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The Effect of Administrative Corruption on Performance of Small and Medium Enterprises in Uganda: A Case of Uganda Manufacturers Association Members in Kampala, Central Division

One of the key hindrances to Small and Medium Enterprises (SMEs) development in Uganda has been highlighted as administrative corruption which has resulted into stunted growth for SMEs. This study, therefore, reviewed the effects of administrative corruption on the performance of SMEs. The study also found out, assessed, evaluated and examined the effects of bribery, fraud, facilitation payments and extortion on the performance of SMEs respectively. The study was carried out using a quantitative approach. A sample size of 68 respondents was randomly and purposively selected bringing together information from the field by use of a questionnaire and interview guide used to capture information from key informants. The findings reveal that the limiting factors for SMEs' performance included bribery, fraud, facilitations and extortions brought about by the poor business environment, unfavourable government policies and bureaucracies among other things. SMEs have capable signs of building a strong and solid sector when helped and constraints minimised by the relevant authorities as well as government intervention in order to bridge the gap. Therefore, bribery and other forms of administrative corruption can have a very detrimental effect on SME performance. Engaging in administrative corrupt practices creates a very unfavourable business environment by encouraging unfair advantage and anti-competitive practices. Such administrative corruption leads to loss of business. It was recommended that there is need to improve on managerial competencies in SMEs in general knowledge and skills in particular to know their rights and obligations in regard to overcoming corruption tendencies; a continuous professional development system, anti-bribery policies, anti-bribery programmes, risk assessment procedures, but also integrate such measures into daily action by cultivating informal systems in the form of a corporate culture and commonly held ethical values that condemn corruption and financial management training for managers be established and institutionalised in SMEs; SME managers should also pay more attention to their budgetary control systems.

Key words: Corruption, Enterprises, Performance