

**EMPLOYEE JOB SATISFACTION AND RETENTION: A CASE STFOR MABALE
GROWERS TEA FACTORY IN KYENJOJO DISTRICT (UGANDA)**


**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND
MANAGEMENT IN PARTIAL FULFILLMENT OF A BACHELOR'S DEGREE IN
HUMAN RESOURCE MANAGEMENT**

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Declaration

I Michael Nyarwa a student of Kampala International University declare that this research report is my original work except where references have been made, and has never been submitted for a degree or any award at any university or institution of higher learning.

Signature.....

Date.....10 Aug 2017.....

Approval

This research report has been produced under my supervision and guidance and it is now ready for submission to the College of Economics and Management of Kampala International University with my approval.

Signature.....

Date 11 / 08 / 2017

Dr Wandiba Augustine

(University Supervisor)

Dedication

To my late parents,
Mr Yowasi Isamba Abwooli and Mrs Alice Isamba Amooti.

Acknowledgement

I would like to extend my greatest appreciation to the Almighty God for wisdom and strength. I also convey my utmost thanks to the entire staff of Mabale Tea Growers Factory for availing me with the relevant information during my field study visit. I would like to recognize my supervisor Dr Augustine Wandiba for tirelessly guiding me in this research. I appreciate the entire staff of Kampala International University and my classmates. I will forever be grateful for this wonderful academic experience.

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CHAPTER ONE

Introduction

1.0 Introduction

This chapter described the background to the study, the statement to the problem, purpose of the problem, general and specific objectives, the research questions, hypothesis, scope, and significance of the study.

1.1 Background of the Study

The nexus between employee job satisfaction and retention can well be understood using several theories such as *Theory X* and *Theory Y*, Maslow's Hierarchy of needs, and Herzberg's findings.

McGregor assumes that in *Theory X* individuals dislike their careers. Because of this, *Theory X* supposes that in order for employees to be productive, they require supervision. Contrarily, an underlying assumption of *Theory Y* is that individuals not only like their careers but also are willing to take on some amount of professional responsibility. Because of this, *Theory Y* supposes that people do not need supervision in order to perform their job effectively.

Maslow's Hierarchy implies the addition or removal of the same need stimuli will enhance or detract from the employee's satisfaction.

According to Herzberg's the factors garnering job satisfaction are separate from factors leading to poor job satisfaction and employee turnover. Herzberg's system of needs is segmented into motivators and hygiene factors. Employers therefore must utilize positive reinforcement methods while maintaining expected hygiene factors to maximize employee satisfaction and retention.

On the other hand, the equity theory makes three assumptions. First, employees expect a fair return for what they contribute to their jobs, a concept referred to as the "equity norm". Secondly, employees determine what their equitable return should be after comparing their inputs and outcomes with those of their coworkers. This concept is referred to as "social comparison". Thirdly, employees who perceive themselves as being in an inequitable situation will seek to reduce the inequity either by distorting inputs and/or outcomes in their own minds ("cognitive distortion"), by directly altering inputs and/or outputs, or by leaving the organization (Carrell and Dittrich, 1978).

Staff retention is related to the efforts by which employers attempt to retain employees in their workforce. Many organizations strive to retain their skilled workforce to improve on employee job satisfaction. As a coherent approach to the management of an organization's most valuable asset, human resources management is defined as the process of identifying, deploying, appraising and rewarding human resources in an organization.

In any organization, "human resource is the most valuable asset" (Baasi and McMurrer, 2004). People as assets supply the organization with knowledge, skills, experience, and effort, which enable the organization to achieve its desired goals. Employees appreciate with time through accumulation of experience, creativity, and innovativeness. Human Resource Management deals with various aspects, namely, demographics, diversity, skills, and qualifications. From this perspective, staff retention is more of strategy rather than the outcome. Strategies that increase staff retention include, career development, executive coaching, motivating across generations, orientation and on boarding, and women's retention programs.

Lack of retention or turnover is the proportion of employees who leave an organization over a set period (often on a year-on-year basis) expressed as a percentage of total workforce numbers, and this not only decreases satisfaction but increases costs of production as well. According to (an Economist Intelligence Unit, 2008) executives anticipate employee recruitment and retention will become tougher over the next three years, while others see this as becoming "significantly harder". This forecast challenges for organizations with increased turnover and therefore the need for retention of the workforce becomes a priority.

This study focuses on employee job satisfaction as the independent variable, while staff retention is the dependent variable. Here, staff retention is described as the ability of an organization to retain its employees.

The number of employees who voluntarily or involuntarily leave employment is not only detrimental to the company but encroaches on the costs retarding the company's objectives of maintaining a competitive edge. Josh Bersin, principal at Deloitte and founder of Bersin by Deloitte, spells out that the costs of employee turnover are increasingly high, as much as 1.5 to 2 times an employee's salary. Others include soft costs, such as lowered productivity and a decrease in employee morale which then add up to big trouble for businesses that are not investing in their human capital (Florentine, 2017).

Schmidt, L. (2016) asserts that retention continues to be a crucial factor in for emphasis by companies for it will determine the companies will thrive and the ones that will struggle. This is perhaps because retention creates huge const on the company. The most crucial drivers of organization to retain its workforce include base pay and career advancement (Willis Towers Watson, 2014). In Uganda, retention, according HR managers (cited in Daily Monitor, 2010) remains a huge challenge with organizations apprehensive to invest in the development of staff (human resources). Established in 1969 by the Uganda Tea Corporation, Mabale Growers Tea Factory Ltd has transformed from government parastatal facility that is owned, run, and managed privately. Over 3000 smallholder tea, farmers in both Kyenjojo and Kabarole District grow tea. Among the founding of the smallholders is the Late Yowasi Isamba the father to the researcher of this thesis. Mabale Growers Tea Factory as one of the companies in Uganda that seems to experience any retention challenges. Is it perhaps that management has not yet publicized those challenges or they do not exist at all? The reason why I am carrying out this study survey.

1.2 Statement of the problem

Many organizations all over the world are experiencing a balance of power shifting from employers to employees which gives assurance that employees can be retained and satisfied within those organizations which keep on learning how to keep their employee satisfaction at the highest level. This is maintained through the organizations human resource department who implement retention strategies such as training, provision of fringe benefits, holidays/ leave days, health and safety measures, to mention but a few.

Despite the efforts of the human resource department, employees still leave the organization (Schmidt, 2016). The organization continues to face hardships in terms of retention of skilled and talented workforce, which is sited to be a cost to business owners time, productivity and revenue.

This therefore, raises the need to explore into a study that is focused on the relationship between employee job satisfaction and retention.

1.3 Purpose of the study

The purpose of this study was to investigate the relationship between employee job satisfaction and retention.

1.4 Specific Objectives

- 1.4.1. To identify the different determinants of satisfaction used in *Mabale Growers Tea Factory*.
- 1.4.2. To assess the effects of employee satisfaction on retention.
- 1.4.3. To suggest ways of improving employee job satisfaction and retention.

1.5 Research Questions

- 1.5.1. What were the determinants of employee job satisfaction in *Mabale Growers Tea Factory*?
- 1.5.2. What were the effects of employee satisfaction on retention?
- 1.5.3. How can employee job satisfaction and retention be improved?

1.6 Scope of the Study

- 1.6.1 *Content Scope*. The study concentrated on job satisfaction and Retention.
- 1.6.2 *Geographical scope*. The area of study was Mabale Growers Tea Factory Ltd which is located in Bugaaki Sub county six (6) Kilometers away on Fort Portal – Kyenjojo highway, in Kyenjojo District.
- 1.6.3 *Time scope*. The investigation into the variables covered a period of five (5) years dating back from 2010 to 2014.

1.7 Significance of the Study

- The study will generate useful information that will help Human Resource practitioners in Mabale Tea Growers Ltd and beyond, to devise best practices that enable job satisfaction and retention.
- The study will be useful to management of private firms and policy planners at government and institutional levels on how to satisfy and retain their employees.
- It will provide knowledge to academicians to further research.
- The study will proffer solutions to eliminate the lack of staff retention in private companies especially to Mabale Growers Tea Factory.

- The research is important in that it will address gaps to the emerging needs of employee satisfaction practices that influence staff retention.

CHAPTER TWO

Review of Literature

2.0 Introduction

This chapter reviewed literature by describing the theoretical review, conceptual framework, the related literature on job satisfaction and retention hence filling the research gaps.

2.1 Theoretical Review

To situate the nexus of employee job satisfaction, and retention, the study adopted Herzberg's findings. According to Herzberg, the factors garnering job satisfaction are separate from factors leading to poor job satisfaction and employee turnover. This implies that Herzberg's system of needs is segmented into motivators and hygiene factors. Employers must therefore, utilize positive reinforcement methods while maintaining expected hygiene factors to maximize employee satisfaction and retention.

2.2 Conceptual Framework

Independent Variable Job Satisfaction

Equity
Job embeddedness
Achieve task
Feedback
Work without supervision
Commitment



Dependent Variable Retention

- Training and Development
- Career advancement opportunities
- Compensation
- Communication
- Work environment and socialization
- Supervision support and relationship
- Organization Culture

Sources: Ramhall (2004), Armstrong (2011)

2.3. Review of Related Literature

In the review of the related literature, the research looked at factors that affect employee job satisfaction, namely, equity, job embeddedness, achieving the task, feedback, working without supervision and commitment. The study also explored training and development, career

advancement opportunities, compensation, communication, work environment and socialization, supervision support and relationship, as well as organization culture.

2.3.1 Employee job Satisfaction

Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job (Locke, 1976) and as an attitudinal variable that can be a diagnostic indicator for the degree to which people like their job (Spector, 1997). Job satisfaction is "an attitude that individuals have about their jobs (Brief, 1998). Satisfaction results from employee perception of their jobs and their organizations (Ivancevich et al., 1997, p. 91). Job satisfaction is an attitude, which according to Porter, Steers, Mowday and Boulian (1974) is "rapidly formed" and a "transitory" work attitude "largely associated with specific and tangible aspects of the work environment". For examples, employees who have higher job satisfaction are usually less absent, less likely to leave, more productive, more likely to display organisational commitment, and more likely to be satisfied with their lives (Lease, 1998). On the other hand, distress in turn will decrease job dissatisfaction (Jain & Lall, 1996).

2.3.1.1 Equity

According to Adams (1963), perception of equity is the extent to which an employee perceives he is treated fairly relative to/comparable to others inside and outside the organization. An employee's perception of equity is determined through comparing his inputs/outcomes ratio to that ratio of others inside and outside the employing organization. On the one hand, inputs here include all the contributions that the employee brings to the organization such as experience, time, effort, to mention but a few. On the other hand, outcomes include all the rewards/outputs that the employee receives from his organization in return to his contributions, and these include motivators and hygiene factors.

When an employee perceive that he is treated fairly, it is logical that he consequently feels satisfied with the job (McIntyre, Bartle, Landis, & Dansby, 2002; Paik, Parboteeah, & Shim, 2007; Lambert, Hogan, & Griffin, 2007; Deconinck & Bachmann, 2007).

2.3.1.2 Job embeddedness

Mitchell *et al.*, (2001) noted that job embeddedness theorizes that employees remain in the organization as long as the inducements to stay there match or exceed their expectations. Job embeddedness influences employee's decision to whether remain in the company or leave. By

being embedded in a job, the individual will be less likely to leave the organization thus having a positive impact on their performance.

2.3.1.3 Achieve task

Snipes (2005), recognized the fact that for any business to achieve long term success and build an organizations competitive advantage for the future , job satisfaction and retention are crucial elements although the competitive nature of the corporate world makes this a tough task.

According to Nikravan (2011), high potential employees are all hardwired with traits such as:

- A drive to excel (a catalytic learning ability) which involves scanning and adopting new ideas and having the ability to translate them into productive action.
- An enterprising spirit (dynamic sensors) in that employees use these sensors to skirt risks, they have an innate feel for timing, the ability to read situations and a nose for opportunity.

2.3.1.4 Feedback

Garg & Rastogi, (2006), explained that in today's competitive environment feedback is essential for organizations from employees and the more knowledge the employee learns, the more he or she will perform and meet the global challenges of the market place. According to Azzara (2007), feedback can be obtained by encouraging dialogue to discuss achievements and aspirations in organizations through adopting various assessment procedures for easy identification of potential employees. Grossman, 2011 further asserted that by telling employees of their high potential status can give employers an edge in the ongoing challenge to attract and retain key talent. Feedback therefore will enable companies to build a reputation as a place where people can grow as leaders, prove themselves through a variety of opportunities, and build rewarding careers.

2.3.1.5 Work without supervision

Guest (2006) asserted that the measure of worker well-being could mean worker job satisfaction, mental and physical health and broad life satisfaction, balance in work life and level of stress. This implies that contended employees will have a self-drive in performing their tasks and therefore do not require supervision.

2.3.1.6 **Commitment**

For organizations to remain competitive, they need to have in place employees who are “focused, equipped with effective skills and committed to their work” (Sohaillet, 2011). One way businesses can convince employees to commit to a longer period is by developing employee brand by letting employees have the freedom to share their views, which can be used by organizations to build their employer brand. This is done through digital communication and social media where employees express their feelings about what it means to work for a particular company.

2.3.2 **Factors affecting employee retention**

Once employees are retained and satisfied within those organizations, their employers learn how to keep them satisfied at the highest level. This part explains the concept of retention this part explores factors that enhance employee retention.

2.3.2.1 **Employee Retention**

According to Armstrong, (2006), retention refers to how an organization keeps its employees from leaving the organization thus coming up with retention strategies to ensure that employees remain in the company. Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs (Glen, 2006). Employee Retention involves taking measures to encourage employees to remain in the organization for the maximum period. However, it appears like in most tea brewing factories and industries employees shall remain on the jobs for as long as they do not have alternative employment. Otherwise, the syndrome is target working, skill acquisition, greener pastures to mention a few.

Leign, (2002) also defined *retention* as keeping those employees that keep you in business. Nowadays, organizations are experiencing a balance of power shifting from employers to employees. However, it appears like most organizations lose well trained and experienced staff unknowingly due to high level secrecy of employees. Employees decline disclosing every single information to employers pertaining their intent to depart from their organizations on the basis of greener pastures. This fact may be attributed by poor employer – employee relationship and could be a reason of the employer not taking her employees as the main reason for the existence of the company.

Sohaillet, (2011) enlightened that employee retention is an important process for organization performance to remain competitive. Thus for Organizations to remain competitive, they need to have in place employees who are focused, equipped with effective skills and committed to their work. Having a better handle of why the employees are leaving or want to leave the organization, an organization can adopt effective retention practices in-order to reduce turnover (James & Mathew, 2012).

Perception has been defined as the process by which people translate sensory impressions into a coherent and unified view of the world around them. Perception plays a key role-keeping employees hoping for a better tomorrow hence want to work with a given organization for long (Curtis, 2001). According to Nelson and Quick, (1997) social perception is the process of interpreting information about another person. Positive employee perception of the organisation portfolio is an important factor for existence, growth and development of an organization (Griffeth & Hom, 2001).

2.3.2.2 Training and Development

Training and development opportunities may be double-edged sword since it can cause employees to leave due to added skills. On the other hand people in certain jobs require constant updating of skills such as Information Technology might leave if they have no options for strengthening those skills, Sommer, R.D (2000). It calls for organisations therefore to be keen to formulate and implement retention practices to avoid their trained employees from leaving immediately after training. Coetzee, (2004) explained that managers should then realize that recruiting and developing talented staff is of paramount importance to the success of their business objectives.

Investment on employee Training and career development is considered an important factor in employee retention. The organization has a task to make investment in form of training & development only on those workers, from whom organization expect to return and give output on its investment. According to Clark, (2001), organizations have intensified development for talented employees, through proficiency analysis, input on employee interests, need development and multisource appraisal of capabilities and formulate plans for action. Wetland, (2003), suggested that firms and individual made investment on human capital in the form of training. Training enhances the skills of employees. When employees are hired to enhance the skill, the organization needs to start a training program. According to Parker & Wright, (2001) employees

have perception to acquire new knowledge and skills that they apply on the job and also share with other employees.

Gomez *et al.*, (2005) posited that training provides specialized technique and skills to employee and also helps to rectify deficiencies in employee performance, while development provides the skills and abilities to employees who will need the organization in future. Development of skill consists of improving interpersonal communication, technological knowledge, problem solving, and basic literacy. The availability for all employees having access to training and development programs is critical in facilitating organizational growth, particularly with performance and technological improvements. Clark, (2001), recommended that training is a sign of organization commitment to employees. Training also reflects organization strategy that is based on value adding rather than cost lowering. Leading firms of the industry recognized that comprehensive range of training, skill and career development are the key factors of attraction and retention in the form of flexible, sophisticated and technological employees that forms strategy to succeed in the computerized economy (Accenture, 2001).

2.3.2.3 Career Advancement Opportunities

Career Growth and development are the integral part of every individual's career. If employees cannot foresee their path of career development in their current organization, there are chances that they will leave the organization as soon as they get an opportunity, (Bratton & Gold, 2003). The important factors in employee growth that an employee looks for himself are work profile, personal growth and dreams, and training and development. Career development is vital for both the employees and employers.

Career development is a mutual beneficial process because it gives imperative outcomes to employer and employees. To gain and maintain competitive advantage organizations required talented and productive employees and these employees need career development to enhance and cultivate their competencies, (Prince, 2005).

Employee's career advancement is a formalized, organized, and planned effort to accomplish the balance between requirement of organization workforce and individual career needs. The rapidly rising awareness makes it evident that employees can give a leading edge to the organization in the market place. It is a challenge for today human resource managers to identify the organization developmental strategies which entusiasts the employee commitment to the organization vision and values to motivate the employees and help the organization to gain and

sustain the competitive advantage (Gomez *et al.*, 2005). Greller, (2006) stated that people always work for a reason and the cause should be provided by work, organization, co-workers or from within.

2.3.2.4 Compensation

Compensation plays significant role in attracting and retaining good employees, especially those employees who give outstanding performance or unique skill which is indispensable to the organization because the company invests heavy amount on their training and orientation. According to Lawler (1990), companies adopt the strategy of low wages if the work is simple and requires little training and companies competing in high labor markets, adopt the high wages strategy. Organizations, which offer high compensation package as compared to others, would have a large number of candidates applying for induction and have lower turnover rate. Moreover, the high compensation package, the organizations would create culture of excellence (Lawler, 1990). Many organizations implement very good employee retention strategy without offering high compensation or pay based retention strategy (Pfeffer, 1998).

2.3.2.5 Communication

Effective communication improves employee identification with their agency and builds openness and trust culture. Increasingly, organizations provide information on values, mission, strategies, competitive performance, and changes that may affect employees enthuse (Gopinath & Becker 2000); (Levine, 1995). Many companies are working to provide information that employees want and need in better way of communication, through the most credible sources (for example CEO and top management strategies) on a timely and consistent basis. Having in place a good communication system where there is a flow of information between managers and non-managers will ensure that there is no misunderstanding. In addition, effective communication in teams where employees are free to discuss and voice their opinions in projects such as holding an event for junior account holders will result in increased performance as the best solutions are offered and applied, (Smith & Rupp, 2004). Managers should establish an effective two way communication with operatives as this result in employees to remain in the organization (Taplin, & Winterton, 2007).

2.3.2.6 Work Environment and Socialization

Work environment is considered one of the most important factors that influence an employee's retention. According to Hytter, (2008), work environment is generally discussed as industrial

perspective, focus on aspect i.e. noise, toxic substances exposure and heavy lifts. The interactions depend on the kind of job or / and kind of business, it may be more or may be less. The interaction between employees and clients and consumers moves from physical to psychological dimension. Psychological work environment consist of workload, decision, support, stressors, latitude and decision.

It is of much importance to know and recognize the emerging needs of employees and providing good work environment in order to keep the employees committed to their organization. Three types of environment an employee needs in an organization and they include; learning, supportive and work environment, (Freyermuth, 2007). Learning environment includes continuous learning and improvement of the individual, certifications and provision for higher studies. For supportive environment, an organization can provide support in the form of work-life balance, which involves flexible hours, telecommuting, dependent care, alternate work schedules, vacations, and wellness. However, work environment includes efficient managers, supportive co-workers, challenging work, involvement in making decision, clarity of work and responsibilities, and recognition. The absence of such environment pushes employees to look for new opportunities. The environment should be such that employees feel connected to the organization in every respect.

According to Ramlall, (2003) people strive to work and to stay in those organizations that provide good and positive work environment that makes employees feel valued and making a difference. People want to work for an organization, which appreciates work performance, has opportunities to grow, a friendly and cooperative environment, and a feeling that the organization is a second home to the employee (Ontario, 2004).

2.3.2.7 Supervisor Support and Relationship

The leadership style is considered an affective factor in employee retention. The relationship between supervisor and worker play pivotal role in employee turnover intention. Leaders are the human face of the firm. Greenhaus, (2004) suggested that employees' views regarding organization are strongly concerned with their relationship with supervisor. Thus if there is supervisor support, open communication and a good relationship with employees, the employee's, turnover intentions are likely less and more engaged with the organization. Leaders interact as a bond to perform application between expectations and stated goals. The supervisor needs to become aware of the power of perception, learn what circumstances are likely to cause

incorrect perceptions, learn how to manage employee perceptions to the extent possible, and always approach perception as the perceiver's reality.

2.3.2.8 Organization Culture

The vision, mission, and values form part of the culture. The proper understanding of cultural value results to create positive working feelings among employees. Culture should be attractive and supportive to all employees. According to Connie Chapman, (2000), Culture is a powerful way of controlling and managing employee behaviors than organizational rules. Connie Chapman, (2000), further asserted that an attractive culture retains more employees as everybody knows, the reason that close to 80% of people leave an organization is because of conflict in the workplace (manager, peers, ethics).

Joan and Harris, (1999) stress the importance of organizational culture in employee retention and argue that, in order to recruit and retain new employees organizational culture is more important than the job itself. While recruiting, the culture must be a perfect fit for the employee which must be presented to the employee as it is. Many employees tend to leave a company for misfit with the culture. She further stresses that, the first step in employee retention is to make sure that the organization core values are clearly defined and integrated into the organization vision, goals and strategy and communicated over and over again.

2.3.3 Ways to improve Job satisfaction and retention

Organizations need to improve job satisfaction and retention in order to remain competitive and the various ways include the following.

Human Resource analytics through identifying and attracting the best talent, enable organizations gain insights regarding the recruitment process and employee satisfaction. The interest is to look at retention figures and analyze why workers leave or stay at the company, hence businesses gain a greater understanding of how to keep employees satisfied. According to Snipes (2005), having a strong pipeline of high potential talent is vital to organizations because it builds an organizations competitive advantage for the future. Though, organizations according to Nikravan (2011) continue to struggle on how to effectively identify, attract and retain the best talent.

Changing the way staff assessments are conducted, is one way of fostering employee independence without sacrificing accountability. Conventional wisdom may be changing though as more employers acknowledge that employees know that their employers have high potential lists and who is likely on them, whether it is publicly acknowledged or not (Grossman, 2011).

Therefore, by changing the way staff assessment is done reduces bias through making it impossible for employees to predict and thus enables the organization to improve employee job satisfaction and retention.

Trust is another aspect for improving job satisfaction and retention. When employees are given the trust to contribute their ideas, it not only improves employee satisfaction but also, makes them feel valued. “We clearly want accountability, but we also value autonomy,” (Thakur, 2007). According to Ready et al, 2010, high potential employees will deliver strong results by building trust, confidence, and therefore credibility among colleagues and easily master new types of expertise and they further add that an employee’s behavior counts.

Open with employees is another aspect for improving job satisfaction and retention

According to Grossman, (2011) Organizations needed to be open to employees when it comes to promotion prospects and career progression. Despite the fact that businesses and employees are not certain of where they will be next year, let alone 5 or 10 years down the road, employees need to feel that their work is not stagnating. He further recommends that, managers should talk to employees about internal opportunities for progression because a glass ceiling is likely to lead to staff walking out the door.

Lastly, everyday meetings with managers, provide employees with the opportunity to discuss aspects of their work and contribute ideas. During meetings that candidates can be nominated, screened, and assessed based on the criteria and their performance (PDI Ninth House Staff, 2010). An organization where employees feel empowered to speak their minds is one that is likely to have good levels of employee retention.

Therefore, improving employee job satisfaction and retention is not an easy task, but it is ultimately one thing that rewards both the company and its employees. By empowering employees, therefore businesses can create a more nurturing environment that leads to happier workers and long-term success.

CHAPTER THREE

Methodology

3.0 Introduction

This chapter described research methodology the researcher intends to apply during the study. It involves research design, study population, sample techniques, data sources, data collection methods, data analysis, validity and reliability, as well as ethical considerations.

3.1 Research Design

A Research design according to Mitchell, L. M. and Jolley, M.J (2013) is a structure or an arrangement that enables one to collect data, evaluate and distil the useful information, separate fact from fiction and convince others. It will facilitate the researcher to organize evidence that will be obtained to address issues effectively in a logical and unambiguous way (University of North Carolina, 2017).

The study employed descriptive research design with qualitative and quantitative approaches to ensure that all the relevant data is obtained and analyzed.

3.2 Study Population

The population in question for *Mabaale Factory* was 150 respondents comprising of specifically, 5 directors, 50 permanent employees (CEOs, Managers at various levels, Accountants, Cashiers, Security personnel, clerks) and 95 casual employees of the factory. Here, a representative sample population was selected and relevant information to the study collected.

3.3 Sampling Techniques

Purposive sampling was used to obtain a reasonable sample size for determining questionnaires and interviews. The researcher exercised good judgment and strategy to pick cases to be included in the sample.

3.4 Sample Size

3.4.1 According to Krejcie and Morgan (1970), the formulae for determining an adequate sample population with a confidence interval of 95% gives a graph with axes of sample size versus the total population as shown below.

The representative sample size is computed by the use of the formulae,

$$s = \frac{X^2 NP(1-P)}{d^2(N-1) + X^2 P(1-P)}$$

Where N = population size,

P = the population proportion assumed to be .50 that would provide a maximum sample size.

d = the degree of accuracy expressed as a proportion equivalent to 0.05.

X^2 = table value of the Chi-Square @ d.f. = 1 for desired confidence level

The Graph that shows adequate sample size versus total population (Krejcie and Morgan, 1970) is attached to appendix A-1.

Therefore, from the graph, the sample size (s) was 108. The assumption held was that this would represent 150 staff of the study in question. In addition, 10 respondents were interviewed to guide the research get information that would otherwise be difficult to write.

3.5 Data sources

Both primary and secondary data were used to obtain information for purposes of the study. Primary data was obtained through use of well-designed self-administered questionnaires and interview guides issued to respondents within Mabale Tea Growers Factory Ltd. Secondary data was obtained from textbooks, journals, registers, newspapers, and other study publications.

3.6 Data collection Instruments

Both questionnaires and interview guide were applied.

3.6.1 **Questionnaire.** According to the University of Bristol (2013), a questionnaire instrument is a mechanism for obtaining information and opinion. They are an effective mechanism for efficient collection of information. Both closed and open-ended questionnaires were used in the study of job satisfaction and employee retention. Open-ended questions helped the researcher to obtain data based on the opinions of the respondents about the organization. Close-ended

questionnaires on the other hand helped to offer uniformity as a standardized form of responses is expected. Use of both types of questionnaires enabled the researcher to handle large number of issues for the research of simultaneously efficiently.

3.6.2 Interviews

Interviews are a systematic way of collection data from individuals through conversations (Alshenqeeti, 2014). In the study of job satisfaction and retention at Mabaale Tea Factory, the interviewee or the respondent provided the primary source of data. Here participants were given liberty to express their opinions and perceptions about the factory. This is because interviews are more powerful in eliciting narrative data that allowed the researcher to investigate people’s views in greater depth.

3.7 Data Analysis

Data collected from the field using questionnaires and interview guides were coded, computed, and organized into categories. This was done using a tool called statistical package for social sciences (SPSS). To attain the research objectives, output from SPSS were examined, edited, categorized, and manipulated. Bio data of respondents, graphs, and frequency tables were used, while on factors that determine employee job satisfaction and ways of improving job satisfaction and retention mean and standard deviation were also employed.

3.8 Validity and Reliability

3.8.1 Validity

Carmines, G. E. and Zeller, A. R. (2011) defined validity as “the extent to which any measuring instrument measures what it is intended to measure”. To obtain validity, questionnaires were designed based on the relationship between employee satisfaction and job retention. The researcher synthesized relevant aspects from literature review to guide the formulation of questionnaires that would answer the designed research objectives. Distribution of questionnaires, interview guides, and field observations coupled with collection of responses was time bound.

3.8.2 Reliability

Construct validity (reliability) as defined by Carmines, G. E. and Zeller, A. R. (2011, p.6) is concerned with “the extent to which a particular measure relates to other measures consistent with the concepts (or constructs) that are being measured. The Krejcie and Morgan (1970) formulae used provided a 95 percent confidence and 5 percent assumed error, which proved the level of consistence for a given representative sample size. For the designed instruments to be consistent with the theory, questionnaires and interview guide reached the intended population

physically by the researcher during the distribution process and collection of responses by himself.

3.9 Ethical Issues

The researcher requested for an introductory letter from the university to enable him access the relevant department at Mabale Tea Growers Tea Company Limited. This helped the researcher obtain purposively the relevant responses. In addition, confidentiality of information and source protection of respondents was observed. The researcher complied with the organization's policy on restrictions of using cameras, recorders, and mobile phones. Further to this, the cost of the research was kept within the acceptable means.

CHAPTER FOUR

Findings and Discussions/ Data Analysis

0 Introduction

This chapter was structured to present the analysis and discussions of the findings about employee satisfaction and retention at Mabale tea growers Factory that is located in Kyenjojo District. The main premise of the study aimed at investigating the relationship between job satisfaction and retention.

1 Response Rate

The response was used to obtain valid views of the population sampled from Mabale Tea growers company. Response rate according to Survey Monkey (2009) is the percentage of people who respond to the survey. It is given by a ratio of the total number of returned questionnaires to the total number of distributed questionnaires.

$$\frac{\text{Total Number of returned questionnaires}}{\text{Total Number of distributed questionnaires}} \% = \text{Response Rate}$$

2 Presentation of usage of questionnaire

The researcher distributed one hundred eight (108) questionnaires and conducted 10 interview guides to obtain perceptions of different respondents. Out of 108 questionnaires that were distributed, 99 questionnaires were returned of which 95 questionnaires were valid while 4 questionnaires were invalid and 9 questionnaires were not returned. Out of 10 interview guides, six were answered and four returned unanswered. Therefore, this gives us a response rate of $88+3.7 = 91.7$ percent,

Distributed Questionnaires	Valid	Invalid	Not Returned
108	95	4	9
100%	88%	3.7%	8.3%

Table 1: Usage of questionnaire

3 Determinants of job satisfaction

The assessment carried out was aimed at finding whether the employees were satisfied with current job and organization. On the other hand it was about whether satisfaction results into high productivity, taking into account satisfied employees are less absent, less likely to leave, more productive, likely to display organizational commitment, and more likely to be satisfied with their lives among other things, their responses were presented as follows.

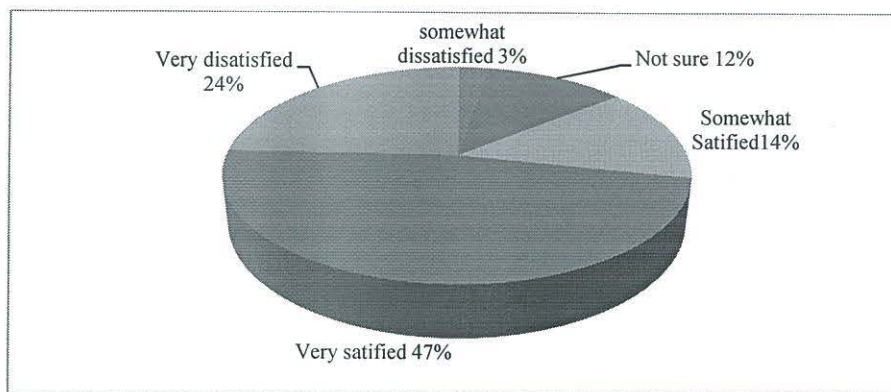


Fig. 4.3.1.1: Satisfaction with current job and organization

From the project data collected evidence showed that 47 percent of the views from the respondents are very satisfied with the current job and organization. This implied that employees, who report regularly to work, are less likely to leave their jobs, are more productive, committed, and satisfied with their lives. While 14 percent of the views from the respondents were somewhat satisfied, and 24 percent of the responses from the respondents were very dissatisfied which meant that they do not enjoy any comfort at the workplace, are less productive and therefore given chance for better jobs outside, they are likely to leave the organization. The determinants of job satisfaction explored below included equity, fair treatment, compensation policy, equal benefits, rewards, job embeddedness, feedback, work without supervision and commitment.

4.1 Equity

With regard to equity, the researcher wanted to know whether there was respectful treatment of all employees, existence of the compensation policy, entitlement to equal benefits, rewards and recognition of employees' inputs. This is shown in the charts below.

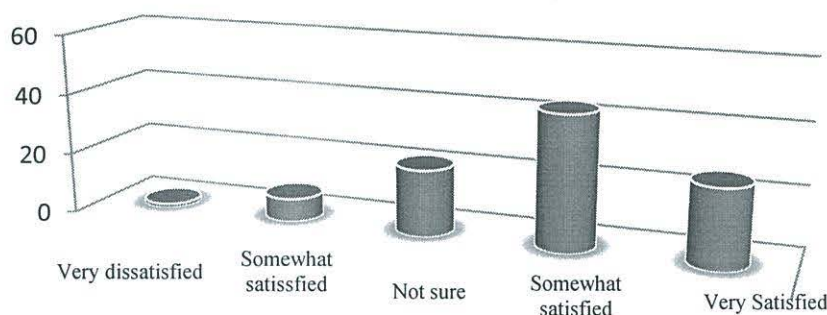


Fig. 4.3.1.2: Equity

3.2 Fair treatment

The researcher intended to know whether the employees are treated humanely and their opinions are given due considerations. It was found out that, 32% of the respondents were very satisfied while taking into consideration their time, experience and effort in relation to the rewards they were receiving from the organisation, 40% of the responses from the respondents indicated that they were somewhat satisfied. This implied that majority of the respondents are treated humanely as regards to work relations, rewards among others. While 3 percent of the responses were very dissatisfied which implied that the returns/ rewards do not suite their contribution to the organization, hence this percentage of the population once given an opportunity can quite the organization.

3.3 Compensation policy

When asked about the existence of the compensation policy and its applicability to all employees 32 percent of the responses indicated that they very satisfied that the policy existed in the organization, 35 percent of the responses indicated that the employees somewhat satisfied while 4 percent were very dissatisfied, which implied that there was no compensation policy within the organization. However, the researchers view is that the compensation policy existed except that there was lack of awareness about it. For example, the researcher was able to identify that some safety gears like gumboots and hand gloves were left lying along areas of rest points such as verandahs and tree sheds. This researcher inferred that there was negligence on the part of employees and probable lack of awareness on the side supervisors to enforce best safety practices. This could be a research gap for further investigations to why there appears to be sheer negligence to safety practices despite the elite administrative team. Below is a bar graph showing the compensation policy and its application.

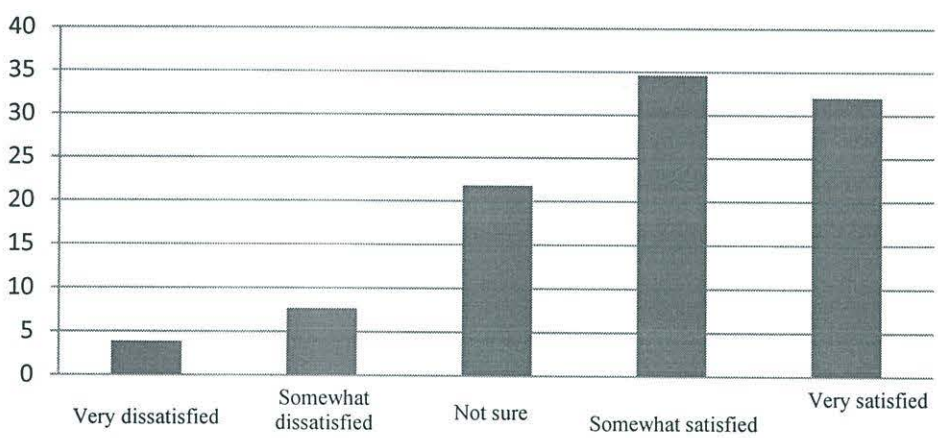


Fig 4.3.1.3 : Existence and Application of Compensation Policy

1.3.4 Equal Benefits

Equality at any workplace is a universal human right. The question about whether all employees were entitled to equal benefits indicated that 32 percent of the respondents were very satisfied hence strongly agree, 35 percent of the respondents agree whereas 4 percent of the respondents strongly disagree implying that there is discrimination in the distribution of benefits in the organization. Discrimination is an illegal offence and may include racism, favor without merit, religious, social economic to mention but a few. 4 percent of the employees in such a category are very dissatisfied with the equal benefit policy. Therefore, they do not pour their quality time, effort, expertise, and skills to make the company a success, which may lead to the growth of other vices such as formation of cliques, grapevine, not being responsive to needs of the organizations. To make matters worse with the current technological advancement, such employees spend most of their time posting unanimous negative information about the company on social media.

1.3.5 Reward

The researcher wanted to know whether employees were rewarded as means to boost their morale, and ability to initiate increase in productivity. When asked whether all employees are rewarded in return to their contributions, forty seven percent of the respondents indicated that they were very satisfied with the rewards. Fourteen percent of the respondents indicated that they were somewhat satisfied with the rewards given in respect to their contribution, whereas twenty-four percent of the respondents were very dissatisfied which could be explained by a scenario where employees work for longer hours but are paid less. This is shown in the pie chart below.

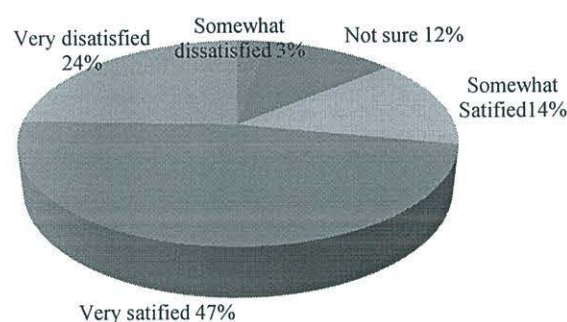


Fig: 4.3.1.4: Reward in return

3.6. Recognizes employee input

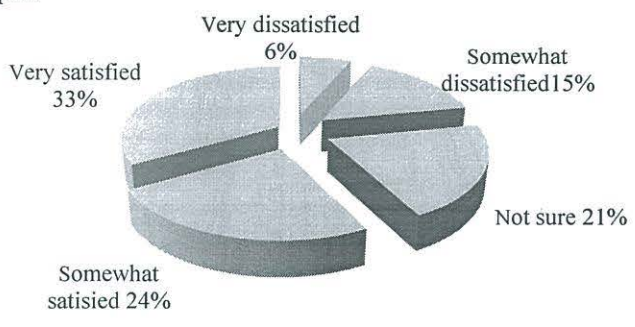


Fig 4.3.1.5: Recognizes employee input

he question whether the organization recognizes employees inputs 33 percent of the responses indicated at the respondents were very satisfied that their inputs such as experience, time and effort, 24 percent of the respondents agreed while 6 percent of the respondents were very dissatisfied in that the organization does not recognize employee inputs as indicated in the pie chart.

3.7 Job Embeddness

he researcher wanted to find out the likelihood that employees remain in the organization as long as the inducements to stay there match or exceed their expectations. This influences the individual's decision whether to remain in the company or leave. The researcher also wanted to find out about employees feelings in the work environment, commitment of employees to achieve organizations objectives and whether employees are likely to look for another job within the organization.

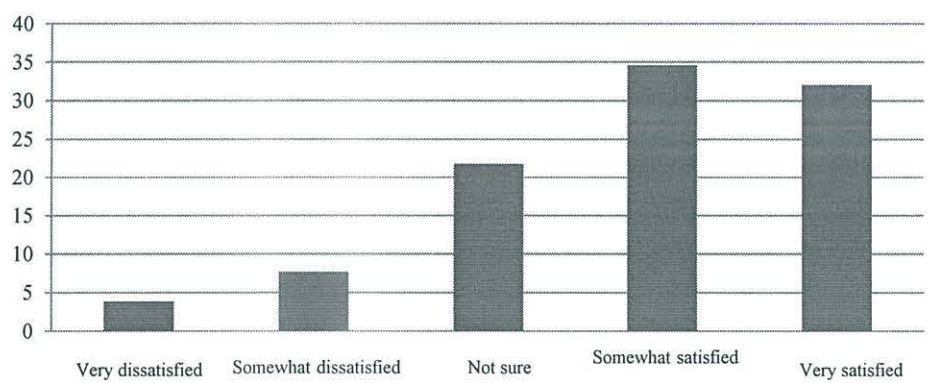


Fig: 4.3.1.6 Job embeddedness

The researcher discovered that 32 percent of the responses are likely to look for a job outside the organization while 24 percent are somewhat likely to look for a job outside the organisation, 8 percent of the respondents will not look for a job outside the organization.

3.8 Feelings in work environment

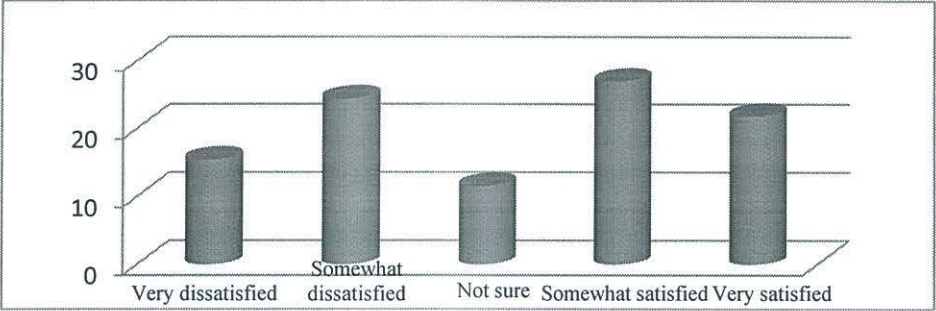


Fig: 4.3.1.7 Feelings in work environment

regard to feelings in the work environment 49 percent were satisfied with feelings of longingness, while 15 percent were not.

3.9 Employee commitment

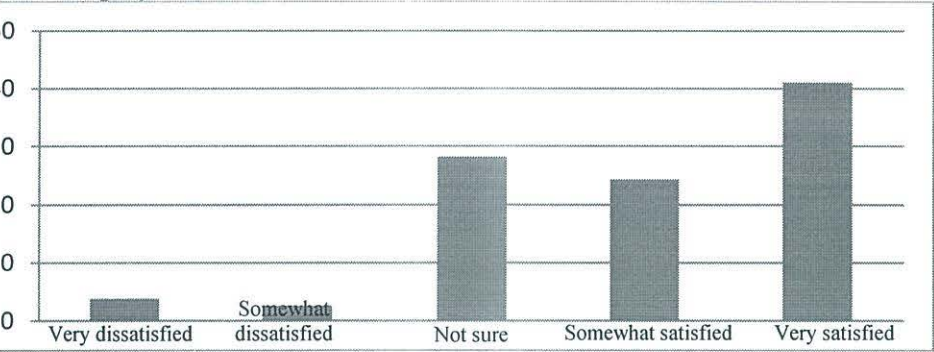


Fig 4.3.1.8 Employee commitment

3.10 Looking for another job within the organization

The researcher also wanted to find out whether employees are likely to look for another job within the organization. Findings indicated that 49 percent of the respondents are likely to look for another job within the organization as explained by a hierarchy of satisfaction, 22 percent of the respondents are somewhat likely to look for a job within the organization and 9 percent are not likely to look for a job they are satisfied with their current positions. This is represented by the pie chart below.

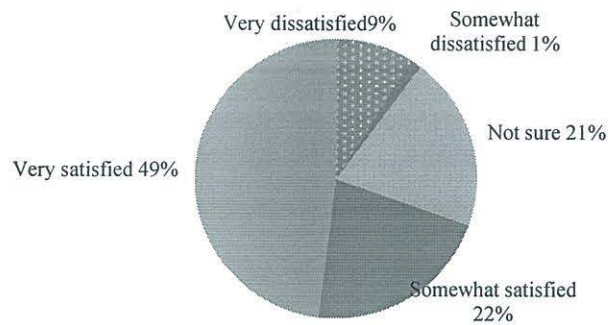


Fig: 4.1.1.9: Looking for another job within the organization

3.11 Achieve Task

Most organizations achieve long term success and build an organizations competitive advantage for the future through recognizing employee job satisfaction and retention. The researcher wanted to find out if employees were able to work on different projects using different skills, understood his/her contribution, availability of networking opportunities, had opportunities to use their skills and abilities in their work, autonomy and independence to make decisions and team work among others.

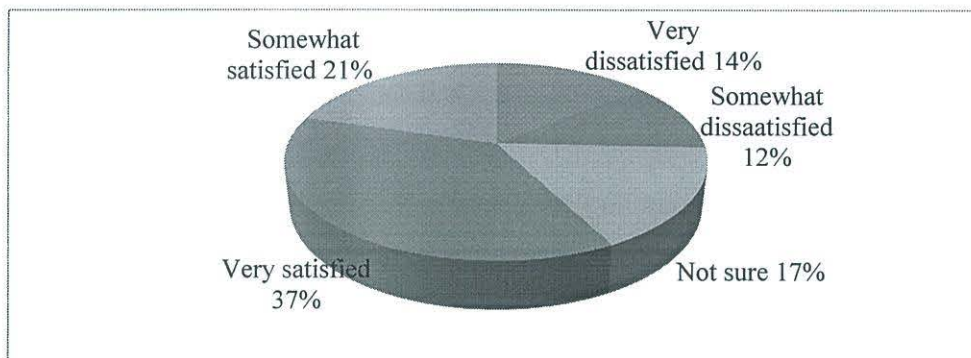


Fig: 4.3.1.10 Achieve task

From the findings above the researcher observed that for employees to achieve task, they worked on different projects, which was evidenced by the percentage response rate of 58 percent, while 14 percent of the respondents were very dissatisfied and these are mainly composed of illiterates who are not given opportunities to do different tasks using their own skills.

3.1.12 Networking opportunities

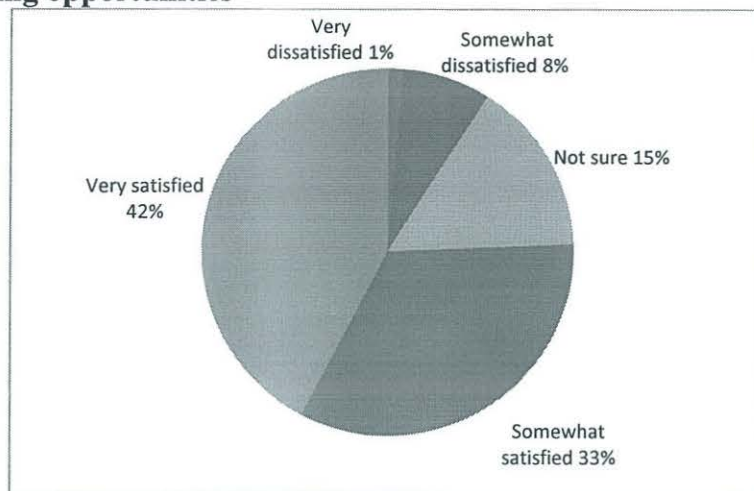


Fig: 4.3.1.11 Networking opportunities

4.1.13 Autonomy and Independence

The findings indicated that 38 percent of the respondents were given liberty to exercise autonomy and independence in making decisions, while 18 percent of the respondents were very dissatisfied because they did not exercise autonomy and independence in making decision for the organization.

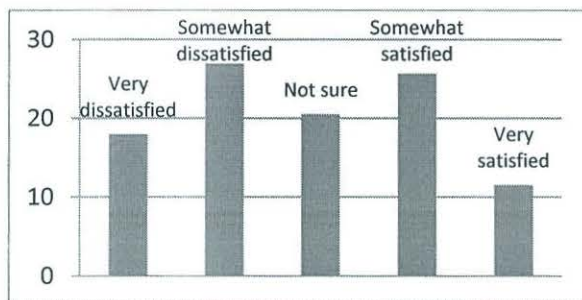


Fig: 4.3.1.12 Autonomy & Independence

4.1.14 Feedback

The study involved discussing achievements and aspirations in organizations through adopting various assessment procedures for easy identification of potential employees. The researcher needed to find out whether management recognized employee job performance, there was effective communication in the organization, and if feedback enhanced individual growth and built thriving careers. The findings indicated that 62 percent of the respondents were satisfied (strongly agree) that there is effective communication in the organization and this builds employee careers. 10 percent of the respondents were very dissatisfied with the communication trends within the organization. This is represented by the pie chart below.

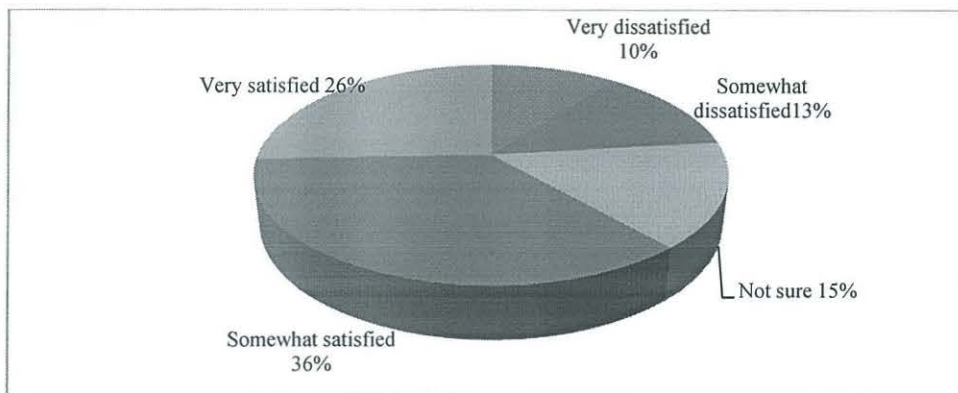


Fig: 4.3.1.13 Feedback (Effective communication between senior management and employees)

When asked whether management recognized employee performance, the responses were as follows, 77 percent were satisfied, while 23 percent were dissatisfied with feedback in the organization.

4.3.1.15 Work without Supervision

It is believed that contented employees would have a self-drive in performing their tasks and therefore do not require supervision.

The research findings indicated that about seventy percent of the respondents found the work itself is interesting, challenging, and exciting. However, about seven percent of the respondents worked under supervision. To these employees, work was boring, not exciting, and not challenging.

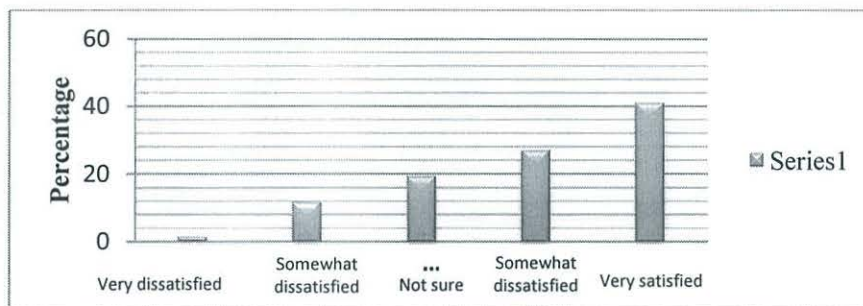


Fig 4.3.1.14 Work without Supervision

4.3.1.16 Commitment

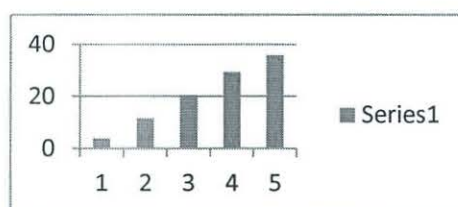


Fig: 4.3.1.15 Commitment to professional development

The researcher discovered that seventy percent of the respondents were satisfied with organization's commitment to professional development, while five percent were dissatisfied with organization commitment towards their professional growth.

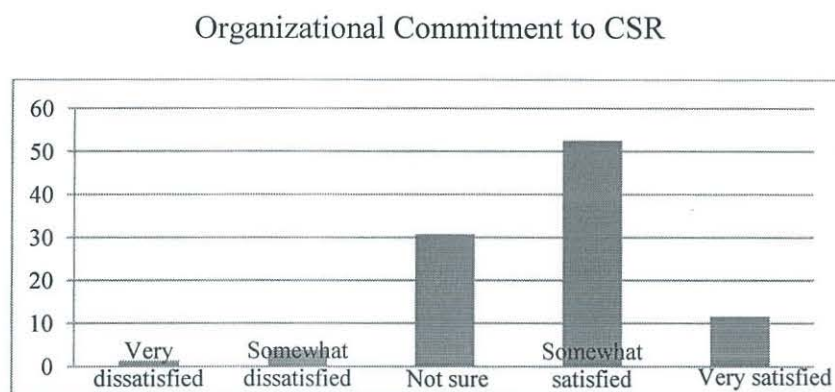


Fig: 4.3.1.16 Organizational Commitment to CSR

The research findings indicated that in regard to organizations commitment to corporate social responsibility (CSR) 65 percent of the respondents were sure that the organization undertook CSR.

4 Effects of Job Satisfaction on Retention

4.1 Training and development

Training provides specialized technique and skills to employees and also helps to rectify deficiencies in performance, development on the other hand provides skills and abilities. The researcher needed to know if the organization conducts job specific training, company paid general training, committed to professional development and whether training enhances skills and knowledge.

When asked whether the company conducts job specific training, the following responses were obtained 32 percent were very satisfied, 34 percent were somewhat satisfied and 3 percent were very dissatisfied.

4.4.1.1 Job specific training

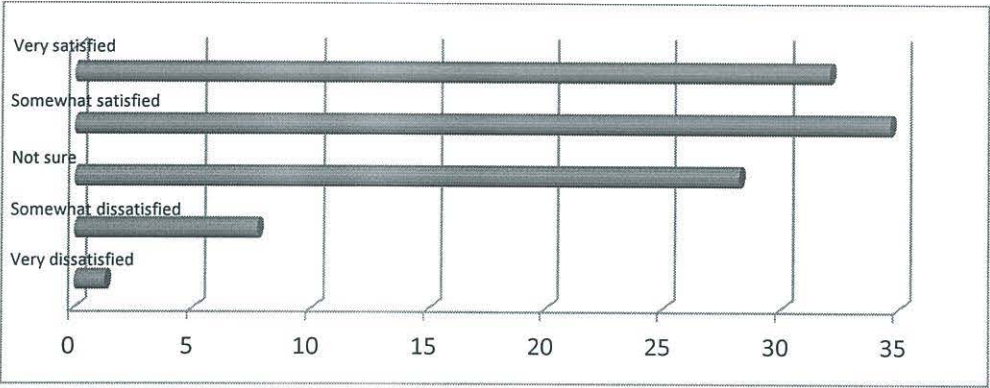


Fig: 4.4.1.1 Job specific training

4.1.2 Organizational commitment to professional development

When asked whether the company was committed to professional development, the following responses were obtained, 62 percent of the respondents were satisfied because the organization was committed to professional development, while 5 percent of the respondents were very dissatisfied, which implied that the organization was not committed to professional development as shown in the chart below.

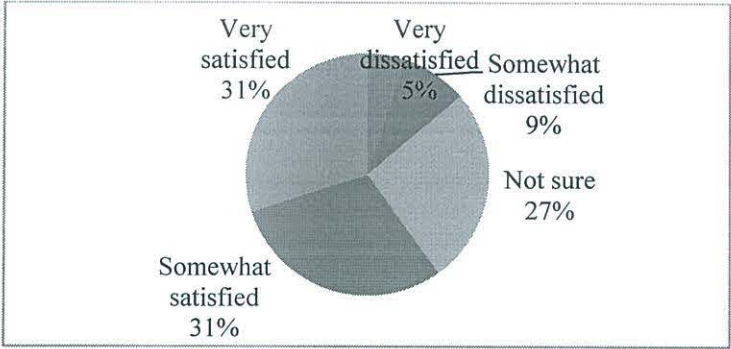


Fig: 4.4.1.2 Organizational commitment to professional development

4.1.3 Career development opportunities

The researcher needed to know whether the company provides career development opportunities to all its employees, career advancement results into employee growth and employees stay longer in an organization as a way to advance. The researcher observed that 71 percent of the respondents were satisfied that the company provides career development opportunities to all its employees, while 6 percent of the respondents were very dissatisfied because they have not heard or been given any opportunity to become a part of it.

4.2 Compensation

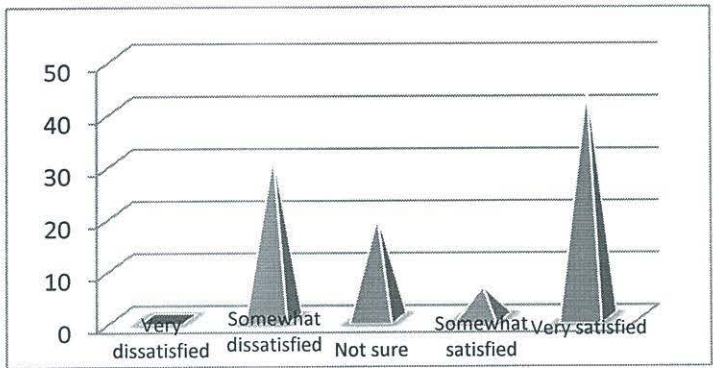


Fig: 4.4.2.1 Compensation

an organization offered high compensation packages it would have a large number of candidates applying for induction and have a lower turnover rate. The researcher was interested in finding out whether employees were compensated for overtime work performed, existence of worker's compensation policy, a high package creates a culture of excellence, and that compensation attracts and retains good employees.

he researcher discovered that 65 percent of the respondents were satisfied that employees were compensated while none of the respondents shows very dissatisfied. This implies that the overall compensation policy exists in the organization.

4.3 Communication

organizations work to provide information that employees want and need in a better way. Thus, the flow of information between managers and non-managers ensured that there was no misunderstanding. The researcher wanted to find out whether there was effective communication in the organization, information was provided on a timely and consistent basis and observation of the flow of information. In response to existence of effective communication, the researcher obtained the following responses, 66 percent of the respondents were satisfied that there exists effective communication within the organization, 1 percent of the respondents very dissatisfied with the effectiveness in communication. This could be representative of any useful research information.

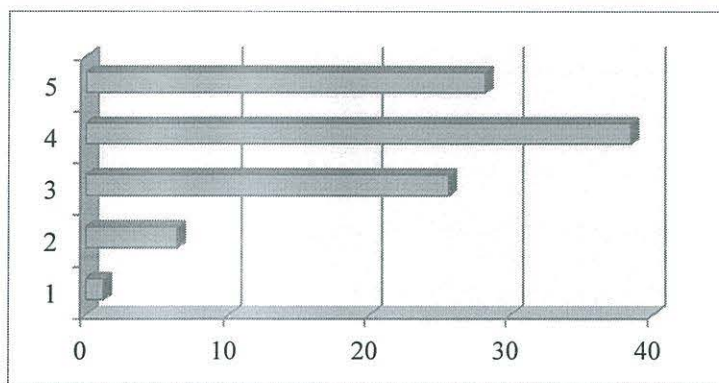


Fig: 4.4.3.1 Communication

4.4 Work Environment and socialization

The kind of environment required by an employee was learning, supportive and work environment and the interactions depended on the kind of job and /or kind of business. People want to work for an organization, which appreciated their work performance, had opportunities to grow, a friendly and cooperative environment and a feeling that the organization was a second home to the employee. The researcher was interested in finding out whether there existed good work relationship with immediate supervisor, team work, networking opportunities, as well as recognition of work ethics. Research findings indicated that 84 percent were satisfied while none of the respondents indicated dissatisfaction.

4.5 Supervisor support and relationship

The Researcher wanted to discover whether there was Trust, Supervisor support, coupled with good communication and a good relationship with employees as well as good leadership. Regarding existence of trust between employees and senior management, the findings indicated that 58 percent of the respondents were satisfied that there is trust between employees and senior management, while 42 percent were dissatisfied. This is visible in the bar graph below.

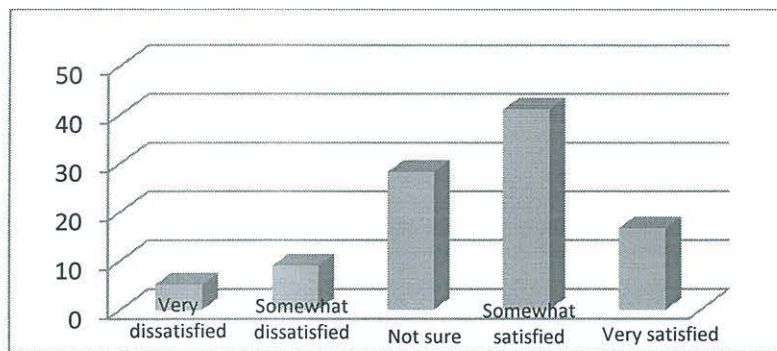


Fig: 4.4.5.1 Supervisor support and relationship

4.5.1 Leadership

Leaders interact as a bond to perform application between expectations and stated goals. Research findings indicated that 78 percent of the respondents were satisfied that there existed good leadership, where it could be inferred that the organization has good leadership.

5.6 Organization Culture

The organization's culture must be attractive and supportive to all employees. The culture should be clear and integrated into the organization vision, goals and strategy and this needed to be communicated over and over again. The researcher discovered that 57 percent of the respondents were very satisfied with the way the organization presents its culture, thus reputation, work ethics and values, while 5 percent of the respondents were very dissatisfied implying that the organization culture is non-existent, as represented in the pie chart below.

Overall Corporate culture

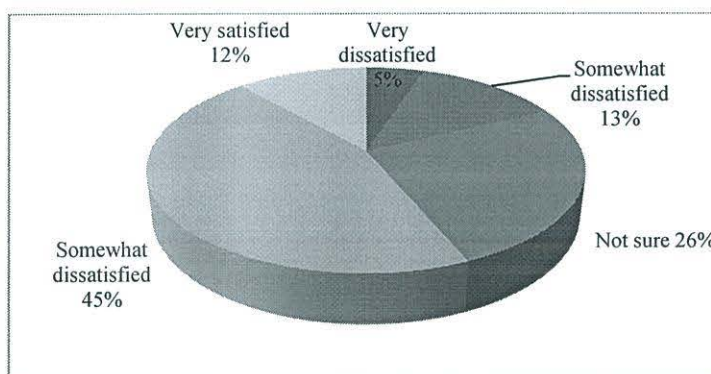


Fig: 4.4.6.1 Overall Corporate Culture

4.7 Organization commitment to CSR

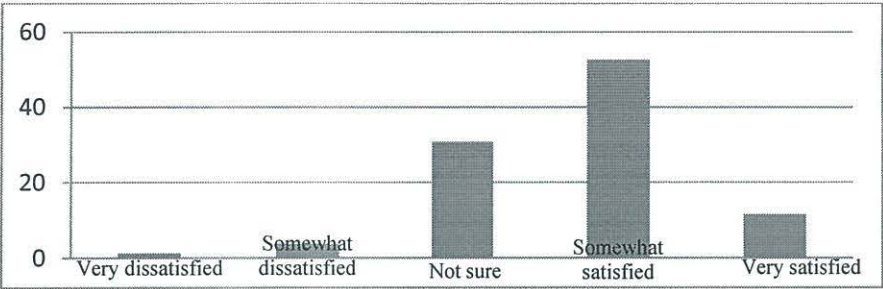


Fig: 4.4.7 Organization commitment to CSR

The researcher found out that 65 percent of the respondents were satisfied that CSR exists in the organization, while one percent of the respondents are very dissatisfied implying that there is no CSR.

5 Ways to improve Job Satisfaction and Retention

5.1 HR Analytics

Human resources aim at identifying and attracting the best talent. The researcher discovered that 26 percent are very satisfied with the way the Human resource have a better understanding of how to keep employees satisfied 46 percent somewhat satisfied, while none of the respondents were dissatisfied. This is presented in the graph below.

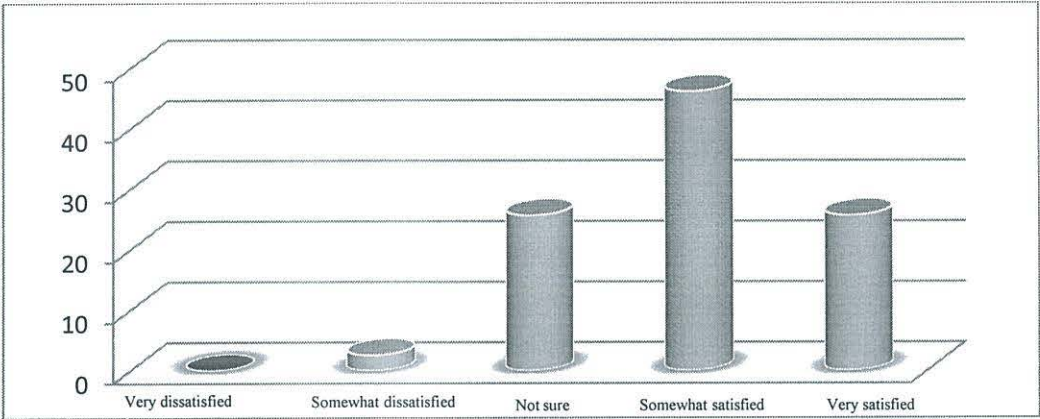


Fig: 4.5.1.1 HR Analytics

5.2 Change staff assessments

This is one way of fostering employee independence without sacrificing accountability. Employees are aware that their employees have potential lists, therefore by changing the way staff assessments are done to reduce bias thereby making it impossible for employees to predict. The researcher

covered that 58 percent were satisfied with changing the way the assessments were done, while 4 percent were not satisfied as shown in the graph below.

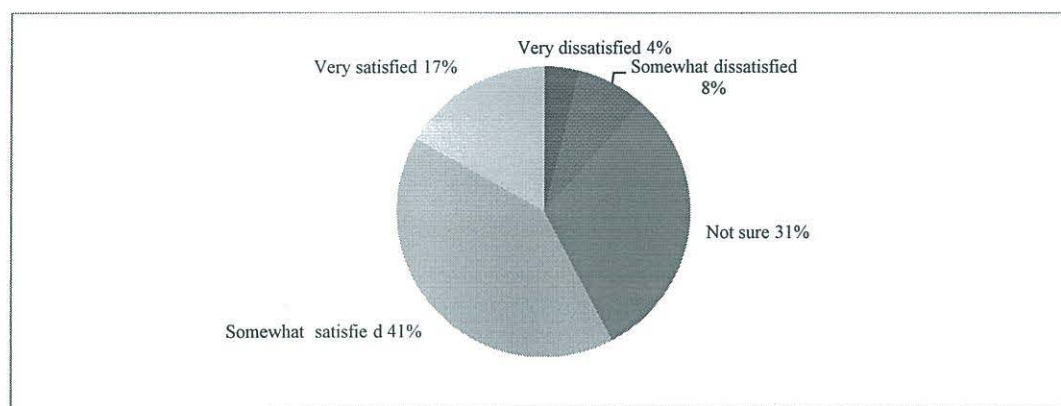


Fig: 4.5.1.2 Change with employees

4.3. Trust

Just to contribute their ideas, not only improves employee satisfaction but also makes them feel valued. Findings indicated that 84 percent were satisfied, while 4% were very dissatisfied. This makes employees stay longer on the jobs since they feel the organization gives them due consideration to the overall contribution of their ideas that sometimes help in decision-making process.

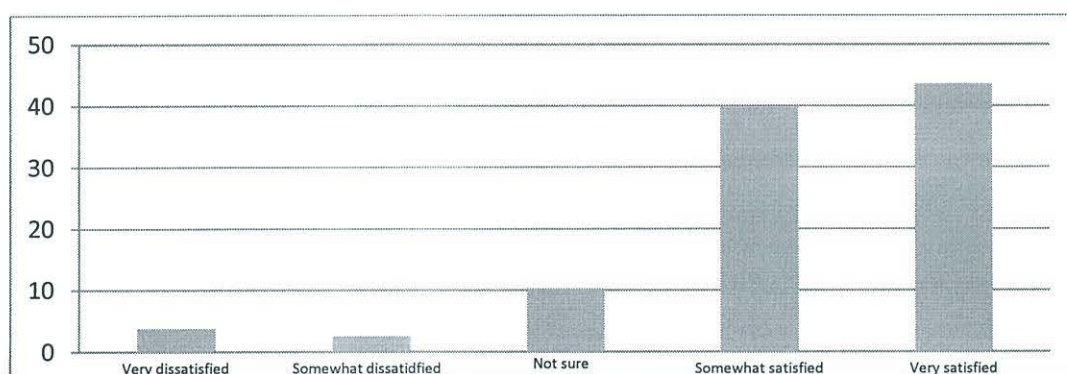


Fig: 4.5.1.3 Trust

4.4 Open with employees

When it comes to promotion prospects, career progression, and internal opportunities for progression, the findings indicate that 82 percent were satisfied, while 4 percent are very dissatisfied. Openness in organizations leads to high level, which contributes to growth since employees feel as if they own the organization.

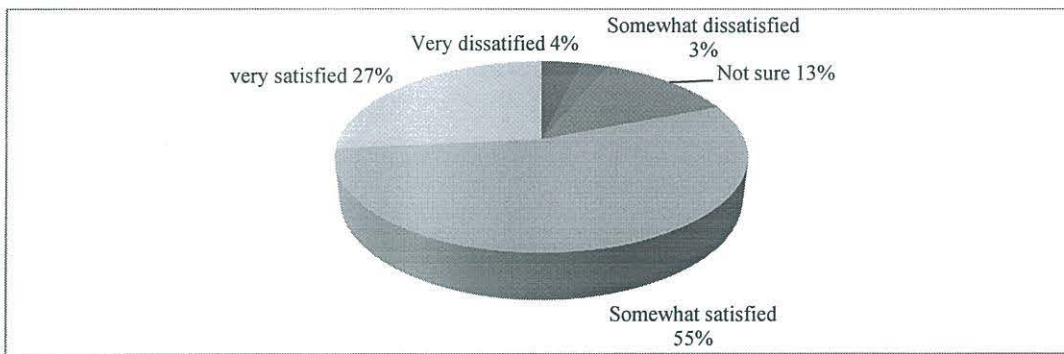


Fig: 4.5.1.4 Open with employees

4.5 Everyday meetings with managers

Everyday engagements with managers provide employees with an opportunity to discuss aspects of their work and contribute ideas. This is where the employees are empowered to speak their minds, to voice problems and challenges encountered at the earliest that contributes to efficiency and effectiveness. The findings showed that 71 percent were satisfied, while 5% were very dissatisfied, which could imply that their issues were not solved through such meetings.

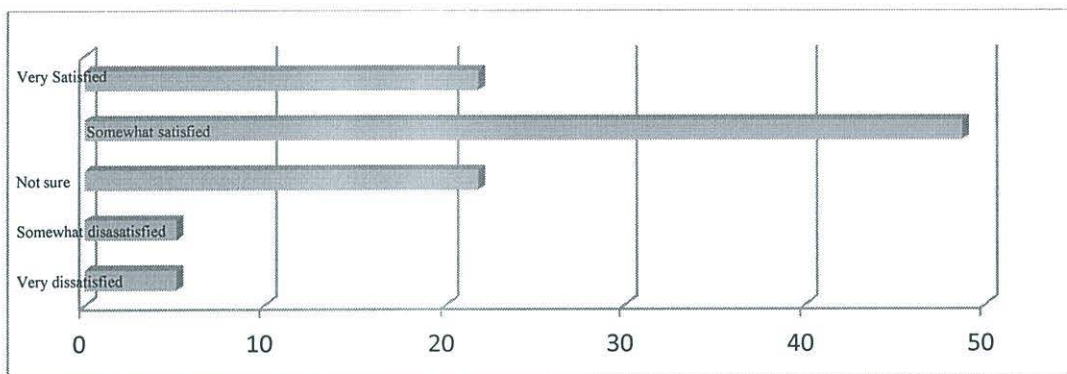


Fig: 4.5.1.5 Everyday meetings with managers

CHAPTER FIVE

Discussions, conclusion, and recommendations of the study

5.0 Introduction

This chapter presents the discussions, conclusion, and recommendations of the study.

5.1 Discussions of findings

The study looked at the nexus of employee job satisfaction and retention. The discussion of findings is about the determinants, the effects, and ways of improving satisfaction and retention.

5.1.1 The study elucidated the determinants of employee job satisfaction, which included equity, job embeddedness, achieve the task, feedback, and work without supervision as well as commitment.

First, it was explored that perception of fair treatment according to Adams (1963) made employees contribute their experiences, time, and effort towards the success of the organization. This appears to concur with the findings of this study at Mabale Growers Tea Factory, where seventy-two percent of the respondents were satisfied is as far as perception of fair treatment is concerned. However, the factor of perception as a determinant is only an individual attribute that may keep him/her at work as long as they are aware of fair treated.

Job embeddedness is also influenced by perception of personal judgment as long as his benefits exceed his expectations (Mitchell et al., 2001). The findings were that only eight percent are not likely to find jobs outside Mabaale. This implies that the company has a potential of low retention rates. It is possible that top managers and supervisors appear to not to be concerned with looking for jobs outside the current organization because they seem comfortable with their work.

Achieving task is an indicator of satisfaction where motivated employees have the ability to translate new ideas in to productive action (Muscalu, E. (2015). The study found out that seventy-five percent were satisfied with availability of networking (teamwork), which increases on satisfaction. On autonomy and independence, it was visible that thirty eight percent of the respondents have the liberty to participate in decision making of the organization. This implies that about sixty percent perhaps are the low-level factory employees who work under supervision of others.

Organizations require skilled, focused, and committed employees to attain set objectives (Sohaillet, 2011). The study found out that management of Mabale Factory gives their employees freedom and time to upgrade their education, transport, medical and accommodation incentives

when employees go for leave among others. Such incentives by the organization enhance the employees' commitment.

Daud, N (2015) specifies other determinants of job satisfaction to be "maturity level, relationship status, the education level, salary, opportunities for growth, managerial ranking, and years of experience. Whereas the findings in the study appear to concur with conclusions from Daud's findings that older people, understand the organization and as such, they will look for jobs only they are sure will satisfy their needs. However, what seems be contrary to this is salary as determinant of employee satisfaction. The findings of the study were high retention rates at Mabale factory despite a delay of employees' salaries for a period of four months. From the interaction with management, it was clear that employees knew the challenges the organization faced through the robust sensitization given to them, which increased their commitment and focus.

5.1.2 Effects of employee satisfaction on retention

Regarding training and development, Gomez et al., (2005) asserts that it enhances skills, knowledge and competencies thereby helping employees to improve performance. This study found out that the organization had a good policy to allow its staff to further their education in neighbouring tertiary institutions provided they were able to meet tuition requirements. Whereas, there are no records how this affects retention it could be counterproductive in as far as lowering retention rates is concerned. This is because the educate staff may have more opportunities for getting jobs outside since they more knowledgeable, experience, and also the exposure they get since they "acquired skills that the company may not be able to remunerate" Sommer, R.D (2000). This therefore makes the staff potential candidates to leave the organization.

With regard to career path, it has also been revealed in the study that people always work for a reason. This seems to be in line with Greller's (2006) argument that "the cause for working should be provided by work, the organization, and the co-workers. Bratton & Gold, (2003) confirms this arguing that where employees cannot foresee their path of career development they are likely to leave the organization at an opportune time. Therefore career path is crucial in job retention.

The study confirmed that people strive to work and stay in those organizations that provide good and positive work environment that makes employees feel valued and making a difference, Ramlall, (2003). On the contrary, Freyermuth, (2007) describes a working environment to include

efficient managers, supportive co-workers, challenging work, involvement in making decisions, clarity of work, responsibilities, and recognition. However, absence of such environment (without efficient managers, supportive co-workers, challenging work) makes employees to look for other employment opportunities.

Findings from the study revealed that three quarters of staff were dissatisfied with the clarity of the organizational culture. According to Connie Chapman (2000), an attractive culture retains more employees because the organizational culture is not well described or liked. Joan and Harris, (1999) assert misfit with the culture could be a recipe for employees to leave the organization.

5.1.3 Ways to improve job satisfaction and retention

Nikravan (2011) recognizes that there is a need to continuously struggle on how to effectively identify, attract and retain the best talent. According to Grossman (2011), improvement can be achieved by means of adopting conventional wisdom since employees know that their employers acknowledge that employees have lists of those who are likely on them as this is aimed at reducing bias thereby making it impossible for the employees to predict.

It is believed that high potential employees build strong results by building trust, confidence and therefore credibility among colleagues (Ready et al, 2010). According to Thakur (2007), much as accountability is required, Autonomy is more valued.

Grossman (2011) asserts that organizations need to discuss openly with the employees any promotion prospects and career progression.

5.2 Conclusion

5.2.1 Determinants of job satisfaction

The study explored the determinants of job satisfaction that included equity, job embeddedness, achieve task, feedback, work without supervision and commitment. The research thus, identified the average satisfaction with the current job and organization to be high. This implies that contented employees will lower the absenteeism levels, are less likely to leave the organization, are more productive, and likely to display organizational commitment as boosted by the above determinants.

5.2.2 Effects of job Satisfaction on Retention

The research established that majority of the employees agree that the company offers like job related training opportunities and commitment to professional development organization, resulted into Job Satisfaction on retention.

Career development, which results into growth, enables employees to stay longer in the organization. Compensation also, given in instances of overtime work performed is believed to attract and retain good employees. Effective communication within departments of the organization, information is provided on a timely and consistent basis and that the organization observes the flow of information. People strive to work and stay in organisations that appreciate their work performance. The organization observes good working relationship and good leadership is a bond to perform application between expectations and stated goals. The organization culture is said to be attractive and supportive to all employees through presentation of its culture, work ethics and values.

5.2.3 Ways to improve Job Satisfaction and Retention

Regarding ways to improve employee job satisfaction and retention 72 percent of the employees revealed that it could be carried out through Human Resources Analytics, where best talents are identified and attracted.

Staff assessments are a factor of improving employee job satisfaction and retention. This is visible because 58 percent of the employees responded that job satisfaction and retention can be improved by changing the way staff assessments are carried out because it fosters employee independence without sacrificing accountability.

Trust also was seen as a very important factor to improve employee job satisfaction and retention. This is in line with the study where, 84 percent of the respondents revealed that through trust of employees to contribute their ideas not only improves employee satisfaction but also makes them feel valued.

In the study 82 percent disclosed that openness with employees especially on matters of promotion prospects and career progression was another way of improving employee job satisfaction and retention.

Periodic meetings done every day with managers also improve satisfaction and retention. It was clear from the study that 71 percent of the respondents felt that day to day meetings with superiors provided employees with opportunities to discuss aspects of their work and contribute ideas, which is another way to enhance satisfaction and retention.

5.3 Recommendations

On the determinants of job Satisfaction employees, it was clear that less than a quarter of the employees are not satisfied. Even if this quantity is small, it should not be neglected because it may be attributed to a perception of or actual discrimination within an organization.

Therefore, the study recommends that the organization should continue boosting employee morale through ensuring equal and respectful treatment. This may be enhanced through a policy that ensures fair rewarding, compensation and equal benefits. The organization could also create a favorable work environment, which ensures an improved information flow with a feedback mechanism, a good work relationship, and good leadership among other things. The organization should also request government assistance to bolster its regular supply of extra drugs, which is crucial for a healthy workforce.

Since the effects of job satisfaction on retention are likely to present both the positive and negative results, there is need to take an extra effort to understand the perceptions of employees and devise an appropriate satisfiers that are likely to keep the employees productive in

The employer should recruit talented and productive employees who will improve performance of the organization.

The organization culture should be defined clearly with a vision, mission, and values, so that employees can understand it properly.

To remain competitive the human resource function of the organization needs to attract best talent and devise means of retaining employees by formalizing their appointments, having health and safety measures in place, leave and holidays as well as incentives. In addition, by keeping company secrets confidential so that employees are not in position to predict. Employees need to be given trust to contribute their ideas, as a pool of knowledge. There is need to improve the meetings held daily with managers as employees discuss aspects of their work and contribute ideas.

5.4 Contribution

- The research will generate useful information, which Human Resource practitioners will depend on when devising best practices that would enable job satisfaction and retention in Mabale Tea Growers Ltd and beyond.

- The management of private firms and policy planners at government and institutional levels will find the study useful when deciding on the best means to satisfy and retain their employees.
- This study will proffer solutions to eliminate the lack of staff retention in private companies especially to Mabale Growers Tea Factory.
- The research is important in that it will address gaps to the emerging needs of employee satisfaction practices that influence staff retention.
- Lastly, the study will provide knowledge to academicians to further research.

5.5 Areas of other research

It is proposed that further research could be done in the following areas.

What are the effects of improved technology on retention in an organization: A case for manual plucking (harvesting) of tea in a similar industry? Communication barrier with lower level employees needs to be highlighted as some are left out. How communication affects performance and retention in a related industry. The last research area this study proposes is how motivation affects retention in a similar organization.

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Interview Guide Questions

Name of Respondent (Optional)
.....

Level of Management:Job Tittle:

How long have you worked in Mabale Tea Growers Tea Company Factory?
.....

1. Are you satisfied on your current job and organization? Yes/No

Give reasons.

2. What are the determinants of employee job satisfaction in *Mabale Growers Tea Factory*?

- a. -----
- b. -----
- c. -----
- d. -----
- e. -----

3. What are the effects of employee satisfaction on retention?

- a. -----
- b. -----
- c. -----
- d. -----
- e. -----

4. How can employee job satisfaction and retention be improved?

- a. -----
- b. -----
- c. -----
- d. -----
- e. -----

QUESTIONNAIRE

Employee job satisfaction and retention

Dear Respondent,

This questionnaire is mainly for study purpose and is exploring the nexus of employee job satisfaction and retention in Mabale Tea Growers Tea Factory. Any information given shall be treated with utmost confidentiality.

Thank you,

Date of interview Day Month Year

Section A. Bio Data

1. Gender of respondent Male Female

2. Education Level

Below UCE	UCE	UACE	Post UACE	Graduate
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

3. How long have you worked with this organization? _ _ _ _ _

Likert's scale, where 1= very dissatisfied, 2= somewhat dissatisfied, 3= not sure, 4= somewhat satisfied, 5= very satisfied.

The questionnaire on relationship between employee job satisfaction and retention at Mabale Growers Tea Factory

Section B **Factors that determine job satisfaction**

Job satisfaction is defined as an attitude that individuals have about their jobs. The questions below are aimed at establishing the employee perception of their jobs and the degree to which there is a good fit between the individual and the organization.

Rate the following factors that determine job satisfaction attaching the values of importance based on Likert's scale, where 1= very dissatisfied, 2= somewhat dissatisfied, 3= not sure, 4= somewhat satisfied, 5= very satisfied .

	Job Satisfaction	1	2	3	4	5
a.	Satisfaction with current job and organisation					
b.	Satisfaction will result into more productivity					
	Equity	1	2	3	4	5
a.	Respectful treatment of all employees at all levels					
b.	Compensation policy exists and is applicable to all employees					
c.	All employees are entitled Benefits equally					
d.	All employees are rewarded in return to their contributions					
e.	The organization recognizes an employee's inputs such as experience, time and effort					
	Job Embeddedness	1	2	3	4	5
a.	Likelihood of looking for a job outside current organization in the next 12 months					
b.	Feelings in your work environment for example physical, safety, taking measures to prevent violence in the work place, acts of terrorism					
c.	Employees are very committed to achieving the organizations objectives					
d.	Would you be interested in looking for another job within the organization					
	Achieve task	1	2	3	4	5
a.	Working on different projects, using different skills					
b.	Understanding the contribution your work has on overall business goals					
c.	Networking opportunities are available within the organization					
d.	Opportunities to use your skills and abilities in your work					
e.	Immediate supervisors respect for your ideas					
f.	Autonomy and independence to make decisions					
g.	Teamwork produces greater results					
h.	Teamwork within departments or business units exists					

Likert's scale, where 1= very dissatisfied, 2= somewhat dissatisfied, 3= not sure, 4= somewhat satisfied, 5= very satisfied.

The questionnaire on relationship between employee job satisfaction and retention at Mabale Growers Tea Factory

	Feedback	1	2	3	4	5
a.	Managements recognition of employee job performance (feedback, incentives, rewards)					
b.	There is effective communication between senior management and employees					
c.	There is effective communication between departments or business units					
d.	Feedback enhances individual growth and builds rewarding careers					
	Work without supervision	1	2	3	4	5
a.	The work itself is interesting, challenging, exciting					
b.	Relationship with immediate supervisor					
c.	Understanding how your job contributes to organizations missions					
d.	Contented employees always balance their work life and have a high command of self drive					
	Commitment	1	2	3	4	5
a.	The organization is committed to professional development					
b.	The organisation is committed to corporate social responsibility					
c.	The organization is committed to creating a “green” workplace					
d.	Employees are committed to achieving the organizations objectives					

Section B **Effect of job satisfaction on retention**

Retention involves taking measures to encourage employees to remain in the organization for the maximum period. The questions below are aimed at ascertaining the extent to which retention ensures that employees are satisfied with their jobs.

	Training and development	1	2	3	4	5
a.	Job specific training is encouraged in the organization					
b.	Company paid general training is provided by the organization					
c.	The organization is committed to professional development					
d.	Training enhances skills and knowledge					
	Career advancement opportunities	1	2	3	4	5
a.	Career development opportunities are provided to all employees					
b.	Employees need career development to enhance and cultivate their competences					
c.	Career advancement results into employee growth					
d.	Organizations are committed to professional development					
e.	Employees stay longer in an organization as one way to advance					

Likert's scale, where 1= very dissatisfied, 2= somewhat dissatisfied, 3= not sure, 4= somewhat satisfied, 5= very satisfied.

The questionnaire on relationship between employee job satisfaction and retention at Mabale Growers Tea Factory

	Compensation	1	2	3	4	5
a.	Employees are compensated for overtime work performed					
b.	There exists a Workman’s compensation policy in this organization					
c.	High compensation package creates a culture of excellence					
d.	Compensation attracts and retains good employees					
	Communication	1	2	3	4	5
a.	Effective communication between senior management and employees					
b.	There is effective communication between departments or business units					
c.	Effective communication builds openness and trust culture					
d.	Information is provided on a timely and consistent basis					
e.	The organization observes the flow of information					
	Work Environment and Socialisation	1	2	3	4	5
a.	Good work relationship with immediate supervisor					
b.	There exists team work within departments					
c.	People strive to work and stay in organizations that appreciate their work performance.					
d.	Networking opportunities are available to enhance career recognition					
e.	Work ethics are put into consideration					
	Supervisor support and relationship	1	2	3	4	5
a.	There is trust between employees and senior management					
b.	There exists a strong working relationship with the immediate supervisor					
c.	Immediate supervisors respect for your ideas					
d.	Good working relationship with co-workers					
e.	Good leadership acts as a bond to perform application between expectations and stated goals					
	Organization Culture	1	2	3	4	5
a.	Overall Corporate culture (organizations reputation, work ethics, values)					
b.	The organization is committed to Corporate Social Responsibility					
c.	The organization is committed to a green work place					
d.	An attractive culture retains more employees					

Likert's scale, where 1= very dissatisfied, 2= somewhat dissatisfied, 3= not sure, 4= somewhat satisfied, 5= very satisfied.

The questionnaire on relationship between employee job satisfaction and retention at Mabale Growers Tea Factory

Section C Ways to improve employee job satisfaction and retention

Employee job satisfaction and retention is crucial for any business to achieve long-term success, the following below is aimed at ascertaining the degree to which the various ways are applied in this organization to influence improvement.

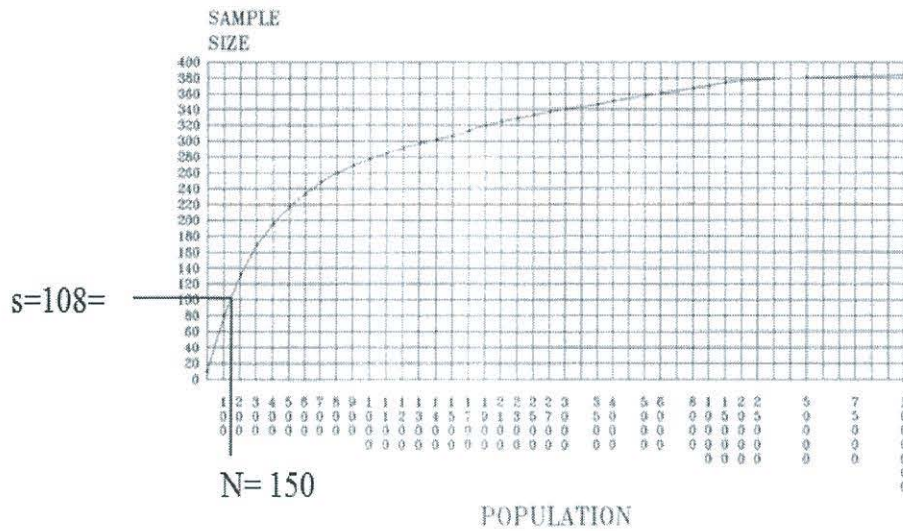
	Ways to improve employee job satisfaction and retention	1	2	3	4	5
a.	HR Analytics through Identifying and attracting the best talent					
b.	Changing the way staff assessments are carried out					
c.	Trust					
d.	Open with employees					
e.	Everyday meetings with managers					

Likert's scale, where 1= very dissatisfied, 2= somewhat dissatisfied, 3= not sure, 4= somewhat satisfied, 5= very satisfied.

The questionnaire on relationship between employee job satisfaction and retention at Mabale Growers Tea Factory

Appendix 1

SAMPLE SIZE VS TOTAL POPULATION



Assumes Standard Error = .05

Since the total population of employees at Mabale Tea Factory is 150, the sample size s , is determined from the formulae above as represented in the graph.

Hence, $N=150$ and $s=108$

Fig 1: Graph showing adequate sample size versus total population (Krejcie and Morgan, 1970)

**IMPACT OF TAX INCENTIVES ON THE GROWTH OF MANUFACTURING FIRMS
IN UGANDA; A CASE STUDY OF HIMA CEMENT LTD KAMPALA BRANCH**

BY

NYIIRO GRACE

BBA/43607/143/DU

**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND
MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE AWARD OF A BACHELORS DEGREE IN BUSINESS
ADMINISTRATION OF KAMPALA INTERNATIONAL
UNIVERSITY**

AUGUST, 2017

DECLARATION

I **Nyiiro Grace**, hereby declare that this report is the original work of my efforts and has not been submitted for presentation at Kampala International University or any other institution of higher learning.

Signature:.....



Date.....

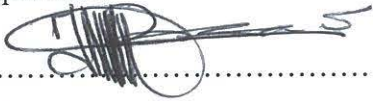
15/08/2017

Nyiiro Grace

BBA/43607/143/DU

APPROVAL

This research report has been written and prepared under my guidance and supervision as supervisor.



Mr. Ayasi Asadi

Supervisor



Date

DEDICATION

This report is especially dedicated to my family members; dad Mr. Kagoda David, mum Mrs. Kagoya Agnes, brothers and sisters. Without their encouragement, understanding, support and love, completion of this study could not have been possible.

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LIST OF ACRONYMS

URA	-	Uganda Revenue Authority
HCL	-	Hima Cement Limited
UNBS	-	Uganda National Bureau of Statistics
WB	-	World Bank Database
FDI	-	Foreign Direct Investment
BBR	-	Balanced Budget Requirement
VAT	-	Value Added Tax
GDP	-	Gross Domestic Product
AfDB	-	African Development Bank
IMF	-	International Monetary Fund
NGOs	-	Non Governmental Organizations
GST	-	Goods and Service Tax
OECD	-	Organization for Economic Cooperation and Development

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ABSTRACT

The study assessed the impact of tax incentives on growth of manufacturing industries, a case study of Hima Cement Limited- Kampala branch. The study was guided by three specific objectives, that included (i) examining the different types of incentives offered to manufacturing firms to boost economic growth, (ii) to analyze determinants of awarding tax Incentives to manufacturing firms in Uganda and (iii) to establish the Relationship between Tax incentives and growth of manufacturing firms. Both the diagnostic and descriptive approaches was adopted in the study to describe the impacts of tax incentives on growth of manufacturing industries in Hima Cement Limited, Kampala branch.

The findings of the study indicated that, tax incentives have a positive impact on growth of Hima Cement Limited and it effectively makes use of these incentives offered to it, it will lead to growth of Hima Cement Limited in form of sustainability and expansion, competitiveness and even creation of more employment opportunities. However the government has to evaluate benefits from the incentive because a lot of revenue is lost due to offering tax incentives.

The research recommended as follows; Hima Cement Limited should exploit the different kind of tax incentives offered to it such that its growth is boosted, the company should organize seminars and workshops to inform its employees of the tax incentives received by the company and the determinants of being offered these incentives.

Conclusively, the research found out that tax incentives have a positive impact on growth of Hima Cement Limited and if it effectively makes use of these incentives, it will lead to its growth in form of sustainability, expansion, competitiveness and even creation of employment opportunities.

CHAPTER ONE

1.0 Introduction

This chapter presents the background of the study, statement of the problem, objectives of study, research questions, and scope of study, conceptual framework and significance of study.

1.1 Background of the study

In 1987, the government of Uganda embarked on an economic recovery program comprising of fiscal and monetary return. Uganda's tax system was significantly characterized by exceptionally high tax rates and weak tax administration system. The major reforms undertaken in 1987 involved the creation of Uganda Revenue Authority in a bid to improve tax administration (URA Statute No.6 1991). In the same year, Uganda Investment Authority was created to promote investment in the country (The Investment Code 1991, Statute No.1)

Most countries have perennial budget deficit issues because they adopt ex-ante Balanced Budget Requirements (BBRs) rather than ex-post BBRs. Ex-ante BBRs requires legislature to pass budgets that are balanced at the beginning of each fiscal year while ex-post BBRs require governments to balance their budgets by the end of each fiscal year a situation which may ensure that the government takes measures to collect sufficient revenues to meet its expenditure requirements and spur economic growth. (Gruber 2005)

Tax incentives reduce the tax burden of any party in order to induce them to invest in particular projects or sectors. The key question however remains whether by offering huge tax incentives governments in developing countries like Uganda have been able to increase investments to the extent of increasing economic growth rates and improving the welfare of its citizens. Studies in both developed and developing countries suggest that tax incentives are inefficient and expensive way of encouraging investments. Most studies show that the most important determinants of FDI in developing countries consist of long term considerations affecting profitability, market size and market potential (winter, 2009).

Countries offering tax incentives may benefit through non-economic gains from industrialization, creation of jobs, transfer of technology and training, and increase in tax revenues if the entities will exist in the long run and pay taxes (Nancey, 2009). Some researchers

have also concluded that investment decisions are fairly sensitive to tax incentives and therefore they suggest that the tax policy is a powerful tool in determining investments flow (Gruber, 2005). These benefits are meant to contribute to higher economic and employment growth rates and reduce poverty levels.

Fiscal policies are concerned with government spending and taxation policies. The burden of resource mobilization to finance essential public development projects must be focused on how the government will raise adequate revenues for its development efforts. In the long-run, the government can only rely on the efficient and equitable collection of taxes as a more sustainable way to raise revenue to meet its development goals (Smith, 2003).

1.2 Problem Statement

Although the government of Uganda offers a wide range of tax incentives to the manufacturing firms in form of capital allowances, deductions, exemptions and tax holidays to encourage economic growth, it has had a significant loss of revenue that would be collected by the government to fund other sectors like health, trade and agriculture. (Action Aid, 2012).

According to a report by SEATIN-Uganda, tax exemptions resulted into direct loss of 3.99% tax to GDP ratio. Without the exemptions, the tax to GDP ratio would have reached a level of 16.15% according to Ministry of Finance, Planning and Economic Development report of 2011. (New Vision, Sunday June 11, 2017)

International organizations such as African Development Bank (AfDB) and IMF have joined NGOs and others in criticizing Uganda's tax incentives, calling for them to be reviewed and reduced and unproductive incentives to be abolished. And any incentives that are determined to be effective should be targeted at achieving specific social and economic objective that benefit the Ugandan citizens.

1.3 General Objective

To determine the effect of tax incentives on growth of manufacturing firms in Uganda; the case of Hima Cement Limited, Kampala branch.

1.4 Specific Objectives;

- 1) To examine the different types of incentive offered to manufacturing firms to boost economic growth
- 2) To analyze determinants of awarding tax Incentives to manufacturing firms in Uganda.
- 3) To establish the Relationship between Tax incentives and growth of manufacturing firms.

1.5 Research Questions

The research was guided by the following questions;

- 1) What are the various types of tax incentives extended to manufacturing firms to boost their growth?
- 2) What are the determinants of awarding tax incentives to manufacturing firms?
- 3) What is the Relationship between tax incentives and growth manufacturing?

1.6 Scope of the Study

1.6.1 Content Scope

The study covered Impact of Tax Incentives on economic growth. It examined the different types of tax incentives offered, it analysed the determinants of awarding tax incentives and established the relationship between tax incentives and growth of the manufacturing firm.

1.6.2 Time scope

The research was conducted for a period of three months that is to say from March to June 2017. The study data tackled data of 2012- 2016. The time chose was deemed appropriate to collect data required for the study.

1.6.3 Geographical scope

The research was conducted in Hima Cement Kampala branch at the court building, plot 4-Ternan avenue Nakasero.

1.7 Significance of the Study

It will enable managers to appreciate the importance of tax incentive and revisit its favorable one.

The study will provide an insight into taxation incentives and their impacts on economic growth. It is necessary to educate potential investors and citizens so as to encourage support and compliance for good macroeconomic policies.

To the researcher and academicians, the study will add to the existing literature in this field which will form good base of literature for review by researcher in the future.

1.8 Conceptual Framework

(Mugenda, 2008). A conceptual framework is a relationship between variables in a study showing them graphically and diagrammatically. The purpose is to help the reader quickly see the proposed relationship of concepts. The assumed relationship between Tax incentives and Growth Manufacturing Firms as captured below.

Conceptual Frameworks on Tax incentives and growth Manufacturing Firms

Independent Variables

Tax incentives

Exemptions
Tax holiday
Deductions
Capital allowances

Dependent Variables

Growth Manufacturing Firms

Sufficient revenues
Value addition
Employment
Increased investments

Intervening Variable

Eligibility criteria
Minimum Price legislation
Statistical publication
Bailing out

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature. A review of the past literature is a crucial endeavor for any academic research. This chapter reviews literature on tax incentives and various aspects on economic growth.

2.2 Theoretical framework

Theories of taxation

Taxation refers to the means by which the government finances their expenditure by imposing charges on citizens and corporate entities. Government use taxation to encourage or discourage certain economic activities. The researcher employed the ability to pay theory.

Ability-to-pay approach

The ability-to-pay approach treats government revenue and expenditures separately. Taxes are based on taxpayers' ability to pay; there is no quid pro quo. Taxes paid are seen as a sacrifice by taxpayers, which raise the issues of what the sacrifice of each taxpayer should be and how it should be measured:

- Equal sacrifice: The total loss of utility as a result of taxation should be equal for all taxpayers (the rich will be taxed more heavily than the poor)
- Equal proportional sacrifice: The proportional loss of utility as a result of taxation should be equal for all taxpayers
- Equal marginal sacrifice: The instantaneous loss of utility (as measured by the derivative of the utility function) as a result of taxation should be equal for all taxpayers. This therefore will entail the least aggregate sacrifice (the total sacrifice will be the least).

2.3 Impact of tax incentives on Growth of Manufacturing Firms

There is often interest in assessing the economic impact of an economic policy which may be viewed in terms of business output, value added, wealth, personal income or employment. Any

of these can be indicator of the improvements on the economic wellbeing of resident which is usually the goal of economic development efforts. The net economic impact is usually viewed as to expansion or contraction of an area's economy.(Gruber,2010)

The impact of tax incentives should be assessed in terms of higher investment, expansion and generation of employment opportunities. This can either be achieved by generating more investments or directly by initially changing the distribution of investment towards activities with high spillovers and achieving higher growth as result. It is a necessity that, only for the choice between different incentives, one may decide against their use if none of the available incentives can achieve the aims. (Google books, 2003)

The cost of tax incentives go beyond losses as they include distortions to the economy as a result of preferential treatment of investment, administration costs for monitoring them and social costs like corruption. Any impact benefit on investment by firms by firms benefiting from tax incentives should be analyzed in the light of the effect of aggregate investment. Principle of good tax incentives also apply to tax incentives including transparency and profitability. (IMF,2009)

A tax incentive is an aspect of a country's tax code designed to incentivize, or encourage a particular economic activity. Many "tax incentives" simply remove part or all the burden of the tax from whatever market transaction is taking place. This is because almost all taxes impose what economists call an excess burden or deadweight loss. Deadweight loss is the difference between the amount of economic productivity that would occur in absence of tax and that which occurs with the tax imposed. If savings are taxed, people save less than they otherwise would. Tax non-essential goods and people buy less. Tax wages and people work less. And taxing activities like entertainment and travel reduces their consumption as well. Sometimes the goal is to reduce such market activity as in the case of taxing cigarettes. But reducing activity is most often not a goal because greater market activity is considered desirable. When a tax incentive is spoken of, it usually means removing the tax (or a portion thereof) and thereby lessening the burden. (Anjeanette, 2014).

Tax reforms are meant to ensure that the three main objectives of a good tax system are met and these objectives include raising tax revenue for funding government operations without excessive government borrowing, ensuring the equitable distribution of income in a nation and

encouraging or discouraging specific activities but implementing tax reforms to meet these goals of an ideal tax system have remained a challenge. There have been debates on whether and to what extent the government should use the tax system for policy goals other than raising tax revenue. (IEA, 2012)

A tax credit is a tax incentive which allows certain taxpayers to subtract the amount of the credit they have accrued from the total they owe the state. It may also be a credit granted in recognition of taxes already paid or, as in the United Kingdom, a form of state support for low earners. Incentive tax credits may be used to encourage behaviors like investment or parenting. A credit directly reduces tax bills, unlike tax deductions and tax exemptions, which indirectly reduce tax bills by reducing the size of the base (for example, a taxpayer's income or property value) from which the tax bill is calculated. Most tax credits are nonrefundable tax credits and so do not apply if no taxes are owed. However, some tax credits are refundable tax credits so if the credit exceeds the amount of taxes owed. (Mike, 2014).

From the view of economists, a tax is a compulsory contribution of resources from the private to the public sector or government levied on a basis of predetermined criteria and without reference to any specific benefits received by the tax payer Governments levy different types of taxes at varying tax rates to distribute the tax burden among persons involved in taxable activities or to redistribute resources within the society. In addition, taxes are levied by the government to influence the macroeconomic performance of the economy through its fiscal policy – more specifically the taxation policies and to adjust patterns of consumption or employment within an economy, by making certain transactions more or less attractive (Grey hill, 2011). Taxation is necessary because it is neither feasible nor desirable for governments to finance their projects solely through charging for services. (Anyanwu J. 2012).

Taxes are justified as they fund activities that are necessary and benefit the majority of the population and social development -Taxes are the price of civilization (Holmes, 1904). Not everyone in the society agrees with the principle that governments must levy taxes. An anarchist in Russia, Emma Goldman wrote that the State itself is the greatest criminal, breaking every written and natural law, stealing in the form of taxes. This view is held by some political philosophies who view taxation as theft or extortion because payment of tax is compulsory and

enforced by the legal system. The view that democracy legitimizes taxation is rejected by those people who argue that all forms of government policies or laws are oppressive and therefore, taxation is viewed as producing the same result as theft, the difference between government and thievery being mostly a matter of legality. While the morality of taxation is sometimes questioned, most arguments about taxation revolve around the degree and method of taxation and associated government spending, not taxation itself. (Williams, 2008).

2.4 Types of tax incentives

Withholding tax exemptions a government requirement for the payer of an item of income to withhold or deduct tax from the payment, and pay that tax to the government. In most jurisdictions, withholding tax applies to employment income. Many jurisdictions also require withholding tax on payments of interest or dividends. In most jurisdictions, there are additional withholding tax obligations if the recipient of the income is resident in a different jurisdiction, and in those circumstances withholding tax sometimes applies to royalties, rent or even the sale of real estate. Governments use withholding tax as a means to combat tax evasion, and sometimes impose additional withholding tax requirements if the recipient has been delinquent in filing tax returns or in industries where tax evasion is perceived to be common. (Sunil, 2008)

VAT exemption supplies known in some countries as a goods and services tax (GST), is a type of general consumption tax that is collected incrementally, based on the surplus value, added to the price on the work at each stage of production, which is usually implemented as a destination-based tax, where the tax rate is based on the location of the customer. VATs raise about a fifth of total tax revenues both worldwide and among the members of the Organization for Economic Co-operation and Development (OECD). As of 2014, 160 of the world's approximately 193 countries employ a VAT, (Michigan, 2011)

Tax holidays these are temporary exemptions of new firms or investments from certain specified taxes. Sometimes administration requirements are also waived. Partial tax holidays offer reduced obligations rather than full exemption. (Blackwell, 2009)

Special economic zones geographically limited areas in which qualified firms locate and thus benefit from exemption of varying scope of taxes and administration requirements. Zones are aimed at exporters and located close to ports. (Falore, 2011)

Investment incentives. These include tax credit which is a reduction for certain fraction of investment from tax liability. Rules differ regarding excess credits. Secondly, Investment allowance is a reduction of certain fraction for investment from taxable profits. The value of an allowance is a product of the allowance and tax rate (Falore, 2011)

Accelerated depreciation at a faster schedule than available for the rest of the economy. This can be implemented through first year depreciation allowances on increased rates.

Reduced tax rates. Reduction on tax rate, typically the corporate income tax rate (IMF, 2009)

2.5 Determinants of tax incentive

Maximizing Returns. Specifically, why are taxes and incentives becoming so much more important in the decision on where to deploy new assets? Combined with falling corporate revenues and profits, a result of the meltdown in the financial markets has been the decreased access to credit and project financing. (Gladys, 2006)

Expected benefits to cost ratio. If the benefits to be gained from offering incentives are higher than the costs. Those incentives are productive and therefore definitely offered.

Mutual benefit agreement on tax incentives. Government adopts these policies so that they do not have go back to the drawing board each time a business wants to start up or expand.

Eligibility criteria .Tax incentives need to be well-targeted and based on clear eligibility criteria. Targeting serves two related purposes: (i) identifying the types of investment that a government seeks to attract; and (ii) reducing the fiscal cost of incentives. The following criteria are commonly used often in combination:

Special size. Tax incentives are sometimes restricted to new investments (or investors) that exceed some stipulated value of assets or those that create at least some stipulated number of new jobs. This of course has significant appeal, for instance where investments can be transformational for a country or region or where financing and technical constraints hold up investment. Limiting incentives to large investments can also reduce administrative costs for government. However, discrimination in favor of large foreign investments can also lead to manipulation, abuse and distortion.

Claw backs. State and local public bodies sometimes establish investment, employment or other project commitments, which must be met and maintained during a test period in exchange for discretionary incentives. Under these arrangements, the recipient must repay all or a portion of the benefit received, if it fails to meet or maintain the designated metric of performance during the test period. These recapture arrangements are commonly referred to as “claw backs.” For example, if a recipient fails to create or maintain a minimum level of new positions during a specified test period, it may be required to repay a portion of the benefit based on a prearranged formula. (Timothy Bartik 2005)

Inducement Tests. Many discretionary incentive programs require the recipient to meet an inducement test as one criterion to qualify for the incentive. Under this test, the recipient must demonstrate that the incentive in question has induced, on some basis, the targeted business activity. Depending on the program, it can consist on one end of the spectrum a stringent “but for test” used for tax exempt bond financing under federal tax law and frequently for many state taxable bond issue programs. (N.C. Ct. App. 2010)

2.6 Relationship between tax incentives and growth of manufacturing firms.

Tax incentives affect the funds available for the manufacturing firms. The firms which enjoy tax incentives from government are willing to pay their taxes when due and incentives would increase tax incentives in Uganda. There is evidence that tax incentives aimed at increasing FDI are throughout the world and there is evidence of their impact (Ederveen, 2003).

Tax incentives continue to drive much tax policy in developing and developed countries. Competitive tax holidays are often the order of the day because they seem to leave adequate revenue for firms to expand, invest in environmentally friendly technology, value addition on products and creation of employment opportunities due to expansion (Mansour, 2009).

However tax incentives, despite their continued popularity almost everywhere, tax incentives are usually redundant and ineffective. They reduce and complicate the fiscal system without achieving the stated objectives (Bird 2008). Tax incentives lead to loss of both current and future tax revenues. They often create differences in effective tax rates and thus distortions between subsidized activities and those that are not. Companies that are not profitable in the short run would be irrelevant (Action aid, 2012).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was adopted in the study. It explains the methodology that was used in selecting the population, sampling data, collecting data and gathering, coding and classifying and analyzing the data as well as reporting the results of the study.

The researcher aimed at applying methods, tools and techniques that were relevant and reliable to ensure that the data obtained is relevant and accurate for study.

3.2 Research Design

Both the diagnostic and descriptive approaches were adopted in the study. The diagnostic approach showed the association between the variables. The descriptive approach provided the foundation to the study by clearly giving in depth profile and understanding on two issues of tax incentives and growth of manufacturing firms. The study adopted the archival research strategy because the enterprises records and documents were used as the main source data.

3.3 Population of the study

The study population consisted of mainly employees who work in the enterprises.

3.3.1 Population size

The study population was 70 members mainly employees who work in the enterprise and these include sales department team, accounting team, production team and Human resource department.

3.3.2 Sample size and procedure

The sample size comprised of 60 respondents and sample was selected from employees of Hima Cement Kampala branch Ltd

Where n is sample size

N is total population of respondent that is 60

a= the level of significance that 0.05

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{70}{1 + 70(0.05)^2}$$

$$n = \frac{70}{1 + 70(0.0025)}$$

$$= \frac{70}{1.175}$$

$$n = 59.57$$

$$n = 60$$

3.4.4 Sampling design

The study was carried out using purposive sampling. It is the sampling method used to carry out research for data for a specific purpose and this was applied by selecting top level and lower level management.

3.5 Sources of data collection

The researcher used both primary and secondary sources of data.

3.5.1 Primary data

This was obtained from the respondents who included the above mentioned levels of management representatives.

3.5.2 Secondary data

This was obtained from periodical reports and company profile, book reviews and other publications and surfing internet on specific websites. It was obtained from Uganda Revenue Authority, Uganda National Bureau of Standards and World Bank Data base.

3.6 Data collection instruments

The researcher used questionnaires and interviews to obtain up-to-date information.

3.6.1 Questionnaires

The researcher used a closed form of questionnaire and set questions and devices to respondents to fill and the researcher used responses to make conclusion.

3.6.2 Interviews

These involved face-to-face interactions with the respondents where the interviewer asked questions that respondents answered.

3.7 Data presentation and analysis

The researcher analyzed and made complete interpretation of results. The data was collected together and compared to enable the researcher to develop new ideas of other sources. The data was documented in form of tables, graphs and SSPS. The questionnaire was edited to remove inconsistency.

3.7.1 Data analysis

After the collection of raw data was presented using frequency tables in raw figures and percentages of the results then to be calculated using tools like SPSS and Spearman's Correlation which were used to analyze data.

3.8 Limitations to the study

The researcher is encountered a number of problems and challenges that hindered the study while out in the field and a few amongst the many could be: -

None or poor responses; some people may refuse to waste time and some questionnaires will not be completely filled since the study will involve literate and busy people though other respondents will be selected randomly and more so, when the researcher reaches them at a crucial time like for example when they are in class for the case of teachers and students

Transport and lack of money for smooth running of the exercise is yet another foreseen problem to be experienced in the field; transport difficulties especially when a researcher needs to get to or reach some respondents and the means of transport are not readily available. Also, shortage of funds for the smooth running of the exercise as some parents will fear to disclose their family conflict and instead blame teachers for the poor child performance at school

Fear to give out the right information; for fear of being blamed by the school administration after words, may influence a student not to reveal out all the hindrances to his or her good performance at school. At times also they may tend to suspect the researcher to be a government spy and this best explains why some schools and parents refuse to give fully or a complete information the researcher may need. This therefore, can only be handled by proper identification of the researcher with respondents that is, by mentioning your full initials, organization, the purpose of the research, and more of the relevant areas.

Processing costs, a lot of money was needed for typing, printing, photocopying and binding. However the researcher was always in touch with the supervisor who guided him to avoid mistakes that could have increased the processing expenses.

In some cases respondents who were committed to their activities and could not answer the questionnaires.

In spite of all the above limitation/the researcher was successfully in conducting the research. Since every possible attempt was made to surmount the above difficulties, and constant consultation with the supervisor helped the researcher to ease some of the difficult limitation

3.11 Ethical Considerations

It is important during the process of research for the researcher to make respondents to understand that participation is voluntary and that participants are free to refuse to answer any question and to withdraw from participation any time they are chosen.

Another important consideration involves getting the informed consent of those to be met during the research process, which involved interviews and observations on issues that may be delicate to some respondents. The researcher undertakes to bear this seriously in mind.

Accuracy and honesty during the research process is very important for academic research to proceed. A researcher treated a research project with utmost care, in that there should be no temptation to cheat and generate research results, since it jeopardises the conception of the research.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presents analysis of data collected from the field using questionnaires, interviews and observation. Data was analyzed using Ms Excel and SPSS. Findings were based on objectives of study, which include;

- i. To examine the impact of tax incentives to the growth of manufacturing in Uganda
- ii. To examine the different types of tax incentives that boost growth of manufacturing firms
- iii. To analyze the determinants of offering tax incentives to manufacturing firms .

4.2 General information

This part covers, Departmental attachment, Gender, Work experience and Education level of employees in Hima Cement Ltd.

4.2.1 Distribution of Staff per Department

Employees were asked which departments they are attached to and below were the responses;

Table 1: Distribution of staff

Department	Frequency	Percentage
Marketing department	15	25%
Finance department	15	25%
Production department	20	33%
Human resource department	10	17%
TOTAL	60	100%

Source; primary data

From table 3 above, 25%(15) respondents were from marketing departments, 25%(15) from finance, and 33%(20) from production, 10%(10) from HR department.. Findings indicate that HCL employees more workers in the production department compared to other departments, evidenced by a majority response rate of 20(33%). This implies that the organization considers the production department to be more beneficial than the rest of the departments. However all departments work dependent on one another and contribute equally towards the overall success of the organization and none should be neglected. Management is therefore advised to balance employees in the various departments

4.2.2 Character according to Gender

Employees were asked about their sex and below were the responses;

Table 2: Gender

Gender	Frequency	Percentage
Male	37	62%
Female	23	38%
TOTAL	60	100%

Source; primary data

Table 4 above shows that 62% (37), were male employees and 38% (23) were female employees. This implies that Hima Cement limited has more male employees than female employees.

4.2.3 Length of respondents in Hima Cement Ltd.

Employees were asked about the period they have worked for HCL and below were the responses;

Table 3: Working experience

Length	Frequency	Percentage
0-2 years	9	15%
2 -5 years	31	52%
5 -7 years	15	25%
7 and above	5	8%
TOTAL	60	100%

Source; primary data

According to the findings from table 5 above, 15% (09) had worked for less than two years, 52% (31) for between 2to 5 years, 25% (15) for between 5 to 7 years and 8% (5) for 7 years and above. Findings indicate that a few workers were new in the organization, evidenced by a minority respondent rate of 15% (09). This implies that HCL keeps its employees for long time periods. This increases on the workers experience which affects the organization's goals (growth) positively. Management is therefore advised to motivate its employees so that they stay for long and also engage its workers in renewable contracts.

4.2.4 Level of education of employees in Hima Cement Ltd

Employees were asked about the highest qualification attained and below were the responses;

Table 4: Education level

Level of education	Frequency	Percentage%
Certificate	0	0%
Diploma	33	55%
Degree	25	42%
masters	2	3%
TOTAL	60	100%

Source; primary data

Table 6 above shows that 0% (0), certificate holders, 55% (33) were diploma holders, 25% (42) were degree holders while 3 % (2) were Masters Holders. Findings indicate that most of the employees, 55% (33), are diploma holders. This implies that HCL recruits workers who are qualified and therefore the company has skilled and technical personnel with competence which can affect the profitability of the company positively. Management is encouraged to keep up employing qualified personnel and also to training its workers.

4.3 Impact of tax incentives on growth of manufacturing firms

Employees were asked on whether offering tax incentives to HCL boosts its growth and responses were as below

Table 5: Boosting growth

Response	Frequency	Percentage
Strongly agree	19	32%
Agree	22	37%
Uncertain	09	15%
Disagree	10	16%
Strongly disagree	0	0%
TOTAL	60	100%

Source: Primary data:

From table 7 above, 32% (19) strongly agreed, 37% (22) agreed, 15% (09) were uncertain, 16% (10) disagreed, while 0% (0) strongly disagreed to whether offering tax incentives to HCL boosts its growth. Basing on the majority respondent, 22 (37%), offering tax incentives to GCL boosts its growth.

Employees were asked on whether the tax incentives offered to HCL encourages its sustainability and expansion and responses were as below;

Table 6: Encouraging sustainability and Expansion

Response	Frequency	Percentage
Strongly agree	10	17%
Agree	34	57%
Uncertain	05	8%
Disagree	9	15%
Strongly disagree	2	3%
TOTAL	60	100%

Source: Primary data

According to the findings from table 8 above, 17% (10) strongly agree, 57% (34) Agree, 8% (05) uncertain, 15% (9) disagree while 3% (2) strongly disagree. Basing on the majority respondents, when tax incentives are offered to HCL it encourages its growth.

Employees were asked on whether the government extension of tax incentives HCL increases its competitiveness and responses were as below;

Table 7: Increasing competitiveness

Response	Frequency	Percentage
Strongly agree	20	33%
Agree	36	60%
Uncertain	4	7%
Disagree	0	0%
Strongly disagree	0	0%
TOTAL	60	100

Source: Primary data:

According to the findings from table 9 above, 33% (20) strongly agree, 60% (36) Agree, 7% (4) uncertain, and no one disagrees Basing on the majority, extension of tax incentives to HCL increases its competitiveness.

Employees were asked on whether the government loses a significant sum of revenue in inform of incentives and responses were as below;

Table 8: Loss of Revenue

Response	Frequency	Percentage
Strongly agree	9	15%
Agree	13	22%
Uncertain	18	30%
Disagree	11	18%
Strongly disagree	9	15%
TOTAL	60	100%

Source: Primary data:

Table 10 above 15% (9) strongly agree, 22% (13) Agree, 30% (18) Uncertain, 18% (11) disagree while 15% (9) strongly disagree. According to the majority, government loses a significant amount of revenue to offering tax incentives. However a bigger percentage of employees are not aware of the loss of revenue from the government due tax incentives. This is indicated by the by the majority of 18% (11) being uncertain.

Employees were asked whether offering tax incentives to HCL has boosted employment creation and responses were as below;

Table 9: Boosting employment creation

Response	Frequency	Percentage
Strongly agree	21	35%
Agree	26	43%
Uncertain	8	13%
Disagree	5	9%
Strongly disagree	0	0%
TOTAL	60	100%

Source: Primary data:

According to the findings from table 9 above, 35% (21) strongly agreed, 43%(26) Agreed, 8%(13) Uncertain, 9% (5) Disagreed while 0%(0) strongly disagreed. According to the majority of 43% (26) showed that offering tax incentives to HCL boosted the creation of employment.

4.4 Types of tax incentives

Employees were asked whether HCL benefits from special economic zone as tax incentives and the responses were as below:

Table 10: Special economic zones

Response	Frequency	Percentage
Strongly agree	0	0%
Agree	0	0%
Uncertain	32	53%
Disagree	19	32%
Strongly disagree	9	15%
TOTAL	60	100 %

Source: Primary data

According to the findings from table 10 above, 0% (0) strongly agreed, 0% (0) Agreed, 53% (32) uncertain, 19% (4) Disagreed while 15% (9) strongly disagreed. According to the majority of 53% (32), it shows that most of the employees are not aware of the special economic zone given to them as an incentive. However also the statistics also indicated that HCL is not under a special economic zone.

Employees were asked whether tax exemptions are offered to HCL and the responses were as below;

Table 11: Tax exemptions

Response	Frequency	Percentage
Strongly agree	5	85
Agree	26	43%
Uncertain	14	23%
Disagree	9	16%
Strongly disagree	6	10%
TOTAL	60	100%

Source: Primary data

According to the findings from table 11 above, 85% (5) strongly agreed, 43% (26) Agreed, 23% (14) Uncertain, 16% (9) disagreed, while 10% (06) strongly disagreed. According to majority of 43% (26), it indicates that HCL receives tax exemptions from the government as a form of tax incentives.

Employees were asked whether investment allowances are offered to HCL and the responses were as below;

Table 12: Investment allowances

Response	Frequency	Percentage
Strongly agree	14	23%
Agree	30	50%
Uncertain	7	12%
Disagree	9	15%
Strongly disagree	0	0%
TOTAL	60	100%

Source: Primary data:

According to the findings from table 12 above, 23% (14) strongly agreed, 50% (30) Agreed, 12% (7) Uncertain, 15% (9) Disagreed while 0% (0) disagreed. This indicates that it's true that investment allowances are offered to HCL as a form of tax incentives. This is indicated by the majority percentage of 50% (30) who agreed.

Employees were asked whether Hima Cement Limited benefits from tax holidays and the responses were as below;

Table 13: Tax holidays

Response	Frequency	Percentage
Strongly agree	9	15%
Agree	20	33%
Uncertain	15	25%
Disagree	11	18%
Strongly disagree	5	8%
TOTAL	60	100%

Source: Primary data

According to the findings from table 13 above, 15% (9) strongly agreed, 33% (20) agreed, 25% (15) Uncertain, 18% (11) Disagreed while 8% (5) strongly disagreed. According to the majority of 33% (20) who agreed that HCL benefits from tax holidays as a form of tax incentive offered by the government.

Employees were asked whether Hima Cement Limited has benefited from building allowances and the responses were as below;

Table 14: Building allowances

Response	Frequency	Percentage
Strongly agree	11	18%
Agree	31	52%
Uncertain	13	22%
Disagree	05	8%
Strongly disagree	0	0%
TOTAL	60	100%

Source: Primary data:

According to the findings from table 14 above, 18% (11) strongly agreed, 52% (31) Agreed, 22% (13) Uncertain, 8% (5) Disagreed while 0% (0) strongly disagreed. According to the majority of 52% (31) agreed that HCL benefits from building allowance as a form of tax incentive offered by the government.

4.5 Determinants of tax incentives

Employees were asked whether employment creation is considered before offering tax incentives to HCL and responses were as below;

Table 15: Employment creation

Response	Frequency	Percentage
Strongly agree	4	7%
Agree	23	38%
Uncertain	25	42%
Disagree	5	8%
Strongly disagree	3	5%
TOTAL	60	100%

Source: Primary data

According to the findings from table 15 above, 7% (4) strongly agreed, 38% (23) Disagreed, 42% (25) Uncertain, 8% (5) Disagreed while 5% (03) strongly disagreed. According to the table, it indicates that employment creation is considered before offering a tax incentive. However the majority of employees are not aware of whether the government looks at employment creation before offering a tax incentive.

Employees were asked whether there is some criteria followed when offering tax incentives to HCL and responses were as below;

Table 16: Criteria

Response	Frequency	Percentage
Strongly agree	18	30%
Agree	25	42%
Uncertain	10	17%
Disagree	07	11%
Strongly disagree	0	0%
TOTAL	60	100%

Source: Primary data:

According to the findings from table 16 above, 30% (18) strongly agreed, 42% (25) agreed, 17% (10) Uncertain, 11% (7) disagreed while 0% (0) strongly disagreed. According to the table, it indicates that some criteria is followed by the government while offering tax incentives to HCL. However some employees are not aware of whether the government follows a certain criteria in offering tax incentives.

Employees were asked whether there exist commitments to be fulfilled by HCL before receiving any tax incentives and responses were as below;

Table 17: Commitments

Response	Frequency	Percentage
Strongly agree	5	8%
Agree	17	28%
Uncertain	24	40%
Disagree	10	17%
Strongly disagree	4	7%
TOTAL	60	100%

Source: Primary data:

According to the findings from table 17 above, 8%(5)strongly agreed, 28%(17) agreed, 40%(24) Uncertain, 17%(10) Disagreed while 7%(4) strongly disagreed. According to the table, it indicates that there exist commitments to be fulfilled by HCL before it receives any incentive as indicated by a big percentage of respondents who agreed to this. However the biggest percentage of employees is not aware of whether there exists commitments to be fulfilled but HCL while receiving incentives, as indicated by the majority of 40%(24).,

Employees were asked whether there is evaluation and comparison of benefits from HCL before receiving any tax incentives and responses were as below;

Table 18: Comparison of benefits and costs

Response	Frequency	Percentage
Strongly agree	10	17%
Agree	27	45%
Uncertain	15	25%
Disagree	8	13%
Strongly disagree	0	0%
TOTAL	60	100 %

Source: Primary data

According to the findings from table 18 above, 17% (10) strongly agreed, 45% (27) Agreed, 25% (15) Uncertain, 13% (8) Disagreed while 0% (0) strongly disagreed. According to the table, it indicates that comparison of benefits and costs is first carried out before offering tax incentives to HCL as indicated by a big percentage of respondents who agreed i.e. 45%(27). However a big percentage of employees are not aware of whether the government compares the benefits while offering tax incentives to HCL.

Employees were asked whether tax incentives are restricted to firms that exceed a certain value of assets and responses were as below;

Table 19: Restrictions

Response	Frequency	Percentage
Strongly agree	5	8%
Agree	20	33%
Uncertain	27	45%
Disagree	08	14%
Strongly disagree	0	0%
TOTAL	60	100%

Source: Primary data

According to the findings from table 19 above, 8%(5) Strongly agreed, 33%(20) Agreed, 45%(27) uncertain, 14%(8) Disagreed while 0%(0) do strongly disagreed. The findings indicate that most of the employees are not aware of whether tax incentives are restricted to firms that exceed a certain value of assets.

Table 20: Correlation between Tax incentives and growth

Correlations			
		TAX INCENTIVES	GROWTH
COST CONTROLS	Pearson	1	.645**
	Correlation		
	Sig. (1-tailed)		.000
	N	60	60
PROFITABILITY	Pearson	.645**	1
	Correlation		
	Sig. (1-tailed)	.000	
	N	60	60
**. Correlation is significant at the 0.01 level (1-tailed).			

From table 19 above, it is evident that there is a positive relationship between tax incentives and growth as indicated by Pearson's correlation co efficiency of $r = 0.645$. This implies that offering tax incentives to HCL will boost its growth in form of sustainability and expansion, competitiveness and creation of employment opportunities. It will boost its growth by 65.5% and 35.5% other factors.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of findings, conclusions and recommendations guided by the research objectives and areas that need further studies.

5.1 Summary of the findings

From the findings presented and interpretations made, the following were noted down considering the research objectives.

5.1.1 Effectiveness of tax incentives at Hima Cement Limited

Findings revealed that Hima cement has to some extent benefited from tax incentives as shown in Table 7 with a big number of employees agreeing that Hima Cement has benefited from tax incentives in form of employment creation, expansion and sustainability, competitiveness and boosting growth. This is indicated by tables 5 to 9. Findings also reveal that Hima Cement Ltd has been positively impacted by the tax incentives in form of boosting its growth as shown by a large number of employees agreeing. This is in agreement with (Mansour, 2009) who concluded that competitive tax incentives leave adequate revenues for firms to expand, then add value to their products and also employment creation

5.1.2 Types of tax incentives

Findings revealed that its true various types of tax incentives are offered to HCL .This is indicated by the biggest percentage of responses agreeing that HCL benefits from different tax incentives from the Government. This is indicated by tables 11, 12, 13 and 14. This is in agreement with tax incentives with the different kinds of tax incentives spelt out. That is, withholding tax (Sunil, 2008), VAT exemptions (Michigan, 2011) and others. However table 10 indicates that most employees are not aware of whether HCL is under a special economic zone or not but evidence shows that HCL is not under any economic zone as indicated by zero number of employees agreeing to it and biggest number disagreeing.

5.1.3 Determinants of tax incentives

The findings revealed that there are various determinants considered in offering tax incentive to the HCL. This is indicated by tables 15,16,17,18, 19 as the majority of the employees agree that these determinants do exist. However a big number of employees are not aware of some of these determinants as indicated by tables 15, 17 and 19 as most of them are uncertain of their existence; this calls of the organisation's management to may hold seminars to inform their employees of the existence of these incentives.

5.2 The relationship between tax incentive and growth of manufacturing firms.

The findings revealed that there is a positive relationship between tax incentives and growth of manufacturing firms as indicated by table 20. This means that an effective exploitation of these tax incentives has a positive impact on the growth however much other factors have also to be considered.

5.3 Conclusions

The conclusions are drawn from the research objectives of the study. The study found out that tax incentives have a positive impact on growth of Hima Cement Limited and it effectively makes use of these incentives offered to it, it will lead to growth of HCL in form of sustainability and expansion, competitiveness and even creation of more employment opportunities. However the government has to evaluate benefits from the incentive because a lot of revenue is lost due to offering tax incentives.

5.4 Recommendations.

The organization (Hima Cement ltd) should exploit the different kind of tax incentives offered to it such that its growth is boosted.

The company should organize seminars and workshops to inform its employees of the tax incentives received by the company and the determinants of being offered these incentives. This is because most of the employees are not aware of the existence of some of the tax incentives and the determinants of them.

The organization should avail its employees with opportunities to study and improve on their skills and competences through organizing workshops since a technically empowered human capital is results oriented. However, employees have to be also motivated through tools like bonuses for overtime and good performance as this makes them feel that their efforts is appreciated.

5.5 Areas of Further Research

Having carried out a research on the impact of tax incentives on growth of manufacturing firms, the researcher suggests that further research should be carried out in the following areas:

Hima cement should undertake a study on the tax incentives that are most relevant to it such that it effectively makes use and benefits from them.

Hima cement ltd should undertake study organization structures such that it develops a working environment where employees can easily access their manager

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APPENDIX I: QUESTIONNAIRE

APPENDIX I: QUESTIONNAIRE

Dear respondents,

I am Nyiiro Grace, a Student of Kampala International University pursuing a Bachelor's Degree in Business Administration. Am carrying out a study on effect of tax incentive on growth of manufacturing firms in Uganda.

I humbly request you to spare some little time for me and answer these questions below. The information provided will be strictly for academic purposes and will be treated with utmost confidentiality.

Please tick where necessary make a brief statement.

SECTION A: BACKGROUND INFORMATION

1. Gender

- a) Male ☐
- b) Female ☐

a) Age bracket

- b) 15-20years ☐
- c) 21-25years ☐
- d) 26-30years ☐
- e) 31-35years ☐
- f) 36-above ☐

2. Level of education

- a) Certificate ☐
- b) Diploma ☐
- c) Degree ☐
- d) Masters ☐
- e) None of the above ☐

3. **Department/position**

- a) Finance department
- b) Marketing department
- c) IT department
- d) HR department
- e) Others specify

4. **Duration**

- a) 0-2 years
- b) 2-5 years
- c) 5-7 years
- d) Others specify

SECTION B: Effect of Tax Incentives on Growth of Manufacturing Firms in Uganda

Use a likert Scale to Rank the following alternatives from a-m use 1-5 where 1= strongly agree (SA), 2= Agree (A), 3= Not Sure (NS), 4= Disagree (D), and 5= Strongly Disagree (SDA)

Effect of tax incentives on growth of manufacturing firms Uganda	Rankings				
Statements	1	2	3	4	5
Offering tax incentives to Hima Cement has boosted its growth.					
Tax incentives have encouraged expansion and sustainability of Hima Cement.					
The government extends tax incentives to firms to increase competitiveness of local manufacturing firms.					
Tax incentives have led to a significant loss of revenue from the government.					
Offering tax incentives to Hima cement has created employment opportunities.					

SECTION C: Types of tax incentives

Use a Likert Scale to Rank the following alternatives from a-j use 1-5 where 1= strongly agree (SA), 2= Agree (A), 3= Not Sure (NS), 4= Disagree (D), and 5= Strongly Disagree (SDA)

Statements	Rankings				
	1	2	3	4	5
Hima cement benefits from special economic zone as a tax incentive.					
The organization always receives tax exemptions from the government.					
Investment allowances are offered to Hima cement for a period of 5 years.					
Hima cement also benefits from tax holidays.					
The firm has benefited from industrial building allowances.					

SECTION D: Determinants of tax incentive

Use a Likert Scale to Rank the following alternatives from a-j use 1-5 where 1= strongly agree (SA), 2= Agree (A), 3= Not Sure (NS), 4= Disagree (D), and 5= Strongly Disagree (SDA)

Statements	Rankings				
	1	2	3	4	5
Employment creation is a determinant of offering tax incentive to Hima Cement.					
There is a well-established criterion of offering tax incentives to Hima cement.					
There exists commitments to be fulfilled by Hima cement in order to receive tax incentives					
Evaluation and comparison of benefits is always carried out before incentivizing the firm.					
Tax incentives are restricted to firms that exceed a stipulated value of assets.					