

FACTORS AFFECTING THE GROWTH AND EXPANSION OF
BUSINESS FIRMS IN RUHINDA SUB COUNTY RUKUNGIRI
DISTRICT

BY

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17 / A/BAED/1426/F

THE RESEARCH REPORT SUBMITTED TO THE FACULTY OF EDUCATION IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
BACHELOR OF ARTS WITH EDUCATION
OF KABALE UNIVERSITY

JANUARY, 2021

DECLARATION

I hereby declare that this is my original work and it has never been submitted to any Institution for any academic award.

SIGNATURE.....

DATE...27th Jan. 2021.....

ARINAITWE FRED

APPROVAL

This research report titled "Factors affecting the growth and expansion of business firms in Ruhinda Sub County Rukungiri District" has been under my supervision and is now ready for submission.

Date:27/01/2021

MS. NKAMUSHIMA DIANA
UNIVERSITY SUPERVISOR

LIST OF ABBREVIATIONS

USA	United States of America
GDP	Gross Domestic Product
UNBS	Uganda National Bureau of Statistics
SHT	Short Term Strategies
LTS	Long Term Strategies
TRA	Tanzania Revenue Authority
ETB	Effective Tax Burden
EAC	East Africa Community
IMF	International Monetary Fund
ECS	Effective Control System
HRC	Human Resource Capacity Internal
IMP	Management Problems Strategic
SPA	Partnership Agreements

DEDICATION

I dedicate this report to my parent Mrs.Kyoshaba Allen for her parental love she has shown me and for her great support throughout my studies.

May her live longer.

ACKNOWLEDGEMENT

My sincere thanks goes to the Almighty God for the guidance and blessings in my life up to date.

Special thanks and appreciation goes to my supervisor Ms. Nkamusiima Diana who in her busy schedules had the patience and energy to guide me through this work. I really appreciate her efforts.

Appreciation also goes to My sisters Ms. Nasasira Moreen and Akampurira Patience for their great support they rendered to me throughout my studies.

I would like to convey my appreciation to the staff of Kabale University, I say thank you for your cooperation in sharing academic knowledge in which research was part.

May God almighty bless you abundantly.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter covered the background of the study, statement of the problem, objectives, research questions, scope of the study and significances of the study.

1.1 Background of the study

Firms are driving forces for the growth of the future economy. During the last ten years, studies into firms have grown tremendously (Lambing & Kuehl, 2017). Studies have shown that firms are not only important drivers of employment and wealth generation but also at the forefront in fostering entrepreneurship, competition, and innovation that results in sustained success and development. Firms are necessary for the achievement of wider development objectives, including poverty eradication, economic development, and promotion of more democratic societies (Deakins & Freel, 2018).

The majority of firms in the world play a major role in the economy, according to United Nations, relevant evidence suggests that firms are responsible for the success of main economies all over the world. In United States of America (USA), firms provide more than 70% of new jobs brought to the economy representing 99% of employers. There were close to 23 million firms in 2002 in the US (Thomas, 2014).

Firms are regarded as the critical force behind economic success, job creation and poverty reduction in emerging economies. They have resulted in accelerated economic success, and rapid industrialization that was witnessed across the globe (Thurik & Wennekers, 2016). While we do acknowledge the contributions of the firms to economic development, entrepreneurs face many challenges that have adverse effects on long-term success and development of their businesses. Research on firms development has shown that the rate of failure in developing countries is higher than in the developed world (Deakins & Freel, 2019). Scholars have indicated that starting a business is a risky venture and most businesses do not survive past five years. It is, therefore, important for entrepreneurs to develop both short-term and long-term strategies to guard against failure (Deakins & Freel, 2016).

Barrow (2012), large firms' activities during their various roles to customers, suppliers and competitors, development of new technologies, markets, the macro economy and action of policy makers all have particular effects on success and viability of the small firm sector. Consequently, how firm performs is closely linked with the performance of a country. Deakins and Freel (2013) acknowledged that firms have become important in the last two decades. One of the reasons why firms are important is because of their ability to adapt quickly to change. The firms have mastered the dynamic nature of changes in technology. With firms making a remarkable contribution to the world economy, they are always seen as the engine of development, especially in emerging economy like Uganda. The World Bank (2014) found out that they generate societal success regarding new jobs and revenues while also creating innovations and forming dynamic production network.

In Uganda, according to the 2010 firms baseline survey, the number of enterprises in the sector had grown from about 1 million in 2009 to about 1.3 million in 2010. The survey also points out that firms contribution regarding output product and services reached a significant 30% of the GDP in 2010 (Central Bureau of Statistics, 2010). In job creation, firms have been on the forefront in the absorption of ever increasing supply of young unskilled school leavers and the unemployed in general. In 2010 for instance, the sector employed 2.4 million persons. In Uganda, 90% of all enterprises are firms providing employment to over 60% of the total employed population (Ngui, 2014) further emphasizing their important role in job creation. However, despite the importance of the firms, studies reveal that most firms have no success incentive and the majority remain at their initial level or choose to expand horizontally by starting the same ventures or change to other unrelated activities (Nuwagaba & Nzewi, 2013).

1.2 Problem statement

In general, the business sector in Ruhinda is characterized by firms especially small-scale manufacturing and processing firms where fewer often are foreign owned and others are owned by local people. However, in Ruhinda, despite firms being a key vehicle for economic success, having the potential to provide employment opportunities to many unemployed people and having the capacity to contribute to Gross Domestic Product (GDP) as well as poverty reduction, the sector is still challenged by failure of enterprises. It is noted that three out of five firms in Ruhinda Sub county fail within the first two years of operation and those that continue 80% fail

before the fifth year. Firms of Ruhinda sub county Rukungiri district have issues like inadequate skills among the business operators, inadequate capital and high taxes, which affect their success **and** profitability. This hinders their ability to contribute effectively to the sustainable growth and development of the businesses firms in Ruhinda. It's against this background that research explored the factors affecting growth and expansion of business firms using Ruhinda Sub County as a case study.

1.3 Purpose of the study

The study aimed at describing the factors affecting the growth and expansion of business firms in Ruhinda sub county Rukungiri district.

1.4 Research objectives

The study was guided by the following objectives;

- i. To describe the factors affecting business growth in Ruhinda Sub County in Rukungiri District
- ii. To examine the challenges faced by business firms in Ruhinda Sub County in Rukungiri District
- iii. To suggest strategies to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District

1.5 Research questions

The study was guided by the following research questions;

- i. What are the factors affecting business growth and expansion in Ruhinda Sub County in Rukungiri District?
- ii. What are the challenges faced by business firms in Ruhinda Sub County in Rukungiri District?
- iii. What strategies that can be put in place to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District?

1.6 Study scope

The study was limited to assessing the factors affecting growth and expansion business firms in Ruhinda Sub County in Rukungiri District for a period of four months that is January to April 2020.

1. 7 Significance of the study

The study helped the researcher to assess factors affecting growth and expansion of business firms in Ruhinda Sub County in Rukungiri district.

The study provided literature and findings for other researchers. It thus acts as permanent source of reference by future researchers.

The researcher was blessed to have a fair opportunity of obtaining first hand information about the factors affecting growth and expansion of business firms in Ruhinda Sub County in Rukungiri district and suggest possible solutions and policies to boost the expansion of business firms.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter considered relevant literature review about the factors that affect the growth and expansion of business firms. The chapter is structured based on the specific research questions. The first section reviews factors affecting business growth and expansion. The second section reviews the challenges faced by business firms. The last section discusses strategies to boost growth and expansion of business firms. A summary of the literature review is included at the end of the chapter.

2.2 Factors affecting business growth and expansion

It is frequently argued that owner-managers are the most important resource within a firm, and their commitment to growth is instrumental in shaping performance and growth (Hansen and Hamilton, 2011). Quantitative studies have struggled to capture adequately the multidimensional nature of growth, qualitative studies have begun to emphasize the influence of owner characteristics on business goals, processes and performance (Barringer and Jones, 2014).

A number of characteristics of older entrepreneurs and their firms are addressed in the literature. One such characteristic concerns the entrepreneurial competencies and intentions of older people. Prior studies have suggested that older entrepreneurs are more capable of starting and running a business than their younger counterparts due to the financial, human and social capital accumulated over a lifetime career (Singh and DeNoble, 2013; Weber and Schaper, 2014). In fact, research evidence shows that the survival rates of businesses established by older entrepreneurs are higher than those of younger entrepreneurs (Cressy and Storey, 2015). On the other hand, two recent empirical studies on older entrepreneurship indicated that in general, older people are significantly less likely to engage in entrepreneurial activity than younger individuals (Curran and Blackburn, 2011; Hart et al., 2015). This suggests that while the ability to establish and run a business is higher at an older age, the motivation for entrepreneurial behavior is significantly lower. This is in keeping with the more general conclusion from a recent Norwegian study of nascent entrepreneurs over the age of 18, which found that while entrepreneurial competencies increase with age, entrepreneurial intentions tend to decrease (Rotefoss and Kolvereid, 2016).

Although there are many theories that show the relationship between entrepreneurial success and gender (Alsos et al., 2016; Birley, 2019; Boden and Nucci, 2010; Chaganti and Parasuraman, 2016; Grilo and Irigoyen, 2016), studies on their relationship are scarce. According to Shane and Venkataraman (2010), entrepreneurial success is complex and difficult to measure in this area; moreover, the measurement of "business success" draws from different approaches

(Sexton and Bowman-Upton, 2017), with each approach introducing different limitations in terms of evaluation, validity, reliability, availability, accuracy, etc. Of the existing studies on entrepreneurial success and gender, some findings show gender-related differences in sales, financial assets, profitability (Chaganti and Parasuraman, 2016); survival (Cooper et al., 2014; Robb, 2012; Srinivasan et al., 2014); and growth in size measured by number of employees (Bhide, 2010; Flamholtz and Randle, 2010; Greiner, 2018; Watson, 2016), where women-owned businesses are found to be less successful than men-owned businesses.

The concept of owners work experience refers to the experience the owner of the Firms accumulated during previous jobs, and they are using that experience in their new business ventures (Haber & Reichel, 2017). The experience gained from previous work can help entrepreneurs to identify new market opportunities and convert these opportunities into profits, sales and eventual growth of the business regarding profit and customer numbers (Perez & Pablos, 2013). The owner of a business who decides to start the same kind of operations like the one he/she was employed in can utilize previous relationships with suppliers and customers when it comes to running their businesses (Haber and Reichel, 2018).

According to Libecap (2010), research conducted by them indicated that education produced sufficient enterprising individuals who are capable of coming up with sustainable business ventures. Furthermore, they found out that entrepreneurship education was a key ingredient in the formation of new businesses, the likelihood of self-employment, the chances of coming up with new products and the probability of owning a high technology business. Also, the study found out that if employees were exposed to entrepreneurship education, sales and total assets controlled by these employees were likely to grow. Similarly, a study performed by Sinha

(2016), on entrepreneurs' education revealed that 72% of successful entrepreneurs had a minimum of technical education while 72% of the unsuccessful ones were not college educated. She concluded that entrepreneurs with technical and business background are in better position

appreciate and analyzed hard reality and deal with it appropriately which plays a significant role in entrepreneurial effectiveness.

The business environment in this paper will refer to surroundings, external environment, objects, influences in which businesses takes place. There are thousands of business climate that can affect the businesses, but this paper will mostly focus on three variables namely; legal and regulatory framework, access to external financing and finally human resource capacity(HRC). It is important for the owners and business to understand the environment that the businesses operate in because they do affect the organization in different ways. They must fully be aware of **the** situation of a company so that they can steer the company in the right direction. The business environments can be complex and come in different forms and can have far-reaching impact.

Firms, especially in the developing countries, are not favored by many policies and institutional limitations which are as a result of Imperfect markets, and as a result, they do not benefit much from the reforms. According to the firm's owners that were interviewed, most of them cited unfair competition as one of the factors that mostly affect the success of Firms. The low cost of doing business has allowed cheap products from China and other Asian countries to enter the market and communicate with locally produced goods. Studies have shown that goods from China imported by developing countries are cheaper and of low quality compared to locally produce resulting to unfair competition. Asma et al. (2015) findings indicated that unfair competition is a serious challenge that affects Firms that faces both Firms and bigger companies in Algeria. The savings on registration and licensing cost, as well as the cost of evading tax, enable illegal businesses to lower the selling prices of their goods compared to companies which operate legitimate businesses

This subject is vital because Firms in many parts of the world find it difficult to access credit facilities due to many restrictions on access to credit facilities (Baas & Schrooten, 2016). Small firms do not have adequate information/are information opaque and therefore, have less access to external financing compared to larger firms. The financiers are unable to solve the problem of information asymmetry thus are unable to adequately finance firms expansion (Hartarska & Gonzalez-Vega, 2016). The availability of adequate financial resources is essential for small, business expansion and development (Tustin, 2003; Zinkota & Ronainen, 2010). This will

enable businesses to finance their operating and investing activities thus remain competitive by surviving unfavorable market condition through growth.

According to research performed by (Cooley & Quadrini, 2011), and (Cabral & Mata, 2013), **show** that the growth of new small Firms is hindered by the lack of finance and shortages of resources which are diverse in nature. For companies to achieve their strategic goals, finance is **essential**. and lack of finance can hinder growth (IMF. External Relations Dept., 2013). Drever, (2016) argued that lack of finance affects the growth and development of firms as many of them **do** not enjoy the privileges enjoyed by bigger organizations when it comes to access to finances(Watson, 2016). According to Njeru (2013) in his study determinants of choice of the **source** of entrepreneurial finances in Thika District growth of firms is influenced by the selection **of** entrepreneurial finances.

Human capital is paramount and necessary for competitive advantage due to the fact that it is very hard to copy (DeNisiet *al.*, 2013). Human capital can be defined as attitudes, commitment, values, knowledge, experience, education, capability, skills and abilities that help the entrepreneur and his team in the tasks of starting, running and growing a business to learn more about how to do so and to make owners more efficient in how they act in running their enterprise and in performing tasks for growth (Mark man & Baron, 2014). Lack of capabilities for entrepreneurs and their players play a prominent role among some of the most important factors that affects the success of Firms (Tasic, 2017). The majority of firms lack managerial training that is necessary to carry out their managerial routine effectively (King & McGrath, 2012). This calls for firm owners to invest more in the human resource.

2.3 Challenges affecting the growth and expansion of business firms

Cromie (2010), stated that self-efficacy affects a person's beliefs regarding whether or not certain goals may be attained. The attitude provides the foundation for human motivation and personal accomplishment. According to (Pajares, 2012), unless people believe that their actions can produce desirable outcomes, they will have little incentive to act or persevere when faced with adversities. Bandura (2017) pointed out that people's level of motivation, effective status, and actions are based on their perceptions than what is objectively true How individual perceive self-efficacy has a strong influence on his/her action and how the available knowledge will be utilized. Consequently, people behave according to beliefs about their capabilities rather than on real facts based on their

level of competence and capacity. In their study among Norwegian and Indonesian students, Kriatinsen and Indarti (2014) found a substantial correlation between self-efficacy and entrepreneurial intention. In their study of Internet cafe entrepreneurs in Indonesia,

Kristiansen, Furuholt, and Wahid (2013) also found that entrepreneurial readiness was substantially linked to business success.

Tushabomwe (2016) revealed that firms face different challenges that limit their survival and development. Majority of local entrepreneurs establishing micro businesses are susceptible to failure that is attributed to both internal factors (wrong pricing, negative cash flows, poor record keeping, management problems, lack of planning and faulty products) and external factors (government taxation, load shading, inadequate capital, poor markets and high rents).

According to Tern time and Pansiri (2014) sustainability and competitiveness and; internal managerial problems(IMP) are identified as the major causes of firms failure. The managers of firms perform poorly in the areas of bookkeeping, marketing, re housing, stock control, production scheduling and quality controls. Tushabomwe (2015), Tern time and Pansiri (2014) described that factors of firms failure lie on both internal and external. Whereby, Taxation and load shedding contribute to more than 50% of the failures in firms. The most common factors of firms failure are management related challenges. The ability of managers to perform has a very important bearing on performance of firms (lack of education and professional training).

Entrepreneurs put their faith in common sense, overestimate their managerial skills, or believe that hard work alone can ensure success. **If** a firms manager does not know how to make decisions and does not understand the basic management principals, there, he is likely to face managerial challenges in the long run if not failure to progress with business activities (Griffin & Ebert, 2016). Firms managers need to have experience in the field they want to enter. The experience will provide practical understanding as well as knowledge about the nature of the business, which will spell out the difference between failure and success (Scarborough & Zimmerer, 2018)

Effective control system (ECS) keeps the business in track and alert managers of any potential danger. **If** any control does not signal any impending problems you may seriously be troubled, then such controls are ineffective (Griffin& Ebert, 2016). Scarborough and Zimmerer (2018) argue that; the largest investment a firm makes it in inventory yet inventory control is one of the most neglected managerial responsibilities. Insufficient inventory levels results in shortages and stock

urs causing customers to become disillusioned and leave. More common situation is that the tanager has too much inventory, but also too much of the wrong type of inventory. Many firms bar fail due to poor inventory control, have excessive amounts of cash tied up in an accumulated useless inventory.

Lack of funds could lead to excessive borrowing and consequently business becomes insolvent because their liabilities are higher than their assets. According to Dwivedi (2015), the role of financial institution is to facilitate the flow of funds from individual surplus spending units to deficit spending units. The whole of this process is called money market. And according to this :!lllhor, the money market reaches its equilibrium where demand for money equals supply of money. The author adds that, to business firms or enterprises, money is the producer's good much as machinery or inventories, thus in order to attain growth of any business, especially small sized ones, the business enterprise should acquire additional capital through the capital market in order to maximize their returns. Longenecker et al. (2017) stated that economies of scale virtually prohibit firms from always although frequently and sometimes using other sources of finance such as public stock issues.

Government regulations like taxation are regularly well intended and they benefits without question. However, their costs to firms are relatively higher as a result firms normally do shift the burden of those costs to customers. Government regulations have been accused of distorting free markets by impeding competition (Susman, 2017). Tanzania Government Sector Study of the Effective Tax Burden (2016) suggests that tax and incentive policies are key parameters in defining a business climate. Taxes are essential for the financing of government activities such as social and economic development programs in the country, but at the same time, they should be set and administered to be as growth enabling as possible. In Tanzania the revenue raising authorities are me Ministry of finance that set tax policies and Tanzania Revenue Authority (TRA) that administers tax collection practice. Various laws and legislations have been enacted to guide the administration and collection of different taxes within the country and country that constitute the East African Community (EAC).

During the early stages of starting business many owners commit themselves to taking any sources of finance they have available to them. This can be disastrous as high interest rates and unfavorable payment schedules are overlooked due to pressure of financing their business. For the

entepreneurs taking high risk borrowing is simply a choice between starting a business and never **staring** the business. The best source of finance to firms can often be family and friends contributions but pay back in time. Firms are particularly vulnerable in periods of high interest rates because they rarely heavily on financial institutions for seasonal borrowing (Susman, 2017; Lambing & Kuhl, 2017).

2.4 Strategies to boost growth and expansion of business firms

Growth strategies of businesses are a very wide area to study and apply. Businesses try to reach sale and profit rate they aimed thanks to growth strategies (Yukselen, 2013,). Businesses can grow **by** merging with other businesses or by buying them. We can examine growth strategies in two basic categories, which are organic and inorganic growth strategies (Demirci, 2017,). Intensive growth strategy, a diversification and modernization strategy constitutes organic strategies. Strategic partnership and merger are in the scope of inorganic strategies.

Organic Growth Also being called as internal growth, organic growth expresses economical, physical, social and organizational growth which takes place in a company without external interaction (Oncer, 2012). It occurs when current activities in a business are developed by either increasing the amount of sales or adding new products. In other words, businesses usually depend **on** their resources in the process of organic growth. Internal finance, borrowing and finding new capital stocks are equities in organic growth process (Simsek, 2018). Augmentation of assets in companies, successful customer relationship management, making use of the technology, innovation management and focusing on the processes related to products are included in the organic growth (Bruner, 2014). Since it is slow and requires little amount of change, organic growth can be planned and managed easily (olpan ve Hikino, 2018).

Organic growth usually happens when companies increase their capacity of products and make an alliance with international businesses. As a result of organic growth, increase in the amount of capital stock, equity, feedstock and energy input and the number of employees and growth in the business structure can be observed. In addition to this, increase in the reputation and value of a business in public opinion is also considered as organic growth (Oncer, 2012). Extending the work scale of a business and increasing its sells, endorsements and equities are performed by organic growth diversification strategies. Using diversification strategies, businesses can enter different business districts and perform an organic growth with market, product, service and production

Maks Karaevli, 2018) In this way, companies aim to minimize the risk by operating in different as **Organic** growth strategies are divided into three groups. These are; intensive growth, **versification** and modernization strategies (Yukselen, 2013),

ersification strategy aims to penetrate new markets by buying new businesses and therefore **ng new** fields of activity (Karaevli, 2018). It enables businesses to make use of the **pporunities** in new market places and achieve yield above average (Ulgen ve Mirze, 2014). It is **usually applied** when businesses find new market opportunities. Diversification strategy occurs in **am** different ways; one is concentric and the other one is conglomerate diversification.

5:::-aregic partnerships agreements(SP A) are made in order to reach mutual goals (Isoraite, 2019). It occurs when two or more businesses league together for a certain strategic goal (Dirn;er, 2017). It is also defined as a collaboration when two or more businesses come together to join their sources in **order** to archive specific goals (Cusumano & Selby, 2015). That is to say, strategic partnerships are labor unions which happens when two or more independent businesses want to improve their knowledge, skills and equities together (Sudarsanam, 2013).

Acquisition is implemented as an alternative to strategic partnerships (Doz & Hamel, 2018). The purpose acquisition is to achieve grow by purchasing a company which is not operating properly **yet** has suitable equity (Ozalp, 2016). However, in merger the purpose is to survive, grow and outcompete the opponents by joining forces on equal footing (Anarbek, 2018). There are there kinds of merger and acquisition strategies, which are; horizontal, vertical and conglomerate.

Modernization strategy supports changing the old and outdated machines and equipment with new and technological ones in order to raise the production and the quality of the products and also to reduce production cost and deficiency (Akgobek, 2011). There are two methods to be used in a competitive environment in order to determine investment strategies for planning the production of new products. In this case, businesses either make a new investment or invests by apply modernization strategy on new products in the existing establishment (Akgobek, 2011)

Businesses prefer inorganic growth. for several reasons, such as raising profit rate, lowering the cost, creating added value, making use of scale economy, technology transfer. (Oncer, 2012). Just as businesses can grow on their own with their existing equity, they can also do it by using resources of other business which are operating currently national or international. Therefore,

-ic growth expresses a growth which happens both in national and international markets *smsek* & Celik, 2018). Inorganic growth depends on the partnership of two or more businesses. this basis, strategic alliances are considered as external growth of businesses, namely inorganic **growth**. It happens when a business takes control of another business, or businesses in one alliance oses their identity to form a completely different business (Eren, 2016)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The research study focused on Ruhinda sub county, Rukungiri district Uganda where businesses are thought to be expanding averagely. In this Research Methodology chapter, the following topics were presented: research design, research procedure, target population, sampling, instrument development, and methods of data collection, data analysis, and anticipated challenges and how they were handled.

3.2 Research Design

The researcher employed a cross sectional survey research design that helped in gathering information where little knowledge was known. A cross sectional study design across the respondents in Ruhinda sub county, Rukungiri district was used to survey the study population. Both quantitative and qualitative data was collected and this enabled the researcher to draw valid and dependable conclusion and recommendation of the study.

3.3 Study Area

The study was carried out in Ruhinda Sub County, Rukungiri district, a highland district situated in south-western Uganda bordered by Kanungu District to the west, Rubirizi district to the north Mitoma District to the East and Ntungamo in the south east and Rukiga in south.

3.4 Study Population

The study considered a total of one twenty (120) respondents from the business community, opinion and community leaders.

3.5 Sample size and selection

The study population was put into strata namely opinion leaders, business people and local council leaders. The study engaged a total of sixty (60) respondents.

3.6 Data Source

The data for the study was gathered from both primary and secondary sources to enable easy comparability of secondary data available with responses from the primary data sources that were generated from the field in order to drive to meaningful interpretation of findings.

3.6.1 Primary Data

The primary data was gathered from the respondents that were selected for the study. The researcher used observation guide, questionnaires and interview guide to gather data from respondents.

3.6.2 Secondary data

The secondary data/information was obtained through an extensive literature review on the factors affecting the growth and expansion of business firms. Secondary data was gathered from the information resources and reports, Newsletters, and books/publications from different Libraries **and** from the websites.

3.7 Data collection methods and their instruments

Data collection is the scrutiny, measurement and recording of information (Gary *et al*, 2007: 2). **The** qualitative techniques of data collection, that is, document review, interviewing and participant observation, was used to obtain the relevant data needed for the study. For the purpose

of this study, data refers to the facts, figures and other relevant materials, past and present, serving as bases for study and analysis. The following methods and tools were used for this research during data collection:

3.7.1 Interviewing

Interviewing was used because it provided a clear picture of the stories of others. Interviews ended to be interactional where one was deeply and unavoidably implicated in creating the meanings that reside within the participants. Semi-structured face-to-face interview questions were used to collect data from the interviewees. This method was flexible and there was room for more appealing and unanticipated data, furthermore, personal contacts get a better quality and quantity of responses

3.7.2 Questionnaire Method

The researcher constructed an easy, clear, and straight-forward questionnaire for the comfort of respondents' understanding, interpretation and feedback. A structured questionnaire consisting of both open-ended and close-ended questions based on a set of questions in relation to the study objectives were administered in order to gather relevant in-depth information. The researcher used distant respondents and helped respondents to think more about the questions and give well explained and clear answers.

3.8 Data Analysis and Interpretation

Data analysis is the process of organizing the data retrieved, in order to provide a clear meaning of the information. Data analysis is when a researcher organizes and arranges the data collected in order for others to gain significant meaning out of it.

Despite the fact that both qualitative and quantitative data was gathered during the study, this entailed classifying, comparing, weighing and combining empirical material from the questionnaires and interview guides and field notes to extract the meaning for an understanding of the subject under study in a coherent explanation.

The data units were sorted according to the study objectives in order to produce coherent meaning. The data was organized, entered into the computer and analyzed using Microsoft Excel a computer-based statistical application program, where both inferential and descriptive analysis was carried out. The study results were later presented in form of tables, for easy interpretation. Conclusion and recommendation was further drawn in the same arrangement with the study objectives accrued from the study findings.

3.9 Anticipated limitations and how they were handled

The researcher hoped to face a challenge of limited time in the field due to other demands at workplace and at school; though had to work very hard to ensure that the research process was finished in time.

The researcher further expected failure of respondents to reveal the truth of their information and even others to dodge answering some critical questions an incident which resulted into the researcher missing very important information. However, the researcher made sure that he used all

he tricks possible to convince and entice respondents to provide relevant information in its fullness.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF RESULTS

4.0 Introduction

This chapter gives a detailed presentation, interpretation and discussion of findings based on the order according to the objectives of the study

4.1 Demographic characteristics of respondents

A total of sixty (60) respondents were selected for the study. The researcher considered the age, sex, educational levels and working experience of respondents. This biographic data was very essential for the researcher and the study in order to describe the best respondents that were selected for the study as presented below.

4.1.1 Age of the respondents

In a bid to record the bio data of respondents, the researcher considered the age of respondents and the results in Table 4.1.1 below were recorded:

Table 4.1.1: Showing the age of the respondents

Age	Frequency	Percentage
20-25	29	48
25-30	11	18
30-35	13	22
45-50	7	12
Total	60	100

Source: Primary Data, 2020

According to the results presented in table 4.1.1 above, (29) 48% the highest numbers of the respondents had between 20-25 years of age while (7)12% the least numbers of respondents had 45-50 years of age. The rest of the respondents included (11)18% had 25-30 years of age and the remaining (13) 22% had 30-35 years of age. The researcher considered the age of respondents with the view of acquiring data from respondents in relation to their lifetime experiences and understanding.

4.1.2 Sex of the respondents

The researcher also considered the sex of respondents and the results in table 4.1.2 below were recorded:

Table 4.1.2: Showing the sex of the respondents

Sex	Frequency	Percentage
Male	39	65
Female	21	35
Total <i>Source: Primary Data 2020</i>	60	100

The study results presented in Table 4.1.2 above indicated that (39) 65% the highest numbers of respondents were Males whereas (21)35% the least number of respondents were females. The researcher considered the sex of respondents with the aim of ensuring gender balance in the study. However, the results indicated that the number of males was bigger than that of females because, males dominated in business activities than females and they were the major decision makers and heads of many business firms.

4.1.3 Highest level of educational attained by the respondents

The researcher further considered the highest levels of education attained by respondents and the results presented below in Table 4.1.3 were recorded.

Table 4.1.3: Showing the highest level of educational attained by the respondents

Educational Level	Frequency	Percentage
Certificate	29	48
Diploma	10	17
Degree	13	22
Masters	8	13
Total <i>Source: Primary Data 2020</i>	60	100

According to the results presented in Table 4.1.3 above, (48) 48% the highest numbers of the respondents had attained certificate and they made the biggest number of the respondents whereas (8) 13% the lowest number of respondents had undergone masters. The other respondents included

10) 17% who had attended a diploma while and the remaining (13) 22% of the respondents had attained a degree. The researcher considered the respondents' highest level of education in order to ascertain the relevant data collection tools to be selected based on their literacy levels where respondents with certificate were many because most of the businesses were owned by the lower level people who had no other paying jobs.

4.1.4 Working experience of the Respondent

The researcher further considered the working experience by respondents and the results presented below in Table 4.1.4 were recorded.

Table 4.1.4: Showing the highest level of educational attained by the respondents

Educational Level	Frequency	Percentage
Less than 5 years	19	32
5-10	13	22
10-15	13	22
15-20	5	8
More than 20 years	10	16
Total	60	100

Source: Primary Data, 2020

According to the results presented in Table 4.1.4 above, (19) 32% the highest numbers of the respondents had worked for less than 5 years and they made the biggest number of the respondents whereas (5) 8% the lowest number of respondents had worked for 15-20 years. The other respondents included (13) 22% who 5-10 and 10-15 while the remaining (10) 16% of the respondents had worked for more than 20 years. The researcher considered the respondents' working experience in order to ascertain the relevant data collection tools to be selected based on their experiences in the business.

4.2 Factors affecting business growth and expansion in Ruhinda Sub County in Rukungiri District

The researcher attempted research question one to record the factors affecting business growth and expansion in Ruhinda Sub County in Rukungiri District and the results presented below in Table 4.2 were recorded.

Table 4.2: Showing respondents' views on the factors affecting business growth and expansion in Ruhinda Sub County in Rukungiri District

Factors affecting business growth and expansion in Ruhinda Sub County in Rukungiri District	Frequency	Percentage
Business capital	15	25
Location of the business	14	23
Business owner's behaviours	6	10
Business owner's education level	9	15
Customer loyalty	16	27
Total	60	100

Source: Primary Data, 2020

The results presented in Table 4.2.2 above indicated that (16) 27% the highest number of the respondents mentioned customer loyalty while (6) 10% the least number of the respondents mentioned business owner's behaviours. Others included (14) 23% of the respondents who indicated location of the business, (9) 15% noted business owner's education level, (15) 25% indicated business capital. The research showed that customer loyalty had the highest number of respondents because when the customers are loyal to the business owner definitely the business has to grow and expand.

~ Challenges faced by business firms in Ruhinda Sub County in Rukungiri District

The researcher also attempted and sought for the concerns of research question two with the aim of documenting the challenges faced by business firms in Ruhinda Sub County in Rukungiri District and the results presented below in Table 4.3 and Table were recorded.

Table 4.3 Respondents views on the challenges faced by business firms in Ruhinda Sub County in Rukungiri District

	Frequency	Percentages
Financial management		
Monitoring performance	20	33
Staffing	5	8
Cash flow	8	13
Personal finances	6	10
Tax compliance	21	35
Total	60	100

Source: Primary, 2020

Respondent's views on the challenges faced by business firms in Ruhinda Sub County in Rukungiri District are contained in the table 4.3 above where (21) 35% the highest number of respondents mentioned tax compliance, (5) 8% the lowest number of respondents mentioned staffing, (20) 33% mentioned monitoring performance, (6) 10% talked of personal finances, whereas other (8) 13% talked of cash flow. The study findings indicated that tax compliance had the highest number of respondents because this greatly affects the business firm's growth as some businesses are taxed heavily than others.

4.4 Strategies that can be put in place to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District

The researcher also attempted and sought for the concerns of research question three with the aim of documenting the strategies that can be put in place to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District and the results presented below in Table 4.4 and Table were recorded.

Table 4.4: Strategies

that can be put in place to boost growth and expansion of business firms **RadaSub**

County in Rukungiri District

that can be put in place to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District	Frequency	Percentages
Research competition	17	28
Create a customer loyalty program	15	25
Identify new opportunities	10	17
Form strategic partnerships	18	30
Total	60	100

Respondent's views on the strategies that can be put in place to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District are contained in the table 4.4 above where (18) 30% the highest number of respondents mentioned form strategic partnerships, (15) 25% the lowest number of respondents talked of create a customer loyalty program, (17) 28% mentioned of research competition, whereas other (10) 17% talked of identify new opportunities. From the study findings the highest number of respondents mentioned form strategic partnerships because this helps the business owners to create more friends that makes it easy to get goods for sale at relatively low prices to attract customers.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter contains summary, conclusions and recommendations based on analysis of the results and on the order according to the objectives of the study.

5.1 Summary of findings

The study a total number of 60 respondents from the study area, considering the age of respondents, the highest numbers of the respondents had between 20-25 years of age while the least numbers of respondents had between 45-50years of age. In relation to the sex of respondents, the study results indicated that the highest numbers of respondents were males whereas the least number of respondents were females. With regard to the level of education the respondents the highest numbers of the respondents had acquired a certificate while the least number of respondents had acquired masters. Parting the working experience the highest percent had worked for less than 5 years and the least percent had worked for 15-20 years.

The study results on factors affecting business growth and expansion in Ruhinda Sub County in Rukungiri District, the highest number of the respondents mentioned customer loyalty while the least number of the respondents mentioned business owner's behaviours. Other respondents mentioned location of the business, business owner's education level and business capital.

The study results on challenges faced by business firms in Ruhinda Sub County in Rukungiri District, the highest number of respondents mentioned tax compliance, the lowest number of respondents mentioned staffing, other respondents mentioned monitoring performance, personal finances and cash flow.

The study results on strategies that can be put in place to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District, the highest number of respondents mentioned form strategic partnerships, the lowest number of respondents talked of create a customer loyalty program, other m respondents mentioned research competition and identify new opportunities.

5.2 Conclusion

The study results on factors affecting business growth and expansion in Ruhinda Sub County in Rukungiri District, (16) 27% the highest number of the respondents mentioned customer loyalty while (6) 10% the least number of the respondents mentioned business owner's behaviours.

The study results on challenges faced by business firms in Ruhinda Sub County in Rukungiri District, where (21) 35% the highest number of respondents mentioned tax compliance, (5) 8% the lowest number of respondents mentioned staffing.

The study results on strategies that can be put in place to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District, (18) 35% the highest number of respondents mentioned form strategic partnerships, (15) 25% the lowest number of respondents talked of create a customer loyalty program.

5.4 Recommendations

The government should intervene by providing free training services to business owner in order to be able to know and understand different tactics of handling businesses.

The business owners should be sensitized on the use of taxes the government impose on them so that they can be aware of their use and comply with them since these taxes helps in fulfillment of government programs

The business owners should ensure that they monitor their businesses effectively to ensure that their success in growth and expansion is achieved.

The cash flow of the business should be handled well to ensure that the business keeps operating normally without tampering with the cash of the business in order to ensure its progress.

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APPENDIX I: QUESTIONNAIRE

Dear Sir/ Madam I am Arinaitwe Fred a student of Kabale University carrying out a research on a topic," *Factors affecting the growth and expansion of business firms in Ruhinda sub county Rukungiri district*" I request you to spare time and respond to my questionnaire . All the response given to me will be treated with utmost confidentiality and only used for academic performance only.

A. Background Information

1. Age: 20 -25 () 25-30 () 30-35 () 35- 40 () 45-- 50 ()
3. Sex: Male () Female ()
4. Education level: Certificate () diploma () degree () masters ()
5. Working experience: Less than 5 years () 5 -10 () 10 -15 () 15 -20 () more than 20 years ()

SECTIONB

6. Is there the factors affecting business growth in Ruhinda Sub County in Rukungiri District?

- a) Yes **D**
b) No **D**

If yes list them and if no, go to the next question

.....
.....●!●.....

6. Is there the challenges faced by business firms in Ruhinda Sub County in Rukungiri District? a)Yes

- D**
b)No **D**

If yes list them and if no, go to the next question

.....

.....

7. What are the strategies to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District?

.....

.....

.....

Thank you for your cooperation

INTERVIEW GUIDE QUESTIONS

1. What are the factors affecting business growth and expansion in Ruhinda Sub County in Rukungiri District?
2. What are the challenges faced by business firms in Ruhinda Sub County in Rukungiri District?
3. What strategies that can be put in place to boost growth and expansion of business firms in Ruhinda Sub County in Rukungiri District?