

OIL INDUSTRY ROLE AND SME GROWTH IN UGANDA

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RESEARCH REPORT SUBMITTED TO MAKERERE UNIVERSITY AS A PARTIAL

FULFILLMENT OF THE AWARD OF MASTERS DEGREE OF BUSINESS

ADMINISTRATION OF MAKERERE UNIVERSITY

NOVEMBER, 2014

Abstract

This study focused on the role of oil industry in the growth of Small and Medium Enterprises in Uganda. The study was initiated as a result of stagnated growth of Small and Medium Enterprises (SMEs) despite the existence of the growing oil industry. The study was guided by the following research objectives i) to establish the roles played by oil industry of Uganda, ii) to identify challenges facing oil industry of Uganda, iii, to identify the measures of SMEs growth, iv) to explore the challenges facing growth of SMEs in Uganda and v) to establish the relationship between role of the oil industry and growth of SMEs.

This study used a cross-sectional research design, in which both qualitative and quantitative data was used. Data was collected from the population of traders, manufacturing and construction as SMEs within Kampala business district and the oil companies within the same area. A sample of 381 of both SMEs and oil industry was used. The instruments used in data collection were questionnaires that were personally administered.

The key findings of the study were that the oil industry plays many roles to the Ugandan economy and these roles include among others employment to the people. It was revealed that although the oil industry of Uganda plays many roles to the economy, it faces many challenges like high government taxes, land tenure system, political interferences and corruption. There is a relationship between the role of Oil industry and growth of the Small and Medium Enterprises in Uganda. Basing on the conclusions it was recommended that the government should review its taxes in the Oil industry, because taxes limit the contribution of the industry in terms employment generation. Once this is done it would help in improving the growth of SMEs.