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Globalization and Its Implications on the Growth of Small Medium Enterprises (SMEs) in Western Uganda: A Case of Selected Districts in Western Uganda

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Abstract: Globalization, characterized by greater economic, political and cultural integration and dependence, has been widely discussed and practiced in the last two decades. The study sought to investigate the implications of globalization on the growth of SMEs in western Uganda, Particularly how globalization affected the productivity and innovation of SMEs in western Uganda. The researcher adopted a cross sectional study design. The Data was collected by the use of structured and closed ended questionnaire. The findings revealed that businesses dealing in imported commodities are fast-growing and register tangible growth results compared to those dealing in locally manufactured commodities. Imported commodities seem not to suit the interests of most Ugandans, perhaps because some are not durable. The study further established that government finds it very difficult to control all the commodities that enter the Ugandan market. The study therefore recommends that Uganda Revenue Authority, under its Anti-Smuggling Unit, should ensure vigilance at border points to reduce the inflow of unauthorized commodities which flood Ugandan market. The Ministry of Trade, Commerce and Industry should step out to protect local firms against competition from foreign producers, particularly those dealing in similar products. Government should lower interest rates through her fiscal and monetary policies to allow SMEs access credit at affordable rates. There is also need to examine the extent to which Uganda's membership to the East African Community boosts growth of SMEs since all the member countries have almost similar competitive economic advantages.

Keywords: Globalization, growth, SMEs, Western Uganda

I. INTRODUCTION

Globalization is characterized by economic and industry integration with the rest of the world, while removing any restrictions on imports and foreign investments Paul, (2015). Through these processes, globalization has managed to re-shape the world economy by allowing the movement of people, goods, services, and changing tastes, but most importantly allowing movement of capital that threaten the survival of SMEs in poor countries such as Uganda. For example, the removal of restrictions or relaxing market access and movement of capital has implications on growth and survival of Small and Median Enterprises (SMEs) in developing countries. This implies that the growth strategies of SMEs should include the penetration of the global market where globalization has greatly dominated (Paul and Gupta, 2014), which require strong visionary, committed and dynamic leadership style by entrepreneurs to achieve a long term development trajectory of SMEs.

Globalization has managed to create an exciting global economy" powered by knowledge, using available information and communication technology which has made a shift in investment much easier and cheaper, these has made financial flows and international trade to become increasingly important in this current period (Frankel, 2000). Globalization provides multinational companies and potential investors with better competitive advantage by provision of superior products and services to consumers. (Investopedia, 2012) observed that this approach to competition is gained by diversifying resources and setting in new investment opportunities by creating a unique market niche while accessing new raw materials and resources which are easily available. The increasing economic integrations of the world economy is most visible in the growth of international trade relative to world Gross Domestic Product (GDP) and, particularly the advancement in information and communication technology that has catalyzed the globalization process by facilitating and enabling quicker international transaction.

However, the effects on SMEs by the linkages of people, regions and countries economically, politically and culturally by globalization has not been clear. As a result the effects of globalization on the growth of SMEs, as a major contributor on regional economic growth in poor countries remain relatively scanty. In the case of Uganda, such effects are clearly not known as the impacts of globalization on SMEs have not been examined. In this study therefore, we attempted to assess and document the effect of globalization on SMEs in Western Uganda.

Problem statement

The increased economic interconnection and easy movement of goods across borders has come up with a huge cost to the extent that developing countries have become more and more dependent on more developed countries like China, Japan and India to mention but a few. It has also resulted in a shift in power from the developing countries to developed countries and multinational corporations on the governance of many poor countries. Uganda has opened its doors to many global and multinational companies which has entered its market with superior products and better technologies. Examples of these can be seen in the dominance of electronics and construction materials and expertise from developed countries which have made it difficult for local SMEs to compete. The local SMEs in Uganda possess limited knowledge, information, access to new technology and access to credit from local financial institutions. SMEs face unfair competition which has been a constraint to SMEs in developing nations (Greenwald and Khan, 2005). Similarly, Ishengoma and Kappel (2011) observed that poor performance and low investment climate in Uganda is attributed to unfavorable business environment. Arinaitwe (2012) also noted that lack of financial information, poor technology and inadequate support from government were some of the challenges the SMEs in Uganda face in remaining afloat thereby leading to the low survivability of local SMEs. It's upon this background why the study was conducted to identify the strategies which could be used to ensure the survival and growth of SMEs.

Objective of the study

- To investigate the implications of globalization on the growth of SMEs in Western Uganda, particularly how globalization affected the productivity and innovation of SME's in western Uganda

Justification of the study

The government of Uganda may use the results of this study to come up with a framework that creates a sustainable and conducive environment for supporting the growth of SMEs and guard the SMEs from the threats globalization may cause in the region.

Research institutions and academicians may use the findings of the study to disseminate information's to SMEs and the public. On the other hand, future scholars, researchers and academicians may use the findings of the study as reference for their work.

II. LITERATURE REVIEW

Globalization

Globalization has been described by Armstrong (2009) as the process of international economic integration in worldwide markets. Bhagwati, (2007) observed that globalization has played a significant role in creating jobs and these has improved the standard of living of the population and thus a platform to overcome social and economic development issues in the economy. Globalization has made it possible for enterprises world over to acquire new knowledge internationally and use them in parent companies Zedtwitz and Gassmann, (2002). Globalization has made the borders of poor countries porous by increasing the importation of cheap imports from developed countries (Olusegun, 2007; Anyasi, 2016); supported innovations which has led to creation of new and cheap products and services (Wilson and Mador, 2010); and streamlined how business concepts are generated and organized in the right way in the world triggered by an economic order in which businesses should be done around the world (Scholte, 2000; Bataoel 2003), thereby supporting economic activities internationally across borders.

As a result, globalization has escalated market spawn and frequent global crises especially asset-bubble inflates and burst phenomena of various kinds (Dholakia and Turcan, 2014). Accordingly, (Ozughalu and Ajayi, 2007) noted that globalization streamlined how business could be done amongst nations by harmonizing economic rules that governs the relationships between different nations by establishing structures that would facilitate and support interconnection and creation of a global market. (Ajayi and Atanda, 2012) stated that with a wide wave of globalization, communication has ceased to be a barrier and this has shorten distance in doing business and thus improved various forms of transaction. (Uduak, 2016), observed that developing economies would do very little or completely nothing without the support from already developed world especially the support in form of expertise in knowledge, business and technology if they had not engaged in globalization. (Uduak, 2016) noted that globalization improved the financial performance of MNEs and also financial positions of financial institutions to improve credits. Although globalization has played much in economic development, (Masson, 2001), noted that globalization raises domestic income inequality and widens the discrepancy between living standards in developed economies and developing economies.

WHO, (2014), noted the effects of globalization that include political, economic, technological, socio-cultural change while on the other hand some challenges can be posed by globalization which may arise as result of multinational companies entering domestic market coming along with a wealth of experience and technology with high competitive advantage, and as a survival strategy domestic companies respond by reducing their costs through global sourcing to face off the competition thus gaining economies of scale by expanding new markets Totonchi and Manshady, (2012). Globalization is credited for supporting the global economy by reducing administrative barriers to trade, lessening the cost of transport in international trade and development of information and communication technology which has made business transaction easier and cheap Aydin and Saurul, (2014). However globalization is currently facing severe crisis which may lead to a complete failure especially where wrong ideas and invalid assumptions are adopted by policy makers which could lead to a serious financial crisis thus impacting business operations negatively Skidelsky, (2009). Accordingly, Greenspan, (2001) observed that globalization has consequently reduced market frictions and broaden world market by lowering the cost of information technology and international transaction. Patra and Krihna, (2015), stated that most foreign firms collaborate with local firms in the countries where they would want to expand their businesses. MNEs around the globe have discovered a lot of potential and virgin markets in developing nations and are very eager to exploit such markets (Bruche, 2009; patra, 2014). Similarly, Figueiredo, (2011) observed that MNEs subsidiaries in different countries have the potential to embed themselves in different types of networks in their host countries and accumulate their capabilities to innovate new products and services and thus strengthen their competitive advantage.

Small Medium Enterprises (SMEs)

Garikai (2011) defined SMEs in terms of the number of workers employed, capital invested and sales turnover. According to Charles (2013), SME has offered employment to some youth and these SMEs also pay taxes thus this is an engine for social and economic development in Africa. SMEs have been identified in both developed and developing countries as a driving force for economic growth and development. Previous studies (Sajuyigbe and Alabi, 2012; Akingunola, 2011; Muritala ,Awolaja and Bako, 2012) concluded that SMEs contribute about 90% to economic growth and development in terms of employment generation as well as poverty alleviation. Ngui, (2014) noted the importance of SMEs as service providers to primary industries and also producers of finished goods and services to the community. Lozi, (2008) emphasized the need to provide a sound investment climate in developing countries to support SMEs development that would eventually yield important benefits leading to economic growth and development. This would therefore strengthen the capacities of SMEs to create more jobs and help alleviate the social cost of structural reforms in the future. Asiedu and Freeman, (2006) observed that globalizations effect on SMEs has received a lot of attention in international circles in the past few years, this is so because the rate at which cheap goods are being imported has reached an alarming state and local entrepreneurs in the country has a reason to worry since they may be pushed out of business. However, it is also important to note that no country can ever successfully develop by turning its back to international market integration, its long term capital inflows and all the advantages accrued to it thereafter, Onyeaghala and Anele, (2014). However the prospects of gaining access to global markets by high growth firms may help them realize their potential in developing an essential strategic move for SMEs growth with large investment in intellectual property Friedman, (2006). SMEs has played a big role in the growth of gross domestic product, new job creation and poverty reduction worldwide (Muller, et al, 2014; OECD, 2014)

SME sector has therefore attracted the growing attention of both policy makers and academicians. The support that SMEs provide has the capacity to significantly improve the standard of living of the population and improve the economies not only many countries in sub-saharan Africa but the African continent as a whole Folabi, (2015). Similarly, (Motilewa, Ogbari and Aka 2015) noted that a booming SME sector can be measured by the number of sound industrial base it has created in any emerging economy. It would range from employment creation, distribution of equitable incomes to its citizens and deployment of domestic savings for investments. Mrak,(2010) supported the World bank views that governments should change their role by establishing rules and regulations that may include transparency, openness and credibility in government actions and avoid too much bureaucratic tendencies, corruption and discretionary regulations when handling small scale business global integration. Harash, Suhail and Jabbar, (2014) observed that persistent lack of assets and weak financial foundations often make it difficult for SMEs globally to perform and expand their operations, consequently the inadequate equity capital invested in SMEs makes these businesses more reliant on other sources such as bank lending and other types of financial credit. Globally access to credit still remains a challenge to SMEs and this therefore affects their working capital. Due to their size, SMEs have limited access to capital markets both locally and internationally, simply because of the high risk perception, information barriers and the high costs of intermediation (Kofi, Tanyeh, and Gaeten, 2013) which constrains growth and competitiveness (Agbazo and Omame, 2012). The high interest rates, lengthy documentation and complicated collateral requirements by many banks in sub-suharan Africa makes SMEs do not even try to apply for a bank loan and this affects their working capital. In such cases, SMEs have no option but are forced to fall back on any other available option at their disposal to access funds such as social networks, unprofessional money lenders

with high interest rates, family and friends and any other informal loans (World Bank 2008; Beck and Cull 2014). Access to credit determines SMEs competitive readiness and ability to fully exploit and participate in the global and business opportunities stemming from economic integration (Emadet *et al.*, 2014). SMEs which survive on loaned capital struggle to cover their debt costs. The more firms cover debts costs using operational capital, the more they experience decreasing levels of profitability (Popa and Ciobanu, 2014). However extension of credit facilities to SMEs enables them to access essential resources, increase business diversification and increase productivity levels (Eton *et al.*, 2017).

In recent year's banks in developed countries have launched a number of initiatives that both improve the profitability of lending to SMEs and also provide SMEs with better access to finance and to finance their products and services. Furthermore, the financing of small scale enterprises goes a long way in determining the strength and success of the business enterprises (Usman, 2009). Accordingly, Aluko,(2004) noted that institutions need to have adequate and technical staff who are capable of evaluating pre-investment feasibility studies to enable them project and avoid the high risks associated with financing of small scale enterprises. In respect to the latest developments within the world economy and coupled with the effects on economic progress, the role of SMEs going forward are seen to likely even grow bigger with additional and demonstrable impact on the rising world of commerce (SMEDAN, 2010; Naude, 2013).

The importance attached to globalization has ultimately changed the way SMEs work and should be managed. For example their work methods and systems should be streamlined in order for smooth flow of their business activities, practices and adoption of sophisticated systems of work to meet international standard McClean, (2006). Globalization comes with high and international standards of doing businesses which SMEs from developing economies lack. (Gosh, 2001; Agara, 2010) observed that SMEs in developing economies produces inferior products as compared to better finished products from developed countries thus facing stiff competition which may push the SMEs from developing economies out of the market. Accordingly,(Kongolo, 2010) observed that most SMEs globally have similar characteristics in their business operations, provide services like employment to the community, face the same challenges but only differ in understanding of how SMEs contribute to economic growth, however their contribution to national economies still remains untapped. (Schlogl, 2004; Omar, Arokiasamy and Ismail, 2009). However, besides the unpredictable worsening global economic financial instability, SMEs are not exceptional as they are faced with the challenge from the shrinkage of global demand, which adversely affects suppliers of small-scale and large sized corporations' (Chowdhury, 2011). The continuous innovation in technologies in ICT and unpredictable production cost in business has intensified the global challenges in doing business therefore affecting the export competitiveness (Teoh and Chong, 2008) .Some government activities may hinder the establishment of SMEs which should be urgently addressed and some of them include too much bureaucratic tendencies with government agencies even at the time of registration of news businesses, high taxes rates which all does not promote the growth of infant companies (Peterside, 2003)

III. METHODOLOGY

The study used cross sectional survey design and data was collected from respondents operating in and around Mbarara, Bushenyi, Kasese, Rukungiri and Kabale districts. The SMEs investigated ranged from small scale to large scale, although the main focus was on medium scale enterprises. These districts were chosen because they are among the fastest growing districts in western Uganda with a lot of government programs being piloted in support of SMEs. About 280 SMEs were targeted using stratified sampling techniques. The structured and closed ended questionnaire was developed which catered for all the categories of SMEs selected in the district. The questionnaire as a tool was administered to business owners who constituted the unit of analysis for the current study. Questionnaires were used because of their ability to reduce biasness alongside increasing the quality of data collected (Sekaran, 2006).

IV. DATA ANALYSIS

Factor analysis was used in determining the accuracy and measuring the instrument. Cooper & Schinder (2011) noted that factor analysis looked for patterns among variables to discover if underlying combinations of original variables summarized the original set and reduce variables to a manageable size. A Correlation and a regression analyses were used. Correlation was used to establish the strength of the relationship between globalization and SMEs growth. It ranged from 0.0 to 1.0 whereby co-efficient closer to 0.0 indicated very weak relationships while those closer to 1.0 indicated very strong relationship. Similarly, regression analysis was used to provide a linear prediction of SMEs growth as a result of changes in globalization.

Background Characteristics

The study established the variations in background characteristics of respondents. These included distributions by gender, age, marital status, highest level of education and the nature of business run were established. Frequencies and percent were used to indicate the extent of variations.

Table: Background characteristics

Variable	Categories	Frequency	Percent
Gender	Male	69	56.1
	Female	54	43.9
Age in complete years	20-29	25	20.3
	30-39	57	46.3
	40-49	32	26
	50 and above	9	7.3
Marital status	Single	92	74.8
	Married	26	21.1
	Others	5	4.1
Highest level of education	Secondary	12	9.8
	Tertiary	11	8.9
	University	100	81.3
Number of employees	Below 5	13	10.6
	5 -9	25	20.3
	10 and above	85	69.1
Number of years in business	Below 5 years	44	35.8
	5-9	49	39.8
	10 and above	30	24.4
Nature of business	Production	104	84.6
	Merchandize	3	2.4
	Services	13	10.6
	Works	3	2.4

N = 123

The variations in gender indicate that 56.1% were male while 43.9% were female participants. Most participants (46.3%) belonged to the 30 – 39 years’ age group and would be considered the median age group of the participants, followed by 26.0% who belonged to the 40 – 49 years age group and 20.3% belonged to the 20 – 29 years’ age group. Only 7.3% were 50 years or older. The marital status of participants indicate that 74.8% claimed to be single, 21.1% indicated they were married while 4.1% indicated the “others” option, which captured mostly the widowed, divorced and the separated. Considering the level of education, an aggregate of 90.2% which constituted both tertiary and University graduates were the majority participants, while 9.8% had stopped around secondary. The results suggest that a reasonable number of educated Ugandans are engaged in SMEs business in western Uganda. In view of their business experience, 75.6% had been in business for not more than 10 years while only 24.4% had a business experience of 10 years and above which suggests a mild business experience of majority of the SMEs owners investigated. Due to their short experience in business, 69.1% could employ at least 10 or more people, while 30.9% employed not less than 10 people in their businesses. In view of the businesses operated majority (84.6%) operated production businesses, 10.6% operated service businesses, while an equal percentage of 2.4% represented either merchandise or works businesses.

Factor Analysis

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy is a statistic which indicates the proportion of variance in variables which is common variance, i.e. which might be caused by underlying factors. High values (close to 1.0) generally indicate that a factor analysis may be useful with your data. If the value is less than .50, the results of the factor analysis probably won't be very useful. On the other hand, Bartlett's test of sphericity tests whether the correlation matrix is identical, which would indicate that the variables extracted are unrelated. Basing on significant values, very small significant values (sig. < .05) indicate that there are significant relationships among the variables, while higher values (sig. > .05) indicate that the variable extracted are not suitable for factor analysis.

Table 1: Factor analysis – Implication of globalization

	Component		
	1	2	3
Business growth			0.5658
Customer attraction			0.5757
Fast-growing business		0.5413	
Customer needs		0.5549	

Cultural identity		0.5512	
Cross-border transport	0.6465		
Government control	0.6480		
Cross-border transactions	0.6410		
Commodity similarity	0.6675		
Total	3.431	2.617	1.670
% of Variance	16.339	12.460	7.954
Cumulative %	16.339	28.799	36.753
KMO Measure of Sampling Adequacy.		0.632	
Bartlett's Test of Sphericity	Approx. Chi-Square	590.355	
	Df	210.000	
	Sig.	0.000	

Extraction Method: Principal Component Analysis

From the extraction above, KMO Measure of Sampling Adequacy (KMO = .632), is above 0.5. This means that running a factor analysis is very useful for the present data. On the other hand, Bartlett's test of sphericity, whose (sig. < .05), indicates that there are significant relationships among the variables. Therefore, the data is suitable for a factor analysis. It can be observed that three components were extracted, representing about 37.7% of the original data variables.

Table 2: Factor Analysis – Challenges of SMEs

	Component	
	1	2
Personal savings		0.6054
Information flow		0.5755
Profitability	0.6709	
Product/service quality	0.5997	
Informal loans	0.5782	
Debt recovery	0.5619	
Total	2.569	2.014
% of Variance	12.847	10.069
Cumulative %	12.847	22.916
KMO Measure of Sampling Adequacy.		0.498
Bartlett's Test of Sphericity	Approx. Chi-Square	385.656
	Df	190
	Sig.	0.000

Extraction Method: Principal Component Analysis.

From the extraction above, KMO Measure of Sampling Adequacy (KMO = .498), is below 0.5. This means that running a factor analysis is not very useful for present data. On the other hand, whereas Bartlett's test of sphericity (sig. < .05) indicates significant relationships among the variables, the proportion of the original data represented by the extracted variables (22.9%) is very small to account for the variation in the data. Therefore, this data is not suitable for a factor analysis as most of the variables were ignored for having very small factor loadings ($r < .50$).

Table 3: Descriptive Statistics – Implications of Globalization

	Mean	Std. Deviation	CV
Fast-growing business	3.756	1.027	27.3
Cultural identity	3.740	1.039	27.8
Cross-border transactions	3.691	1.041	28.2
Business growth	3.659	0.957	26.1
Cross-border transport	3.602	0.964	26.8
Customer attraction	3.545	0.960	27.1
Commodity similarity	3.423	1.101	32.2
Customer needs	3.154	1.153	36.5
Government control	2.911	1.208	41.5

A comparison of the mean indicates a high agreement on respondents' view on the implications of globalization in western Uganda. The findings indicate that respondents highly agreed that businesses dealing in imported commodities are fast-growing (mean = 3.757; std. = 1.027) and using such commodities has improved cultural dignity (mean = 3.740; std. = 1.039). They however, expressed stalwart positions on government finding it very easy to control the quality of commodities that enter the Ugandan market (mean = 2.911; std. = 1.208), and the ability of imported commodities to meet customer interests (mean = 3.154; std. = 1.153). Though respondents highly agreed that businesses dealing in imported commodities are fast-growing, a comparison of coefficients of variation indicates that respondents were more consistent in their view points on imported goods favoring business growth (CV = 26.1) and Ugandans finding it cheap to transport commodities across international borders (CV = 26.8). Furthermore, the results indicate government's inability to control the quality of commodities that enter the Ugandan market (CV = 41.5).

Table 4: Descriptive Statistics – Growth Challenges of SMEs

Indicators	Mean	Std. Deviation	CV
Personal savings	3.748	1.142	30.5
Information flow	3.374	1.321	39.1
Product/service quality	3.187	1.224	38.4
Informal loans	3.098	1.204	38.9
Profitability	3.073	1.073	34.9
Debt recovery	2.870	1.194	41.6

A comparison of mean scores indicates high agreements on respondents' view of the growth challenges of SMEs in western Uganda. Unequivocally, respondents highly agreed that they rely on their personal savings to grow the capital base of their business (mean = 3.748). They however, found challenges in clearing up their loans. A comparison of Coefficients of Variation (CV) indicates that respondents were consistent and uniform in their position on relying on their personal savings to grow their capital base (CV = 30.5) than they were on several other growth challenges of SMEs. In particular, there were significant differences in their position on struggling to recover their debts due to loaned capital (CV = 41.6). Similarly, the mean = 3.374 indicates a moderate agreement on having adequate information flow about their businesses, however, the CV = 39.1 shows inconsistency on their views on adequate information flow.

Table 5: Table Regression tests

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta	B	Std. Error
(Constant)	1.704	.250		6.802	.000
Globalization	.210	.071	.259	2.948	.004
R	.259(a)				
R Square	.067				
Adjusted R Square	.059				
Std. Error of the Estimate	.32595				

a Predictors: (Constant), Globalization

b Dependent Variable: Small and Medium Enterprises

Regression tests indicate that the correlation between globalization and small and medium ($r = .259$; $\text{sig.} < .05$) is weak. However, the t-statistic indicates that globalization is significant in predicting the level of SMEs growth in Uganda. For purposes of comparability, standardized beta coefficient ($\beta = .259$) indicate that a change in globalization by one-unit is associated to a 25.9% change in the level of SMEs growth in western Uganda. On the whole, the Adjusted R Square = .059 indicates that globalization can only predict SMEs growth by about 5.9%. The constant = 1.704 is the model-predicted value of SMEs growth in the Ugandan economy, assuming the implications of globalization were set to naught.

Discussion

The study established the existence of a weak relationship between globalization and SMEs in western Uganda. The findings agree with (Kappel, 2005) who observed that poor performance and low investment climate in Uganda is attributed to unfavorable business environment. In a related view, (Arinaitwe, 2012) noted that lack of financial information, poor technology and lack of support from government were some of the challenges SMEs face hence leading to their collapse. The findings also indicated that businesses dealing in imported commodities are fast-growing and use of imported commodities improves cultural dignity. The

findings support (WHO, 2014) who noted that the effects of globalization may include economic change, political change, social and cultural change. Similarly, (Paul & Gupta, 2014) recommended that as a growth strategy, it's important that SMEs orient themselves more by going international in this era of globalization. Increasing economic integrations of the world economy is most visible in the growth of world trade, particularly the advances in information and communications technology, which extraordinarily catalyze permitting easy competition of international transactions. In view of firm growth, (Zedwitz & Gassmann, 2012) observed that many firms world over are acquiring new knowledge from international firms which can be used in parent unit at home. In the same disposition, (Friedman, 2006) argues that gaining access to global markets can help realize ones potential by identifying an essential investment which can be of a strategic move to promote your intellectual property thus leading to a firms growth.

The study established that transportation of commodities across borders has become cheap. The results support (Aydin & Savrul, 2014) who asserted that globalization support the global economy by the decline in administrative barriers to trade, sharp falls in the cost of transportation and communication, fragmentation of production processes and the development in information and communications technology. The findings also revealed that SMEs lean on personal savings to grow their capital base. The results agree with (World Bank, 2008; Beck & Cull, 2014) who established that SMEs are forced to fall back on informal loans such as friends, unprofessional money lenders to access credit. The findings also agree with (Popa & Ciobanu, 2014) who established that SMEs which survive on loaned capital struggle to cover their debt costs. They argue that the more firms cover debt costs using operational capital, the more they experience decreasing levels of profitability.

V. CONCLUSION

The study revealed undeniable implications of globalization on business growth in western Uganda. Business owners expressed that businesses dealing in imported commodities are fast-growing and register tangible growth results compared to those dealing in locally manufactured commodities. The scope of study could not establish the actual indicators of growth. They also believe that such commodities improve the cultural dignity of Ugandans. However, imported commodities seem not to suit the interests of most Ugandans, perhaps because of their lack of durability and low quality. The study further established that government finds it very difficult to control the commodities that enter the Ugandan market. This has affected growth of local producers as most of the commodities that enter the country through unauthorized channels are copycats to those that are locally produced. The failure of the Ugandan government to control the quality of commodities that enter the Ugandan market is partly attributed to the fact that transportation of commodities across international borders has become cheap indeed. In order to match the pace at which globalization is impacting business operations in western Uganda, majority SMEs owners have opted to look to their personal savings than loaned capital to grow their businesses. This is associated to the unscrupulous tendencies exhibited by bankers and informal sources of loan that exert a heavy debt recovery burden. Though SMEs owners claim to have adequate information flow regarding their businesses and are looking forward to producing quality products/services, they are still struggling to make their business profitable. It is worth noting that the challenges of business growth in western Uganda and perhaps Uganda as a whole are far beyond globalization. Globalization explains just a speck of what SMEs go through in their operations.

Recommendations

The study indicated that government finds it very difficult to control the quality of commodities that enter the Ugandan market. Uganda Revenue Authority under its Anti-Smuggling Unit should ensure vigilance at border points to reduce the inflow of unauthorized commodities which flood Ugandan market. The Ministry of Trade, Commerce and Industry should step out to protect local firms against competition from foreign producers, particularly those dealing in similar products. This paper still recommends to government to lower interest rates through her fiscal and monetary policies to allow SMEs access credit at affordable rates, which will save them from the unscrupulous money lenders. Considering the scope of this paper, which could not assess growth levels of businesses dealing in imported commodities, there is need for another study to examine the extent to which dealing in imported commodities has predicted business growth in Uganda. Secondly, there is also need to examine the extent to which Uganda's membership to the East African Community boosts growth of SMEs since all the member countries have almost similar competitive economic advantages.

Limitations of the study

The researchers encountered some challenges with a few of the questions in the survey. Changing some questions of the survey made the participants to be more at ease to answer them.

Demand for money is a culture that is developing within the Ugandan society. People today demand payment for whatever work they do. Many respondents demanded money to answer the questionnaire. Research assistants had to employ their good social characters and competence to convince the participants to fill in the questionnaires objectively as possible.

Direction for future study

There is need to conduct a study to examine the extent to which dealing in imported commodities would predict business growth in Uganda. Secondly, there is also need to examine the extent to which Uganda's membership to the East African Community would boost growth of SMEs since all the member countries have almost similar competitive economic advantages in doing business.

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VI. REFERENCES

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