,000 (or \$800) because of their inability to pay for higher taxes associated with higher share capital. This finding confirm comments from official from Uganda Registration Services Board who noted that following;

Banks regard companies with small capital share as unserious and many times they are shunned away without loans. But the bigger the share capital, the more taxes an entrepreneur is required to pay in form of taxes and naturally micro enterprise owners cannot afford.

This implies that high taxes on share capital do not only limit micro enterprises from formalization or becoming limited liability companies but also limits their ability to access development loans from banks leading to their slow growth or collapse.

Overall, table 4 show that the majority of respondents (16 or 53%) were not sure or ignorant about the formal entry regulations, (8.5 or 23.8%) agreed that the formal entry regulations were many and complex, consume much time and are costly while (5.8 or 17.8%) disagreed. The implication here is that the research results show that lack of knowledge of registration procedures, and cost of registration were the major factors hindering micro entrepreneurs from registering their businesses, it is for these reasons that 70% of micro businesses operate in the informal sector where growth opportunities are limited.

The researcher learnt during the interviews that some reforms are now being made to the formal entry regulation system in Uganda as evidenced from comments from the Uganda Registration Board official;

A number of reforms are being made to ensure efficient delivery of registration services. The registrar of companies was initially part of the Justice Ministry but due to the reforms, it is now an autonomous body. There are plans to decentralise services at regional levels which will, simplify requirements for registration. We take the example of Rwanda which has done quite well in this area and has also created awareness among the general population about the registration procedures

Test of hypothesis

The researcher carried out a correlation analysis using Pearson Correlation Coefficient to establish the nature of relationship between formal entry regulations and growth of micro enterprises. The results are summarised in the table 4 below

Table 5: Correlation between formal entry regulations and growth of Micro Enterprises

		Formal entry	ME growth
Formal entry	Pearson Correlation	1	-.396*
	Sig. (2-tailed)		.030
	N	30	30
ME growth	Pearson Correlation	-.396*	1
	Sig. (2-tailed)	.030	
	N	30	30

*. Correlation is significant at the 0.05 level (2-tailed). Source; Primary Data

According to results summarised in Table 5 there is a strong negative relationship between formal entry regulations and growth of Micro Enterprises with a correlation coefficient of -

0.396 at 0.05 levels. This implies that increasing the complexity and cost of formal entry regulations decreases growth of Micro Enterprises and vice versa.

The researcher further carried out a regression analysis to establish the effect of formal entry regulation on growth of Micro Enterprises. The findings are presented in the table 5 below

Table 6: Regression between formal entry regulations and growth of Micro Enterprises

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig
1	.396 ^a	.157	.127	.57219	0.030

a. Predictors: (Constant), Formal entry.

The result presented in table 6 above show that formal entry regulations have a significant effect on the growth of Micro Enterprises since this factor alone contributes 12.7% to the growth of Micro Enterprises. These findings are consistent with the alternative hypothesis that indeed confirms that formal entry regulations affect growth of Micro Enterprises. The results confirm interview findings that state that complex formal entry regulations result into reduced formalisation of enterprises and growth.

4.4 The effect of property registration regulations on growth of MEs

To understand the effect of property registration regulations on micro enterprises, the researcher studied variables like length of registration procedures, time (in days) taken to register a property and cost of registration. The results for the quantitative survey are shown in table 7 below.

Table 7: Responses on property registration regulations

Question	SA (5)	A(4)	N (3)	D (2)	SD (1)	Mean	SD
The procedures for property registration are long	7 (23.3%)	1 (3.3%)	18 (60%)	4 (13.3%)	0	3.4	1.0
It takes the owner of property a lot of time (in days) to complete registration and receive a certificate.	6 (20%)	2 (6.7%)	18 (60%)	4 (13.3%)	0	3.3	.96
I find the cost of property registration high	6 (20%)	2 (6.7%)	18 (60%)	4 (13.3%)	0	3.2	1.1
Total	6 (21%)	1 (1.7%)	18 (60%)	4 (13.3%)	0	3.3	1.0

Source: Primary data

Table 7 shows that the majority (18 or 60%) were not sure on whether or not the property registration regulations were long, (8 or 26.6%) agreed that they were long, (4 or 13.3%) disagreed. Since the majority were not sure, this could imply a lack of interest in the registration procedures since they are aware that the property they own cannot be formally registered. This view is supported by interview results that reveal that in Kampala, Uganda most of the owners of micro enterprises own property like plots of ‘bibanja’ land, locally made equipments that cannot be registered in exchange for a certificate as per the laws. An official from Ministry of Trade and Tourism has this to say;

Unfortunately the present regulations in Uganda cannot provide registration certificates or titles to those people with plots of land or ‘bibanja’ under cultural land tenure. These biases in ownership of registered property limit micro entrepreneur’s ability to develop or grow

their businesses because they cannot transform their property into collateral that would help them access low cost loans.

Further, a significant number (26.6%) agreed that the procedures were long. This could imply that many people could be prevented from registering their land due to the long procedures. In support of this view, the majority of interviewees agreed that it takes long to receive a registration certificate from lands office. However both interviews and documentary review results from the Ministry of Lands, Housing and urban development disagree with this perspective. According to documents from the Ministry of Lands, housing and Urban Development copies of which could be accessed on the Ministry's website; www.mlhud.go.ug registering land in Uganda takes a maximum of 4 simple procedures. The researcher found out through the interviews with officials from Lands office that the perception from the general public that land registration procedures are complex and take long is due to ignorance about the on-going reforms in the ministry that have reduced the number of procedures, time and cost.

With regard to the amount of time it takes to register property, the majority (18 or 60%) were not sure about whether or not it takes long. (8 or 26.7%) agreed that it takes long while (4 or 13.3%) disagreed. This could imply that the most of the respondents have never registered property or accessed information with regard to length of property registration. However a significant number (20%) agreed that it takes many days to register land and this could be the reason why some micro business owners don't own registered certificates. Many interview respondents believed that it took long before completing property registration procedures. However an official from the Ministry of Lands, Housing and Urban development disagreed with this view;

It takes only a maximum of 15 days to process your land title as long as you go through the right channels and the whole process is smooth or does not meet any serious hurdles. This is a very short period of time considering the verification work that has to be done before registration is approved. However because of understaffing and too much work load, the number of days could increase but the Ministry is in the process of computerising the Land Information Systems that will address the work load issue. So the Ministry is reforming and doing its best to effectively serve its customers in time”.

The researcher reviewed documents from the Ministry of Lands, Housing and urban development which confirmed the 15 days registration period. The researcher observed a friendly and supportive environment at the Lands Department which seemed to suggest some level of commitment to addressing customers’ land issues on time.

With regard to whether or not the cost of registration was high, the majority (18 or 60%) were not sure, (8 or 26.7%) agreed while (4 or 13.3%) disagreed. Since the majority were not sure it could imply that most of the respondents have not accessed information regarding cost of property registration. Of the respondents that had information about the registration procedures, the majority strongly agreed that the procedures were costly. This implies that high cost could be hindering some owners of micro enterprises from registering their land. According to interview results, most respondents regarded property registration as costly, complex and lengthy. On the contrary however, an officials from the Lands office felt that the procedures were simple, cheap and affordable and that this was due to the on-going reforms in the ministry, he explained that;

Clients pay two types of fees; a standard registration fees of U shs 10,000 (or \$400) and stamp duty of 1% of the value of the land. This is quite affordable, but the problem is that most of the members of public that have not closely followed the reforms in the lands department believe that it takes so long to register land. As such they engage middle men or land agents that charge them high costs. These middle men are a burden to the whole land transaction cycle yet there is no law controlling them.

The implication here is that the public and in particular the MEs owners continue to pay exorbitant fees to middle men because they appear to have remained with the past impressions of a complex, expensive land registration system.

Overall, table 7 shows that the majority, (18 or 60%) were not sure or had no knowledge of the property registration process, (6 or 21%) strongly agree that the property registration regulations in Uganda are long, consume time to finalize and are costly. (4 or 13.3%) disagree that the registration process was long, time consuming and costly. Since the majority was not sure it could imply a general lack of information among the micro entrepreneurs on property registration procedures. This perspective is supported by interview results that attribute perceptions of costly and long property registration procedures to lack of knowledge of the actual procedures. Further during interviews most of the respondents were against complex property registration regulations as it results in inefficiency, corruption, poor information sharing leading to proliferation of fake registration. Most respondents advocated for reforms towards simplification of the property registration systems. Indeed findings show that the Ministry of Lands, Housing and urban Development is carrying out reforms for simplifying registration procedures and reducing costs of registration.

Test of hypothesis

A correlation analysis for establishing the relationship between property regulations and growth of Micro Enterprises disclosed findings as shown in table 8 below;

Table 8: Correlation between property regulations and growth of Micro Enterprises

		ME growth	Property regulations
ME growth	Pearson Correlation	1	-.121
	Sig. (2-tailed)		.525
	N	30	30
Property regulations	Pearson Correlation	-.121	1
	Sig. (2-tailed)	.525	
	N	30	30

Source: Primary data

The results from table 8 show a weak negative relationship between property regulations and growth of Micro Enterprises with a correlation coefficient of - 0.121 at 0.005 levels. This implies that there is no significant relationship between property regulation and growth of MEs

Regression analysis was carried out to further understand the effect of property regulations on growth of Micro Enterprises and results are shown in table 8 below.

Table 9: Regression on property regulations and growth of Micro Enterprises

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig
1	.121 ^a	.015	-.021	.61864	0.525

a. Predictors: (Constant), Property regulations; Source; Primary data

From table 9 above, results presented show that property regulations have a very weak effect on the growth of Micro enterprises with an adjusted regression coefficient of - 0.021. This implies that property regulations contribute only 2.1% to the growth of Micro Enterprises implying that they have an insignificant effect on the growth of Micro Enterprises. These findings are consistent with the null hypothesis that property regulations have an insignificant effect on growth of MEs. This view is also supported by interview findings from one of the micro enterprise owner who had this to say;

I own a plot of Kibanja on Kabaka's land. But my plot is not registered neither do I have plans to get a lease since it will be costly for me. Even though I had registered property most of these banks in Uganda would not give me credit. Their lending policies are discriminative and only benefit the rich. So my only alternative for loans are the SACCOs.

4.5 The effect of labour regulations on growth of MSEs

To understand the effect of labour regulations on growth of micro enterprises, the researcher studied variables like relevancy of the minimum wage bill, work contracts, work schedules, existence of health insurance, NSSF contribution by the enterprises, cost of labour regulations

to the enterprises and enforcement of labour regulations. Data from the quantitative survey is as presented in table 10 below;

Table 10 Responses on labour regulations

Question	SA (5)	A(4)	N (3)	D (2)	SD (1)	Mean	SD
The existing minimum wage standard is irrelevant	9 (30%)	0	21 (70%)	0	0	2.4	2.1
In this enterprise, employees do not receive work contracts upon recruitment	25 (83.3%)	0	4 (13.3%)	1 (3.3%)	0	4.5	1.2
The working schedule in this enterprise goes beyond the mandatory 8 hours a days	22 (73.3%)	4 (13.3%)	1 (3.3%)	2 (6.7%)	1 (3.3%)	4.5	1.1
There is no health insurance scheme in this enterprise	25 (83.3%)	3 (10%)	2 (6.6%)	0	0	4.7	1.0
The enterprise does not make periodical contributions to NSSF as a retirement benefit for the employees	24 (80%)	2 (6.7%)	4 (13.4%)	0	0	4.5	1.3
I find labour regulations in this country costly to Micro enterprises growth.	3 (10%)	1 (3.3%)	26 (86.7%)	0	0	3.2	0.6
Institutions that enforce labour regulations do not ensure compliance from Micro enterprises	11 (36.7%)	0	19 (63.4%)	0	0	3.5	1.4
Total	17 (56.7%)	1.4 (3.8%)	11 (36.7%)	0.4 (1.4%)	0.1 (0.5%)	3.9	1.2

Source: Primary data

Table 10 showed that the majority (21 or 70%) know nothing about minimum wage standards were irrelevant, the minority (9 or 30%) strongly agreed that the existing minimum wage standard were irrelevant to the operations of the micro enterprises. Since the majority know nothing about the minimum wage standard, this could imply that there are no minimum wage standards in Uganda. Interview results confirm a lack of minimum wage standards in Uganda. Further, interview results reveal that ME owners do not support enacting minimum wage policies or standard since that would increase their operations costs, reduce on their profits which could lead to the collapse of their business. Officials from the Ministry of

Labour confirmed the non existence of minimum wage standards in Uganda but supported their establishment, as evidenced from these comments;

The employment act of 2006 is silent about minimum wage standards. At the moment most of the micro and small enterprises are under-paying employees which keeps them de-motivated and in poverty. Some employees resort to stealing to make ends meet. Unless very well supervised, such employees will always not perform to the required standards which affects the productivity targets of the employer. So putting in place minimum wage standards would increase the productivity of workers leading to higher growth rates for MSEs.

The implication here is that although minimum wage standards could strain some MEs, introducing the standards could lead to high labour productivity resulting into higher growth rates for micro enterprise in the long run.

With regard to work contracts, table 10 show that (25 or 83.3%) strongly agree that employees do not receive contracts upon recruitment, (4 or 13.3%) were not sure while (1 or 3.3%) disagreed. Since the majority strongly agree that they do not receive work contracts upon recruitment, it could imply that government does not enforce adherence to work contracts on the part of micro enterprises. Interview results show that most of MEs do not provide work contracts to employees for fear of legal implications in case of separation.

With regard to work schedules, table 10 shows that (22 or 73.3%) strongly agree that they work beyond the mandatory 8 hours, (4 or 13.3%) agreed while the minority (3 or 10%) disagreed. Since an overwhelming majority agrees then it implies that micro enterprises do

not observe the mandatory works schedules of 8 hours per day. Interview results show that the mandatory 8 hours can be made flexible to cater for seasonal demands of MEs especially agro processing enterprises. An owner of a maize milling enterprise had this to say;

Our work is seasonal. During the peak of the maize season I usually have a lot of work so my employees work over time. But during off seasons we have little work meaning that employees work for fewer hours. The law should cater for such dynamics if many of us are to comply with it.

Table 10 also shows that majority (28 or 93.4%) agreed that micro enterprises do not provide health insurance for their employees while the minority (2 or 6.6%) were neutral. Since the majority admitted to not providing health insurance to their employees, this could be interpreted to mean that most MEs may not be able to afford health insurance to their employees, and even for some that could afford, the employees may be too disempowered to demand for such benefits. This could be interpreted to mean general poor working conditions in most micro enterprise that do not guarantee health security of their employees. According to interview results, there are few MEs that can afford to pay health insurance for their employees due to the perceived high costs involved. Most respondents recommended a policy where government comes in to support people employed with MEs with health insurance.

With regard to National Social Security Fund (NSSF) contributions, (26 or 86.7%) agreed that they do not make contributions to National Social Security Fund while the minority (4 or 13.4%) were not sure. This implies that micro enterprises may not be providing retirement and social security benefits for their workers, an indication of a poor working environment. According to interview results, most MEs also do not make contributions to National Social security fund either because they have less than 5 employees (not covered by social security

law) or they under declare or are not reached. This implies that because most MEs fear the costs of paying fees to National Social Security Fund, many under declare or hideaway and therefore do not meet social security obligations.

With regard to whether or not labour regulations are costly to the micro enterprises, table 10 shows that the majority (26 or 86.7%) were not sure while the minority (4 or 13.3%) agreed that they were costly. Since the majority expressed ignorance of the cost of labour regulations to micro enterprises, it could imply that compliance is not enforced by Government, so owners of micro enterprises are not aware of the cost implication of labour regulations. According to interview results, very few MEs would afford to provide health insurance or make social security contributions for their employees on their own. An official from the Ministry of Labour had this to say;

Government has started piloting a health insurance scheme where MEs are encouraged to form groups. Members of groups are then encouraged to make contributions for the health insurance of their staff. But this is done after sensitizing them on the importance of health insurance to the productivity of their workers.

With regard to whether or not government institutions ensured compliance to labour regulations, table 10 shows that the majority (19 or 63.4%) were not sure, while the minority (11 or 36.7%) strongly agreed. Since the majority of the respondents were not sure, it could be interpreted to mean that most MEs had never heard of these labour laws therefore meaning that government officials may not be enforcing compliance.

With regard to whether or not micro enterprises were complying with labour regulations, table 10 shows that (18 or 60.5%) agreed that micro enterprises do not comply, (11 or 36.7%) were not sure, (1 or 1,9%) disagree. Since the majority of MEs confessed to not complying with existing labour regulation, this could mean ignorance on their part of such labour laws and could at the same time imply that government does not enforce compliance to the labour regulations especially when it comes to micro enterprises. Interview results show that most of these micro enterprises cannot afford the costs of meeting labour law requirements and as such their employees work in unfavourable working conditions that tend to reduce their productivity. It is only the MEs that have higher ability to supervise their staff closely that benefit from no compliance since their workers are forced to deliver at all costs.

Testing hypothesis

A correlation analysis for establishing the relationship between labour regulations and growth of Micro Enterprises disclosed findings as shown in table 11 below;

Table 11: Correlation between labour regulations and growth of Micro Enterprises

		ME growth	Labour regulations
ME growth	Pearson Correlation	1	.314
	Sig. (2-tailed)		.091
	N	30	30
Labour regulations	Pearson Correlation	.314	1
	Sig. (2-tailed)	.091	
	N	30	30

Source; Primary data

From table 11 above the results summarised show that there is a weak positive relationship between labour regulations and growth of micro enterprises with a correlation coefficient of

0.314 at 0.05 levels. This implies that a weak labour regulatory framework for MEs lead to reduced growth of MEs.

Further regression analysis was carried out to establish the effect of rigid labour regulations to the growth of MEs and the results are shown in table 12 below;

Table 12 Regression between labour regulation and growth of MEs

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Sig
1	.314 ^a	.098	.066		.59174	0.091

Predictors: (Constant), Labour regulations; Source; Primary data

Results from table 12 show that property regulations have an insignificant effect on the growth of MEs since this factor contributes a proportion of 6.6% to the entire growth of MEs. These findings are consistent with the null hypothesis meaning that labour regulations have an insignificant effect on the growth of MEs. These findings can be collaborated with comments from one of the officer from Kawempe Division;

Non compliance of labour regulations by MEs means that the existing labour regulatory framework does not cater for the growth needs of MEs and therefore hard to enforce. Reforms are necessary to make it irrelevant to MEs labour needs.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

In this chapter the researcher presents a summary of the study findings, a discussion of the results of the study, conclusions and recommendations based on these results.

5.1 Summary of study findings

5.1.1 Formal entry regulations and growth of micro enterprises

Findings showed a strong negative relationship between formal entry regulations and growth of Micro Enterprises. Findings further showed that formal entry regulations have a significant effect on the growth of Micro Enterprises. Three main points emerged from study findings as limiting formalisation of MEs; inadequate information or knowledge on formal entry procedures and benefits of formalisation by micro entrepreneurs, high cost of registration and the requirement to present complex documents like articles of associations' and memorandum of associations that hinders many micro entrepreneurs from registering their businesses as many lacked skills to prepare them. Study findings further revealed that operating in the formal sector comes with a number of growth incentives for micro entrepreneurs like access to bigger markets, legal recognition and access to formal services (loans, court services, others). Despite these incentives, 70% of MEs interviewed were operating in the informal sector a sector with no legal recognition. However study findings showed that all MEs targets for this study had trade licences from local Governments an indication of semi recognition by a Government authority.

5.1.2. Property registration regulations and growth of micro enterprises

The study findings showed that property registration regulations have an insignificant negative effect on the growth of MEs since key property owned by most micro entrepreneurs like the Bibanja' plots of land (under cultural land tenure) and locally made equipments cannot be registered in exchange for certificates under the Uganda laws. Such unregistered property cannot act as collateral for capital growth. It was also established that ME owners are not enthusiastic about obtaining bank loans even when they possess registered property, with most observing that banks terms and conditions are quite exploitative to them. Findings further reveal that the Ministry of Lands, Housing and Urban Development carried out reforms that simplified land registration procedures. According to these reforms, it now takes only 4 simple procedures, a total of 14 days, registration fees of Ushs10,000 or \$ 4 and stamp duty tax of 1% of the property value to get a registration certificate for land.

Yet findings showed that implementing these reforms still has a number of challenges. Most ME owners have limited information about these reforms with many still regard land registration procedures as complex and time consuming. Other challenges include the centralised nature of land transaction, some officials in the land registration department complained of heavy work load which affects their efficiency, the exploitative nature of land agents or middle persons who inflate registration fees and lengthen the registration procedure from unsuspecting ignorant public, and this leads to hiked costs of property registration. The researcher also noted that there are no laws in Uganda to control land agents.

5.1.3. Labour regulations and growth of micro enterprises

The findings indicate that labour regulations have an insignificant effect on the growth of MEs since their compliance is not enforced by Government. Findings also show a weak positive relationship between labour regulations and growth of micro enterprises implying that a weak labour regulatory framework for MEs leads to reduced growth of MEs. Findings further established that the existing labour regulatory framework has a number of weaknesses. For example the framework lacks minimum wage standards and other component like provision of work contracts, work schedule of 8 hours, health insurance and retirement benefits are not complied with by MEs due to fear of associated costs. It is also evident from findings that working conditions for most of the MEs are poor associated with low motivation, productivity, output and poor growth of MEs.

5.2 Discussion of study findings

5.2.1 Formal entry regulations and growth of micro enterprises

Findings showed that formal entry regulations have a significant negative effect on the growth of Micro Enterprises. This means that cumbersome, complex or costly formal entry regulations lowers growth of MEs and vice versa. The study findings are consistent with *Doing business model* of the World Bank (2009) that states that complex formal entry regulations limits the growth of micro enterprises because they deny them the opportunity to operate in the formal sector. In contrast, a study carried out in Brazil by Fajnzylber et al. (2009) found no evidence of the fact that simplifying formal entry regulations increased the number of micro firms that formalised. Fajnzylber et al. (2009) noted the importance of policy makers having a critical understanding of the behaviours of ME owners operating in the informal sector; he also observed the limited studies carried out in this area.

It emerged from the study findings that three factors contributed to the complexity of formal entry regulations in Uganda thus limiting formalisation of MEs. First, most micro entrepreneurs had inadequate information or knowledge on formal entry procedures and benefits of formalisation because the majority operate in the informal sector where formal rules are hardly known or followed. Without this vital information most of the MEs prefer to operate in the informal sector. Indeed study result showed that 70% of ME operate in the informal sector. This finding agree with Ishengoma and Kappel (2006) that argue that over 80 percent of MSEs in developing countries operate in the informal sector, a sector that follow informal rule mainly due to ignorance of formal rules. Contrasting views from Farrell (2004) cited by Fajnzylber et al. (2009) point out that most MEs operate in the informal sector out of a calculated belief that the informal sector where they dodge taxes is less costly and would therefore provide them with better opportunities to compete with larger enterprises.

Second, micro entrepreneurs regarded business registration as costly. Such costs as transportation expenses to the centralized Uganda Registration Services Board (URB) offices, registration fees, bribes and costs of hiring consultants for preparing complex documents were regarded as prohibitive to formalization of their businesses. However it was the 0.5% tax on share capital that was found most prohibitive and regarded as too high for micro entrepreneurs interested at registering their businesses as limited liability companies. Due to this tax most of the micro entrepreneurs either register their businesses as business names or partnerships. This finding can be collaborated with World Bank (2009) belief that any charges on share capital or minimum capital can be a big obstacle to formal entry and cited Egypt that in 2006 lowered charges on minimum capital requirements leading to increases in formalisation of small businesses from 19% to 30%. Study findings show that just a few

micro entrepreneurs interested in growing their businesses would seek for registration as a limited liability company at such high costs if it is a requirement from larger institutions for their participation in the bidding process or access to loans for business expansion.

Thirdly, findings show that complex procedures like the requirement for articles of associations' and memorandum of associations hinders many micro entrepreneurs from registering their businesses as many lack skills for preparing them. This factor also contributes to increases in time and costs of registration since micro entrepreneurs have to hire consultants or lawyers to prepare for them these documents. In support, World Bank (2009) notes that the National Register of Companies can design single forms that can be filled with support of staff from the registration office and these would be enough to provide all the adequate information required from complex documents like articles of associations. Such reforms World Bank (2009) argues would go a long way towards reducing cost of formalisation and fears of micro entrepreneurs' to register.

It was also evident from the study findings that operating in the formal sector comes with a number of growth incentives for micro entrepreneurs. These incentives include access to bigger markets through partnerships with larger firms, access to court services in case of conflicts and access to loans from banks for business expansion. Other incentives include legal recognition of the operators of micro businesses by law enforcement officers, though findings showed all ME targeted had trade licences from local Governments. While scholars like Ishengoma and Kappel (2006) agree with this findings, others like Farrell (2004) cited by Fajnzylber et al. (2009) argue that informal sector is more favourable for the growth needs of MEs since it is less costly because businesses operating their dodge taxes.

5.2.2 Property registration regulations and growth of micro enterprises

Study findings showed that property registration regulations have an insignificant effect on growth of MEs since most micro entrepreneurs own property like ‘Bibanja plots of land owned under the cultural land tenure systems that cannot be registered in exchange for a title deed or certificate because property rights laws in the Country do not allow it. This makes the existing property registration regulations irrelevant to such micro enterprise owners. This finding is consistent with De Soto (2001) studies that note that in poor countries; most micro entrepreneurs have no property to register since much of their property cannot be registered as per the national laws. Findings showed that property registration regulations mean little to them since they have no property to register. De Soto (1989) cited by Odigie (2007) argues that this acts as a denial of micro entrepreneurs to convert their assets into deeds or titles that could act as collateral to expand capital for their business due to poor property rights laws in many capitalist economies. This situation retards growth of micro businesses.

The study showed a negative relationship between property regulations and growth of MEs. This finding means that simplifying property regulations contribute to an increase in the growth of enterprises for those micro and other entrepreneurs that own register able property. Indeed the Ministry of Lands, Housing and Urban Development initiated reforms that reduced costs of registering land in Uganda. These reforms were aimed at easing property registration in order to promote increase in property registration and development of mortgage industry. This can be correlated with Ishengoma and Kappel (2006) that argue that micro entrepreneurs in developing countries find it hard to register their land/property due to costly registration procedures and therefore reducing the cost of registration would be significant to them. Further, Beardsley and Farrell (2004) notes that complex property registration regulations slow growth of small enterprises by inhibiting capital investment and

reducing the development of the mortgage industry, financial systems for the micro entrepreneurs, but also removes the main source of collateral for small business owners and entrepreneurs. However findings also showed that having a title deed or registration certificate per se may not guarantee micro entrepreneurs from access loans from banks as loan policies for the majority of banks in Uganda are not friendly to small borrowers.

Findings further established that information about the reforms carried out by the Ministry of Lands, Housing and Urban Development has not reached the majority of micro entrepreneurs and a significant number still regard property registration as complex and costly. Ostrom and Hess (2007) believes that the rush to open up systems in the name of deregulation or easing registered property ownership benefits bigger enterprises more because of their higher ability to access information. In support, Simon et al (2002) urges that proponents of a simple property registration reforms put forward the need to have collateral for loan purpose as the main reason as to why property registration regulations should be simplified. However studies as findings show, such reforms rarely benefit them. The challenge of finding an appropriate communication strategy to reach out to micro entrepreneurs in order to increase their knowledge about property registration and rights systems need appropriate redress by policy makers in Uganda. Study finding show that most of the land registration transactions are handled middle men or property masters due to limited information among the buyers about the registration processes hence increasing the cost of registration.

Equally significant is the need to address work load in land registration office. Findings showed that under staffing in the lands registration office was one of the challenges affecting efficiency of operations in the department. This could be among the reasons that cause delays in land transactions. World Bank (2004) recommends computerisation as one of the measures

to reduce work load in land registration departments of nations. Micro entrepreneurs are also affected by centralised land registration offices. Findings indicate that micro entrepreneurs find it expensive and intimidating to move to centralised offices in the City centre for purposes of registering their businesses. Some of those that reach offices in city centres are misdirected by middle men and some corrupt staff that solicit bribes from them. Yet decentralisation of property registration offices for key assets like land as argued by World Bank (2009) up to division or district level would help the majority of micro entrepreneurs reduce costs of movement, corruption and fear.

5.2.3 Labour regulations and growth of micro enterprises

The findings indicate that labour regulations have an insignificant positive effect on the growth of MEs since most of the MEs do not comply with these labour regulations. This is an important discovery in the theoretical development since it shows that having a non functional or weak labour regulatory framework that is not enforced and complied to by MEs does not make any contribution to their growth. In agreement, ILO (2007b) argues that lack of compliance to labour regulations lowers productivity of workers leading to poor growth of enterprises. On the other hand, scholars like Botero et al. (2004) believe that a simplified labour regulatory framework is preferred for MEs since they cannot afford costs for observing rigid labour regulations

Findings further showed that a number of factors contribute to a non functional or weak labour regulatory framework in Uganda. First, the lack of minimum wage standards as a measure by Government to protect businesses from high operation costs has led to a situation where owners of MEs under pay their workers. While this lack of minimum wage

bill is passionately supported by owners of MEs, study findings advocate for establishment of minimum wage standards as an investment for the future. This point of view is based on the fact that putting in place minimum wage standards would increase labour motivation and productivity resulting in faster growth for MEs in the longer term. In support, ILO (2007b) argues that many ME owners that understand the importance of a motivated work force are willing to incur such costs as an investment for the growth of these businesses.

Second, the requirement to provide work contract is not enforced meaning that separation can take place any time without any compensation. The researchers experience was that most of the MEs do not like signing contracts with their employees for fear of future legal implications in case of unfair separation. The researcher argues that this situation creates uncertainty and insecurity among the employees leading to poor results. Thirdly, the set standard of 8 working hours is not observed by employers. During peak seasons especially for agro processing enterprises, employees are over worked beyond the mandatory hours, but some of them are laid off at the end of such seasons. Findings show that the labour regulatory framework provision on working schedule only provides for 8 working hours without any flexibility on seasons demand making it hard for such enterprises to comply with it. In contrast, World Bank (2004) advocates for flexible labour regulatory framework that caters for worker's interests during different seasons.

Lastly, none of the MEs interviewed provided either retirement benefits through contribution to National Social Security Fund (NSSF) or provided health insurance to their employees. Yet there is no effort at all by Government to enforce compliance of any of these elements apart from NSSF contributions that MEs dodge by under stating the number of workers they employ. In support of this behaviour Lee et al. (2008) believes that MEs cannot afford to be

health and retirement costs of they are to survive in the market. Findings agree that MEs cannot meet the costs of health and retirement benefits for workers and calls for Government to meet these costs of behalf of these enterprises.

The researcher argues that allowing for strict compliance of labour regulatory framework while at the same time providing for flexibility of some of the elements of the labour laws would be beneficial to both employers that need to reduce costs and employees that need motivation. Some of the elements that can be made flexible as per World Bank (2009) recommendations include; flexible scheduling of working hours to allow firms cater for seasonal demands, introduce apprentice wage contracts that allow first time employees for a portion of say 75% of the of the mandatory minimum wage for short periods to give an opportunity for young people to receive training and earn an income. Others include introducing un-employment insurance and strengthening the social protection systems with financial support from the government since MSEs may not afford the costs yet Government has the responsibility of providing employment to its citizens. The researcher believes that such reforms advocated for by World Bank (2009) would be appropriate to Micro Enterprises because their flexible nature is synonymous with informal sector rules where the majority of these enterprises operate.

5.3 Conclusion

This section provides conclusions drawn from the study and are presented objective by objective as indicated below:

5.3.1 Formal Entry regulations and Growth of Micro Enterprises

This study has showed that simplifying formal entry regulations would increase formalisation of MEs leading to growth of MEs. Some of the critical economic incentives that MEs would

enjoy in the formal sector include access to bigger markets through partnerships with larger firms and formal services (for example court and bank services. It is therefore evident that micro entrepreneurs are not likely to register their businesses when they have inadequate information about formal entry regulations and cannot associate the benefits of formalizations to growth of their businesses. It was noted that taxes on formal entry, transportation expenses to centralized registration offices and other fees make cost of registration and doing business high for micro entrepreneurs and are therefore unlikely to register their enterprises. It was evident that complex formal entry procedures like the need to present articles of association retard formalization since many of the micro entrepreneurs have no in house skills of preparing such documents. It was also noted basing on finding that formal entry regulatory framework in Uganda is on the whole complex and unfriendly to ME needs.

5.3.2 Property registration regulations and growth of Micro Enterprises

This study has showed that property registration regulations have an insignificant effect on growth of MEs since micro entrepreneurs in the study area did not have property to register because their property rights are not protected by national laws. It is therefore evident that inappropriate property rights systems in Uganda do guarantee most micro entrepreneurs from having legal deeds or certificates for their assets hence deny them the opportunity to use their assets as collateral for capital growth of the businesses. It was however noted that many micro entrepreneurs did not believe that merely holding registered property would help them access bank loans since these banks' policies are regarded as unfriendly to them. It is evident from study findings that lack of proper information about property registration procedures has led to the proliferation of land registration agents that charge their customers high charges. It was also noted that heavy work load of staff and the centralised nature of land offices affect efficiency in their operations.

5.3.3 Labour regulations and growth of Micro Enterprises

Findings established that labour regulations have an insignificant positive effect on the growth of MEs meaning that the lack of compliance to the existing labour regulations in Uganda make it inconsequential to the growth of MEs. It was evident that lack of minimum wage standards and none compliance to provisions of labour regulatory framework on work contracts, work schedule, health insurance and security fund reduce motivation of employees leading to a less productive and poorly growing enterprises.

Findings further showed a positive relationship between labour regulation and growth of MEs and it could be concluded that enriching labour regulations by setting minimum wage standards, make some element flexible, and responsive to the needs of MEs would increase labour productivity leading to higher enterprise output and increased growth of MEs.

5.4 Recommendations

Based on the findings and conclusions above, the following recommendations are suggested in order to eliminate the gaps between regulations and growth of micro enterprise.

5.4.1 Formal entry regulations and growth of micro enterprise

Basing on the findings under objective one, the researcher recommends that Government make the formal entry process friendly by addressing the customer needs of micro entrepreneurs. First, there is need to make the registration process less costly by eliminating or reducing the 0.5% tax on share capital since it discourages many micro entrepreneurs from registering their businesses yet there are many other benefits Government would accrue from

a formalised business. Further decentralisation of formal entry services at municipality or district level would reduce on the travel expenses.

Second, complex formal entry procedures like the need to prepare articles of association should be replaced with simpler forms that could be filled at the registration centre with the help of URSB staff there. This would eliminate the fear among micro entrepreneurs that registration is complex in addition to reducing on the cost of registration since micro entrepreneurs may not have to incur costs to lawyers to prepare for them these complex documents. The researcher also recommends that URSB implements an effective communication strategy to inform micro entrepreneurs on the formal entry regulations and the benefits of formalisation to business growth. Such a strategy would encourage as many micro entrepreneurs as possible to register their businesses in order to take advantage of the opportunities found in the formal sector.

5.4.2 Property registration regulations and growth of micro enterprise

Basing on findings under objective two, the researcher recommends reforms to protect property rights of the poor micro entrepreneurs. The researcher recommends that government should put in place a system that provides legal certificates to assets of the micro entrepreneurs like ‘bibanja’ plots of land and their equipment. Further, the researcher recommends that government should decentralise land registration up to municipality or district level, computerise Uganda Land information Systems, and increase knowledge about all reforms carried out in the land department for the benefit of micro entrepreneurs. Most importantly reforms should be made by Bank of Uganda to ensure that financial institutions put in place flexible policies that recognise and accept the poor’s registered property as collateral for credit as long as these micro entrepreneurs presents a profitable business

proposal. These would eliminate biases in the general community against bank loans based on the belief that banks do not lend their money to people with micro businesses

5.4.3 Labour regulations and growth of Micro Enterprises

Basing on findings under objective three, the researcher recommends that for growth of MEs, Government should strengthen existing labour regulations by putting in place minimum wage standards. To ensure compliance from MEs, the researcher recommends that government should carry out reforms in the labour regulatory framework to make it flexible and compatible to the needs of MEs. For examples labour regulations should allow scheduling of working hours to allow for seasonal demands from some MEs, introduce apprentice wage contracts that allow first time employees a portion of say 50% of the mandatory minimum wage, to give them an opportunity to receive both the work experience and to earn an income. The researcher also established that most MEs cannot afford to provide health insurance and general social protection system for their employees, financial support from the government would greatly help the MEs.

5.5 Contributions of the study

5.5.1 Theoretical contribution

Study findings for objective one indicated that formal entry regulations had a significant negative effect on the growth of Micro Enterprises implying that simplified formal regulations lead to growth of MEs. As explained earlier in the conceptual framework making formal entry regulation simple, less time consuming and less costly increases formalisation of enterprises leading to their increased growth. The findings validates *Doing Business Model* of the World Bank that hypothesises that simplifying regulations or deregulations leads to increased growth of MEs and vice versa. Study objective two established that property registration regulations have a negative insignificant effect on growth of MEs. This implies that simplifying formal entry regulations does not lead to increased growth of MEs. These

findings contradict with *Doing Business Model* of the World Bank that hypothesises that simplifying regulations lead to increased growth of Micro Enterprises. Study findings for objective three established that labour regulations have a positive insignificant effect on the growth of MEs. These finding contradicts with *Doing Business Model* of the World Bank that hypothesises that simplifying regulation lead to increased growth of MEs. Basing on the above findings, this study has broadened the level of knowledge in the ME sector, clearly making contribution to the theoretical development in this area of study.

5.5.2 Implication to Government policy makers

The study provides knowledge on the effect of regulation and growth of MEs in the context of Uganda. Since very few studies have been carried out on this subject within Uganda and Africa at large this study will provide good reference information for policy makers in Uganda and other African Countries.

5.5.3 Implication to MEs owners and employees

Micro enterprise owners could use research findings to understand the benefits of formalisation, registered property and compliance to labour regulations in relations to the growth of their business. These entrepreneurs would also use the knowledge to understand the benefits of formalisation, registered property and compliance to labour regulations for the growth of their enterprises. Employees would use the knowledge provided in this study to demand Government to improve the working conditions of workers in Uganda by establishing minimum wage standards and ensuring that a flexible labour regulatory framework is established and at the same time enforced for their improved productivity

5.6 Areas recommended for future research

Whereas this study recommends that formalisations lead to growth of Micro Enterprises, many of the ME owners that the researcher was able to interact with never seemed to be so eager or attracted to the formal economy. The researcher therefore recommends that further studies are carried out to provide empirical information on the relationship between economic incentives existing in the formal economy in poor countries like Uganda and how they contribute to increased growth of MEs. This is critical since it is possible that most of the available economic incentives found in the formal sector actually do not target micro business, and therefore explaining the reason why many owners of these business operating in the informal sector are not keen in joining the formal sector.

It is also critical that further studies are carried out to create more understanding of how the property owned by low income entrepreneurs especially land could be used as collateral for accessing development loans. This is critical to the growth of Micro Enterprises since many of them have no means of generating capital for their businesses yet they own property that cannot be used as collateral since it is not registered.

Regulations as a growth determinant for MEs have been less studied in Uganda. As such there is limited information and literature in this area and definitely this situation has limited the quality of decisions and policy developed in this particular sector. On the basis of this, the researcher recommends that further studies be carried out to generate more knowledge since regulations are critical to the growth of micro enterprises in a market economy.

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APPENDICES

APPENDIX A: QUESTIONNAIRE

UGANDA MANAGEMENT INSTITUTE, HIGHER DEGREE DEPARTMENT

MMS WORK BASED RESEARCH 2010/11

Title:

Regulations and Growth of Micro Enterprises in Kampala City Authority, Uganda. A case study of Kawempe Municipality

Purpose of the study:

To investigate the effect of regulations on growth micro enterprises in Kampala, Uganda.

NB: The information obtained from this questionnaire will be treated with strict confidentiality

Section one; General information about yourself

(Please circle the letter representing the most appropriate response for you in respect to the following items)

1. Location of enterprise

Parish;

Zone

2. Your gender

- a. Male
 - b. Female
3. Your age (years)
- a. Under 18
 - b. 18-35
 - c. 36-50
 - d. Above 51
4. Your highest completed level of education
- a. Primary
 - b. Ordinary level
 - c. Advance level
 - d. Diploma
 - e. University (degree)
 - f. Others (specify)
5. What is the registration status of your enterprise?
- a. Registered
 - b. Not registered
6. If registered, where did you register?
- a. National registrar of companies
 - b. Town council or local councils
 - c. Local association
 - d. Others (specify).....
7. What activities are you involved in
- a.
 - b.

- c.
8. How long (in terms of years) has the enterprise been operational?
- a. 3-5 years
- b. Above 5 years
9. How many employees does your business employ -----

SECTION TWO; FORMAL ENTRY OR REGISTRATION REGULATIONS

In this section please use the scale provided to circle the number that best describes your opinion.

5= strongly agree, 4 = agree, 3 = not sure or neutral, 2 = disagree, 1 = strongly disagree)

		5	4	3	2	1
10	The procedures for formal registration of MSEs is long					
11	It takes the owner of MSEs a lot of time (in days) to register a business					
12	I find the cost of registering a new business high					
13	I find the required minimum capital before business owner is allowed to register a business high					

SECTION THREE: PROPERTY REGISTRATION REGULATIONS

In this section please use the scale provided to circle the number that best describes your opinion.

5= strongly agree, 4 = agree, 3 = not sure or neutral, 2 = disagree, 1 = strongly disagree)

		5	4	3	2	1
14	The procedures for property registration are long					
15	It takes the owner of property a lot of time (in days) to complete registration and receive a certificate.					

16	I find the cost of property registration high					
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SECTION FOUR: LABOUR REGULATIONS

In this section please use the scale provided to circle the number that best describes your opinion.

5= strongly agree, 4 = agree, 3 = not sure or neutral, 2 = disagree, 1 = strongly disagree)

		5	4	3	2	1
17	The existing minimum wage standard is irrelevant					
18	In this enterprise, employees do not receive work contracts upon recruitment					
19	The working schedule in this enterprise goes beyond the mandatory 8 hours a days					
20	There is no health insurance scheme in this enterprise					
21	The enterprise does not make periodical contributions to NSSF as a retirement benefit for the employees					
22	I find labour regulations in this country costly to Micro enterprises growth.					
23	Institutions that enforce labour regulations do not ensure compliance from Micro enterprises					

SECTION FIVE; GROWTH OF MSEs

In this section please use the scale provided to circle the number that best describes your opinion.

5= strongly agree, 4 = agree, 3 = not sure or neutral, 2 = disagree, 1 = strongly disagree)

		5	4	3	2	1
24	There has been a general increase in the number of employees for this business over the years					
25	The value of capital for this business have been on increase over the years					
26	There has been a steady increase in profits for this business over the years.					
27	I plan to close business in the next 2 months or so					

APPENDIX B

INTERVIEW GUIDE

1. What are your views about the growth of MEs in Kampala City Authority (in terms of number of workers, capital accumulation and profit)?

Formal entry regulations

2. What are your views about formal entry regulations for MEs in Kampala City authority (in terms of number of procedures, time to register, cost of registration, minimum capital requirement)
3. How do you see formal entry regulations influencing growth of MEs in Kampala City Authority?

Property registration regulations

4. What are your views about property registration regulations for MEs in Kampala City Authority (in terms of ownership, number of procedures, time to register, cost)
5. How do you see property registration regulations influencing growth of MEs in Kampala City Authority?

Labour regulation

6. What are your views about labour regulations for MEs in Kampala City Authority (in terms of minimum wage, work contracts, working hours schedules, health insurance, security fund retirement contribution)
7. How do see labour regulations influencing the growth of MEs in Kampala City Authority?

General

8. What do you see as the other factors influencing the growth of MEs in Kampala City Authority?