

**CUSTOMER CARE AND THE GROWTH OF SMALL SCALE
BUSINESS ENTERPRISES. A CASE STUDY OF
KAMPALA CENTRAL DIVISION
IN KAMPALA
DISTRICT**

**BY
ATURINDA HELLEN
BBA/19456/72/DU.**

**A RESEARCH REPORT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE AWARD OF BACHELOR OF BUSINESS
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UNIVERSITY**

DEC 2010

DECLARATION

I Hellen declare that the content of this report entitled “**customer care and the growth of small scale business enterprises in Kampala central Division**” is the result of my study and work of this kind has never been submitted to any institution or university for an academic award.

Signature 

Hellen Aturinda

BBA/19456/72/DU

Date... 13th / JAN / 2011

APPROVAL

This Research Report entitled “**Customer care and the growth of small scale business enterprises in Kampala central Division**” has been submitted to Kampala International University with my approval as a University Supervisor.

Signed.....

Mr. SUNDAY AURTHUR

DATE. 13.01.2011.....

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DEDICATION

I, dedicate this Report to my daughter Riley Alinda Cross, my family and all the well wishers with affection and appreciation for their unreserved contribution towards my survival in this world and academic career up to this level. Additionally, to all my friends who have struggled to uplift the dignity of our family for recognition in the modern world. Last but not list special dedication to my Almighty God for the love and life he has granted me.

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My special thanks go to Mr. Stuart Price, for the financial and material support help he granted to me during my studies. It's rare to find such generous souls in this world today.

My sincere gratitude also goes to my friends, sisters and brothers especially for their encouragement, moral and material support made the work fairly easy and manageable for me.

A special debt is owed to my father for his financial and moral support in order to make the course possible.

EXECUTIVE SUMMARY

The research was majorly carried out to establish the factors influencing the growth of customer care in small scale business enterprises; a case study of Kampala central Division, Kampala district.

The study attempted to find out, analysis factors responsible for growth, problems, and solutions as well as prospects of small scale business enterprises

The study was organized into five chapters and these chapters contained various sub headings and these include;

Chapter one is the introduction which contained the back ground to the study from national perspective point to local levels where the research was carried out. This chapter also includes the statement of the problem, the purpose of the study, specific objectives, research questions, the scope of the study and the significance of the study are all included in this chapter.

Chapter two is the literature review which focuses on the internal and external sources and the purpose of this chapter is to ensure that all the important variables that have an impact on the problem area are critically analyzed to add a solid foundation of the existing knowledge.

Chapter three which is the research methodology presents the methodology used in carrying out the study. It describes the research design, sampling design, study population, target population, sample methods, sampling size, and data collection instruments and data analysis.

Chapter four contains the interpretations, presentation and discussion of the findings and the results were arrived at using frequency counts and correlation.

Chapter five contains the summary, conclusion and recommendations and suggested areas for further research.

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CHAPTER ONE:

1.0 Background;

A **small business** is a business that is privately owned and operated, with a small number of employees and relatively low volume of sales. Small businesses are normally privately owned corporations, partnerships, or sole proprietorships. The legal definition of small varies by country and by industry, ranging from fewer than 15 employees under Fair Work Act 2009, 50 employees in the European Union, and fewer than 500 employees to qualify for many U.S. Small Business Administration programs. Small businesses can also be classified according to other methods such as sales, assets, or net profits.

Customer care is a series of activities designed to enhance the level of customer satisfaction that is, the feeling that a product or service has met the customer expectation. In business, customer care is paramount. Happy customers become loyal customers who return for more and spread the good word about your business to their friends and family. Customer Care is not just about having a good customer care team, but includes many other elements. Start with a high quality product or service, which is a good value for money, provided quickly and efficiently by friendly and courteous members of staff, where necessary including a good after-sales service and you already have an excellent grounding for caring effectively for your customers.

Customer service is the provision of services to customers before, during and after a purchase. According to Jamier L. Scott. (2002), Customer service is a series of activities designed to enhance the level of customer satisfaction and that is, the feeling that a product or service has met the customer expectation.

Marketing is defined as the process by which companies create customer interest in goods or services. It generates the strategy that underlies sales techniques, business communication, and business developments. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves.

Marketing is used to identify the customer, to satisfy the customer, and to keep the customer. With the customer as the focus of its activities, it can be concluded that marketing management is one of the major components of business management. Marketing evolved to meet the stasis in developing new markets caused by mature markets and overcapacities in the last 2-3 centuries.

The adoption of marketing strategies requires businesses to shift their focus from production to the perceived needs and wants of their customers as the means of staying profitable. The term marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions. It proposes that in order to satisfy its organizational objectives, an organization should anticipate the needs and wants of consumers and satisfy these more effectively than competitors.

Like many other developing countries, Uganda has undertaken comprehensive customer care reforms encompassing most of the important small scale business enterprises sources. Even with poor customer care reforms, there has been only an increase of about 2.4 per cent in the small scale business enterprises to GDP ratio from around 6.5 per cent in 2008/2009 to 8.9 per cent in 2008/09 and in this fiscal year, it has shown a figure of 9.8 percent market rate of growth.

Sewanyana & Okidi, (2007) reported that increasing VAT while other taxes remained constant would increase the tax burden on the Small scale business enterprises but the large scale business enterprises would continue paying more taxes relative to their expenditures than the poor small scale business enterprises.

Gemmell & Morrissey (2002) also reported that while VAT is relatively low on the progressivity rankings, it tends not to be regressive. VAT/sales tax in Uganda was found to be progressive.

In Uganda, the Flat rate taxes are regressive in character and when small scale business enterprises are set to the flat rate taxes which are imposed on a small quantity of a product is relatively high compared to the flat rate taxes imposed on a large quantity of a product, then this will hit the small scale business enterprises who can only sell small quantities harder than the better off who are able to bring to market greater quantities.

In addition, flat rate business license takes a relatively bigger share of net income of small or micro enterprises. This adverse income distribution effect of flat rate taxes may be considered acceptable if kept within reasonable bounds. Proportional taxes are administratively more difficult to implement than flat rate taxes, so that a trade-off between objectives is to some degree to be expected. These widening of tax base and aggressive taxation has hindered the growth of most businesses because taxes take a large proportion of 1% of gross turnover hence reducing on their profits and savings therefore as a result, some small businesses have been forced out of operation or resorted to ways of avoiding the tax. (S.5 (5) of the Income Tax Act 1997)

1.1 Statement of the Problem

Over time, small scale businesses have increasingly experienced hardships with poor customer care. Kampala Central division covers a total of 15.64km. The division being in the central business district; it has a population estimated to be 117, 894 people.

The division is made up of 20 parishes, which include kisenyi 1,2, and 3, kololo 1,2,3 and 4. Nakasero 1,2,3, and 4, kamwokya 1&2, Civic Centre, Old Kampala, Kagugube, industrial area, Bukesa and Nakivubo Shauriako.

Kampala central division is covered with different marketing areas such as Kiseka, Nakasero market, St. Balikudembe market and also different shops. Therefore the emphasis will be put on how to improve on the customer care as a formality since most managers have failed to perform the customers expectation. This failure in the customer expectations has resulted into lose of customers, making of loses and insufficient markets the products.

1.2 Purpose of the Study;

The purpose of the study was to examine customer care and the growth of small scale business enterprises in Kampala central Division Kampala district

1.3 Objectives of the Study;

This research study was guided by the following research objectives;

1. To examine the mode of customer care on small scale business enterprises.
2. To examine the growth of small scale business enterprises in Kampala central Division.
3. To examine the impact of customer care on the growth of small scale business enterprises in Kampala central Division.

1.4 Research Questions;

1. What is the mode of customer care for small scale business enterprises?
2. How are small scale business enterprises growing in Kampala central Division?
3. What is the impact of customer care on the growth of small scale business enterprises in Kampala central Division?

1.5 Scope of the Study:

The scope of the study covered the geographical scope, the content scope and the time scope.

1.5.0 Geographical Scope;

The study was carried out in Kampala central Division Kampala district at Nakasero, Kisenyi, Kamwokya and Civic centre in Kampala. It covered a sample of small scale business enterprises in Kampala central Division Kampala district.

1.5.1 Content Scope;

The content scope covered the impact of customer care on the growth of small scale business enterprises in Kampala central Division Kampala district

1.5.2 Time Scope;

The research study was carried out and completed within an estimated time period of three month from September 2010 to December.

1.6 Significance of the Study;

1. The study guided the government on how to improve on the small scale business enterprises. This may in turn help in drawing up and implementing policies in the most appropriate manner.
2. The research findings were beneficial to business people by exposing loopholes in the customer care.
3. The study guided customers on how they were assessed and know why they need customer care. If this was addressed it was hoped that it increased the performance of small scale business enterprises.
4. The research findings benefited future researchers who intend to carryout research in this field.
5. It was a perquisite for partial fulfillment for the award of a degree of bachelor of Business Administration at Kampala International University.

CHAPTER TWO: LITERATURE REVIEW:

2.0 Introduction to Literature Review

This literature review was on both the theoretical and practical aspects of the research study and this research was also focused on both internal and external sources. The internal sources include questionnaire responses, circulars, memos, organizational minutes and progress reports while the external sources include library books, newspapers, journals, scholarly publications and the internet. The purpose of the literature review was to ensure that all the important variables that have had an impact on the problem area were critically analyzed to add the solid foundation of the existing knowledge.

2.1 Customer care

Customer service is a series of activities designed to enhance the level of customer satisfaction that is, the feeling that a product or service has met the customer expectation.

Its importance varies by product, industry and customer; defective or broken merchandise can be exchanged, often only with a receipt and within a specified time frame. Retail stores could often have a desk or counter devoted to dealing with returns, exchanges and complaints, or can perform related functions at the point of sale.

Customer service may be provided by a person for example, sales and service representative, or by automated means called self-service. Examples of self service are Internet sites. However, In the Internet era, a challenge has been to maintain and/or enhance the personal experience while making use of the efficiencies of online commerce. Writing in Fast Company, entrepreneur and customer systems innovator Micah Solomon made the point that online customers are literally invisible to fell customers, so it's easy to shortchange them emotionally. But this lack of visual and tactile presence makes it even more crucial to create a sense of personal, human-to-human connection in the online arena.

2.2 Small Scale Enterprise

A small scale enterprise is a privately owned and operated business, characterized by a small number of employees and low turnover. A small enterprise usually only shares a tiny segment of the market it operates in.

Customer service is normally an integral part of a company's customer value proposition. In their book *Rules to break and Laws to Follow*, Don Peppers and Martha Rogers, Ph.D, wrote that customers have memories. They can remember where they went, whether you remember them or not.

Further, customer trust can be destroyed at once by a major service problem, or it can be undermined one day at a time, with a thousand small demonstrations of incompetence.

From the point of view of an overall sales process engineering effort, customer service plays an important role in an organization's ability to generate income and revenue. From that perspective, customer service should be included as part of an overall approach to systematic improvement.

Some have argued that the quality and level of customer service has decreased in recent years, and that this can be attributed to a lack of support or understanding at the executive and middle management levels of a corporation and/or a customer service policy. To address this argument, many organizations have employed a variety of methods to improve their customer satisfaction levels.

2.3 Importance of Customer Care in small scale business enterprises

Because happy customers stay one's customers, according to the many business Kampala's and to many more successful companies, the key to success lies not only in having a good product, but also in being able to provide the customer with the level of service they desire. One needs a reliable flexible way of managing one's customers and a way one can gain information on the service his business is delivering. Once one has these examples of good customer care he/she can ensure that his entire organization follows what will be an excellent customer care system.

Building sustainable and successful relationships with a large customer base is not easy and could have a direct impact on many core operational processes from product development to accounts. One thing for certain is that is based on providing good customer service and is not purely a technical issue. However it does rely on the use of the correct software implementation. And it is not just about sales.

It is about the interactions of the entire business with one's customers, and that takes some tracking and managing.

In business, customer care is paramount. Happy customers can become loyal customers who return for more and can spread the good word about one's business to their friends and family. Customer Care is not just about having a good customer care team, but includes many other elements. Start with a high quality product or service, which is a good value for money, provided quickly and efficiently by friendly and courteous members of staff, where necessary including a good after-sales service and one already has an excellent grounding for caring effectively for his customers.

Policies and Values in customer care

It's important to have customer care policies set-up so staff and employees know the core values and principals, ensuring that customers get the best possible service from one's company. Part of this can involve training employees so that they interact with customers in the best possible way, professionally and politely and thus present the best image for the company. It's important to have certain principals in place in order to provide the best service, such as Publish clear and help information on the services one offers, Respond to any complaints quickly and politely, make realistic promises, Seeking and encouraging customer feedback, providing a safe and secure environment.

Educating staff in certain concepts can help the business no end. Train them to do with customers. Always remaining positive, never giving negative replies or telling customers that they cannot help them, but instead offering to find the answer to their queries.

Applying process improvement to Customer Care

A customer is a person who purchases goods or services from another; the related word, custom, can be defined as a habitual practice as a result of prolonged patronage. Customer care is therefore the business strategy that exists to ensure continued patronage of goods and services. The success of customer care lies within customer relationship management, also known as CRM, or your organization's ability to recognize when internal business processes have the potential to impact customer satisfaction and retention.

If the organizational values are built upon strong interdepartmental or cross-functional partnerships, then our customer relations strategies should be built on the same partnerships. Customer relationship management is a coordination strategy to synchronize the functional players or departments within your business, in an effort to connect all business activities to create a single valuable product or service.

However, technology is only part of the answer. Customer care requires a focus on business process improvement in order to define those aspects of one's business which have the ability to impact the customer; technology can add efficiency to one's Customer relationship management (CRM) strategy, but only if aligned with business standards of practice. In order to create a customer care business process, one which incorporates Customer relationship management (CRM).

2.4 How to Develop a Customer Care Strategy

The cost of acquiring new customers greatly exceeds that of retaining current ones, according to Forrester Research and Informatics, two prominent data research companies. This fact highlights the need for companies to focus on satisfying customers' needs and resolving service issues, two goals that can be accomplished through development of customer care strategies. Good customer care strategies consist of plans that utilize the entire company and get everyone involved, from company management down to lower-level employees. Benefits of these plans include brand and company loyalty, as well as a solid company reputation.

Purchase and integrate customer relationship management (CRM) software into your business model and everyday tasks. CRM software automates many functions to get the most information, such as tracking specific customers' sales and item purchases and recording general information about each customer. Customer relationship management can also help automate billing issues and customer complaint issues by including ticket queues and customer service functions.

Assign a specific person or team to customer follow-up. Duties of a customer care follow-up service professional include telephoning customers to make sure they were satisfied at one's store and recording complaints and service issues. Equip the assigned people with the power to refund money, make product or service exchanges, and offer customer retainment deals like free products or discounts.

Hold weekly and/or regular customer care and service meetings at the workplace. Train employees on specific topics like greeting customers, dealing with angry ones, and resolving everyday problems and issues that can be handled without upper-level management involvement.

Develop a unique selling proposition (USP). A unique selling proposition is a brief one-liner or phrase that acts as a mini mission statement. Developing a USP not only lets customers know how and why your business stands apart from your competitors, but a USP centered on a service theme promotes customer care in all aspects of your business.

Monitor your customer care efforts weekly and monthly. Record how many customer complaints you resolve, sales increases or decreases, and any other customer issues. Use this information to refine and rewrite your customer care strategies.

2.5 The Commandments of Great Customer Service

Customer service is an integral part of one's job and should not be seen as an extension of it. A company's most vital asset is its customers. Without them, one would not and could not exist in business. When one satisfies his customers, they not only help him grow by continuing to do business with him, but recommend one to friends and associates.

The practice of customer service should be as present on the show floor as it is in any other sales environment.

The Commandments of Customer Service

1. One needs to know who is boss. One is in the business to service customer needs, and he/she can only do that if he knows what it is his customers want. When one truly listens to his customers, they let him know what they want and how he can provide good service. Never forget that the customer pays our salary and makes your job possible.
2. Being a good listener. One has to take time to identify customer needs by asking questions and concentrating on what the customer is really saying. Listen to their words, tone of voice, body language, and most importantly, how they feel. Beware of making assumptions - thinking you intuitively know what the customer wants. Effective listening and undivided attention are particularly important on the show floor where there is a great danger of preoccupation - looking around to see to whom else you could be selling to.
3. Identifying and anticipating needs. Customers don't buy products or services. They buy good feelings and solutions to problems. Most customer needs are emotional rather than logical. The more one know his customers, the better he become at anticipating their needs. Communicate regularly so that you are aware of problems or upcoming needs.

4. Making customers feel important and appreciated. Treat them as individuals. Always use their name and find ways to compliment them, but be sincere. People value sincerity. It creates good feeling and trust. Customers are very sensitive and know whether or not you really care about them. One needs to thank them every time you get a chance.
5. Helping customers to understand the systems. One's organization may have the world's best systems for getting things done, but if customers don't understand them, they can get confused, impatient and angry. One has to take time to explain how his systems work and how they simplify transactions.
6. Appreciating the power of "Yes". Always one has to look for ways to help his customers. When they have a request as long as it is reasonable one has to tell them that he can do it. Figuring out how afterwards.
7. Knowing how to apologize. When something goes wrong, one has to apologize. It's easy and customers like it. The customer may not always be right, but the customer must always win. Dealing with problems immediately and let customers know what one has done. One has to make it simple for customers to complain. Value their complaints.
8. Giving more than expected. Since the future of all companies lies in keeping customers happy, one has to think of ways to elevate him-self above the competition.
9. Getting regular feedback. In business one has to encourage and welcome suggestions about how he/she could improve. There are several ways in which one can find out what customers think and feel about his services.

-Listening carefully to what they say.

-Checking back regularly to see how things are going.

-Providing a method that invites constructive criticism, comments and suggestions.

10. Treating employees well. Employees are good internal customers and need a regular dose of appreciation. One has to thank them and find ways to let them know how important they are. Treating employees with respect and chances are they could have a higher regard for customers. Appreciation stems from the top, Treating customers and employees well is equally important.

2.6 Small business

Small businesses are common in many countries, depending on the economic system in operation. Typical examples include: convenience stores, other small shops such as a bakery or delicatessen, hairdressers, tradesmen, lawyers, accountants, restaurants, guest houses, photographers, small-scale manufacturing etc.

Advantages of small business

A small business can be started at a very low cost and on a part-time basis. Small business is also well suited to internet marketing because it can easily serve specialized niches, something that would have been more difficult prior to the internet revolution which began in the late 1990s. Adapting to change is crucial in business and particularly small business; not being tied to any bureaucratic inertia, it is typically easier to respond to the marketplace quickly. Small business proprietors tend to be intimate with their customers and clients which results in greater accountability and maturity.

Independence is another advantage of owning a small business. One survey of small business owners showed that 38% of those who left their jobs at other companies said their main reason for leaving was that they wanted to be their own bosses. Freedom to operate independently is a reward for small business owners.

In addition, many people desire to make their own decisions, take their own risks, and reap the rewards of their efforts. Small business owners have the satisfaction of making their own decisions within the constraints imposed by economic and other environmental factors. However, entrepreneurs have to work very long hours and understand that ultimately their customers are their bosses.

Several organizations also provide help for the small business sector, such as the Internal Revenue Service's Small Business and Self-Employed One-Stop Resource.

Ranging from local bakeries and groceries to high-tech innovators and mini factories, the sector employs millions of people. In addition, it provides the economy with flexibility large businesses don't have. In underdeveloped countries with very few large companies, the small-scale sector is even more vital for the economy.

Problems faced by small businesses

Small businesses often face a variety of problems related to their size. A frequent cause of bankruptcy is undercapitalization. This is often a result of poor planning rather than economic conditions - it is common rule of thumb that the entrepreneur should have access to a sum of money at least equal to the projected revenue for the first year of business in addition to his anticipated expenses. For example, if the prospective owner thinks that he will generate \$100,000 in revenues in the first year with \$150,000 in start-up expenses, then he should have no less than \$250,000 available. Failure to provide this level of funding for the company could leave the owner liable for all of the company's debt should he end up in bankruptcy court, under the theory of undercapitalization.

In addition to ensuring that the business has enough capital, the small business owner must also be mindful of contribution margin (sales minus variable costs). To break even, the business must be able to reach a level of sales where the contribution margin equals fixed costs. When they first start out, many small business owners under price their products to a point where even at their maximum capacity, it would be impossible to break even. Cost controls or price increases often resolve this problem.

In the United States, some of the largest concerns of small business owners are insurance costs (such as liability and health), rising energy costs and taxes. In the United Kingdom and Australia, small business owners tend to be more concerned with excessive governmental red tape.

Another problem for many small businesses is termed the Entrepreneurial Myth or E-Myth. The mythic assumption is that an expert in a given technical field will also be expert at running that kind of business. Additional business management skills are needed to keep a business running smoothly.

Still another problem for many small businesses is the capacity of much larger businesses to influence or sometimes determine their chances for success.

Marketing the small business

Finding new customers is the major challenge for Small business owners. Small businesses typically find themselves strapped for time but in order to create a continual stream of new business, they must work on marketing their business every day.

Common marketing techniques for small business include networking, word of mouth, customer referrals, yellow pages directories, television, radio, outdoor (roadside billboards), print, email marketing, and internet. Electronic media like TV can be quite expensive and is normally intended to create awareness of a product or service.

Business Networks and Advocacy Groups

Small businesses often join or come together to form organizations to advocate for their causes or to achieve economies of scale that larger businesses benefit from, such as the opportunity to buy cheaper health insurance in bulk.

These organizations include local or regional groups such as Chambers of Commerce, as well as national or international industry-specific organizations. Such groups often serve a dual purpose, as business networks to provide marketing and connect members to potential sales leads and suppliers, and also as advocacy groups, bringing together many small businesses to provide a stronger voice in regional or national politics.

The rules for successful customer relationship management.

Providing good information. Customer service has to have access to the customer marketing database. They have to know what each customer has bought in the past, and their profitability. They have to have a record of past complaints and compliments. They have to know who the key people are in each firm, and what their attitude is towards their own company and its products.

Empowering customer service. If customer service personnel are just message takers, no one will unburden themselves to them. Customer service personnel have to represent your firm. They have to be able to do what the owner of the firm would do: make decisions in the interest of the customer and the firm. They must be delegated authority to act to solve problems.

Setting up test and control groups. Good customer service is not just “nice to have”. It is highly profitable. You must prove to management that the money spent on customer service is creating customer loyalty and profits for the firm. The only way that can be done is to set up control groups so as to measure correctly the performance of the test groups. Many executives will oppose the creation of control groups, saying “We must treat all customers alike.” Fight this old fashioned way of thinking with all your might. Without control groups, you can never prove that what you are doing is having the desired effects and justifies your enlarged customer service budget.

Failure rate among the Small Scale Industries (SSIs) in Uganda, and in Kampala District in particular, has prompted investigation on the relationship between: the personal values of owner-managers’ of small-scale industries and the business strategies they adopt; strategies adopted by owner managers and the performance of small-scale industries in Kampala District; and the relationship between owner-managers’ personal values and the performance of small-scale industries in Kampala District.

SSIs in Uganda contribute to 20 per cent of GDP, 50 percent to total manufacturing and over 80 per cent to wholesaling and retailing. According to the Uganda Bureau of Statistics, four manufacturing activities dominate this sector namely: manufacture of grain mill products, wearing apparel, fabricated metal products and furniture. SSIs are flexible and operate in all parts of the country, but mostly in the central region. Most of them use low-level technology to produce goods and services to meet the needs of their immediate environment. Despite the fact that they provide market for large enterprises thus keeping the economy vibrant, their success is hampered by many problems.

Many painstakingly built up fortunes are recklessly squandered by those who inherit businesses due to inadequacy of entrepreneurial values. According to Wavamuno Gordon in *The Story of an Entrepreneur*, this behavior is a disease in Uganda. Traditional approaches to education fall short of imparting some of the values entrepreneurs possess. It is also true that many people in Uganda go to business without clear goals. They have either been forced into it by economic conditions, or they are ignorant of what it means to run a business.

There are many emerging small-scale businesses; unfortunately a majority of them fail within their early years of existence. Available evidence from the Uganda Chamber of Commerce (UCC) indicates that in the year 2000, out of 5,112 small-scale enterprises, 2,363 closed down.

Research in small businesses suggests that the owner-manager's personalities, in particular their values and goals, are indistinguishable from the goals of their businesses. It also suggests that owner-managers' personal values influence the strategies they take and ultimately the performance of their businesses. Since personal values and strategy are central to the success of any business, and strategies are products of owner-managers' visions, it is suspected that the owner managers' deficiency in entrepreneurial personal values could be a significant explanation for the failure of small businesses in Uganda.

2.7 Taxation in small scale business enterprises

This is the process of administering and collecting tax. It is concerned with public revenue, public expenditure and public debt. Tax administration involves assessment, enumeration, tax collection, tax service and control (Bhatia 1976).

According to Saleemi (1994 page 60-62), taxation is defined as the identification of social services like education, health, housing, security etc as need for the welfare of the society and it is stated that the government needs funds to finance these projects. Therefore, Taxation is inevitable as it is a major source of government revenue and it can also be viewed as an implicit contract between citizens and their government, in which the amount and types of tax paid are related in some way to services delivered by public institutions (Moore, 1998; Moore & Rakner, 2002).

In the case of local government, the idea of services delivered in return for tax revenues collected also includes the notion of local governments providing an enabling environment for ordinary people to go about their daily business of making a living without fear of unpredictable and unreasonable charges being made against them.

Imposition of Taxes

Tax policy refers to the choice of tax instruments, the rates at which taxes are set, the nature of exemptions and the assignment of taxes to different levels of government.

Like many other developing countries, Uganda has undertaken comprehensive tax reforms encompassing most of the important revenue sources. Even with these tax reforms, there has been only an increase of about 2.4 per cent in the revenue to GDP ratio from around 6.5 per cent in 2006/2007 to 8.9 per cent in 2007/08 and in this fiscal year, it has shown a figure of 9.8 percent market rate of growth. Income per capita in 2008/2009 financial year is U Shs6.1Trillion which shows an increase of 28% from the previous financial year.

Taxes are frequently distinguished as 'direct' and 'indirect'. Personal taxes, such as the individual income tax, are direct and most taxes on things such as sales and excise taxes are indirect (Musgrave 1989).

Uganda relies on both direct and indirect taxes. Under direct taxes we have PAYE, withholding tax and corporate tax and the Small scale business Enterprises pay direct tax called presumptive tax and indirect taxes include excise duty, sales tax and VAT with a standard rate of 18 and minimal exemptions plus tax incentives was introduced in 1996. Non-tax revenues comprise collections like dividends from BOU (and other Public Enterprises like Kinyara Sugar Works Ltd.), collections by ministries and foreign missions, collections from fees and licenses. Uganda heavily relies on indirect taxes but the share of direct taxes has been growing. The effectiveness of tax systems depends not only on the design of tax policies but also on effectiveness of tax administration (Stepanyan, 2003). Once governments have their tax policies appropriately designed, the tax administration plays the main role by securing the effective implementation of the policies.

The American Institute of Certified Public Accountants (2001) lists 10 guiding principles of good tax policy as: equity and fairness; certainty; convenience of payment; simplicity; neutrality; economic growth and efficiency; transparency and visibility; minimum tax gap; and Appropriate Government revenues. All the guiding principles have been selectively emphasized in Uganda. At the same time, the International Monetary Fund (IMF) has provided input into the design of tax reforms in many transition and developing countries and generally recommended that tax systems have the following characteristics:

1. Heavy reliance on broadly-based sales taxes, such as VAT , preferably with a single rate and minimal exemptions, and excise taxes levied on petroleum products, alcohol, tobacco and a few items that are considered luxurious.
2. No reliance on export duties, which inhibit international competition, or on small nuisance taxes, administration of which is not effective.
3. Import taxation at as low levels as possible, with limited dispersion of rates to minimize effective rates of protection.
4. An administratively simple form of personal income tax, with limited deductions , a moderate top marginal rate, an exemption limit large enough to exclude persons with modest incomes, and substantial reliance on withholding tax
5. A tax system should also address issues of transparency and governance.

6. The laws that govern the administration of Uganda's tax system include the following amongst others: The Constitution of the Republic of Uganda; The Public Finance Act Cap 149; The Contingencies Fund Act Cap 150; The Budget Act, 2001; The Income Tax Act, 1997; The Stamp Duty Act, (Cap 172) as amended; The Finance Statute 1998 (Statute No. 4 of 1998) as amended; The Customs Tariff Act, 1970 (Act No. 17 of 1970) as amended; The East African Customs Management Act, 2004; The Value Added Tax Statute, 1996 as amended; The Traffic and Road Safety Act, 1998 (Act No. 15 of 1998) and Regulations; The Excise Tax Act (Cap 174) as amended. These laws define the imposition and collection of taxes. Similarly, all provisions for the collection of license fees, fines, levies and other fees (other than fines imposed by courts) are spelt out.

The Constitution of Republic of 1995 Uganda under Article 152 states that no tax shall be imposed except under the authority of an Act of Parliament.

In Uganda, the largest portion of the tax burden borne by the small scale business enterprise originates from VAT followed by excise duties. Increasing VAT while other taxes remained constant would increase the tax burden on the small scale business enterprises but the large scale business enterprises would continue paying more taxes relative to their expenditures than the small scale business enterprises (Ssewanyana & Okidi, 2007).

Gemmell & Morrissey (2002) reported that while VAT is relatively low on the progressivity rankings, it tends not to be regressive. VAT/sales tax in Uganda was found to be progressive.

Small Businesses.

The following are the characteristics of small businesses in Uganda. A small business is a one-person unit, whose equipment consists of simple hand tools with the source of capital mainly family savings and money borrowing from friends, having acquired locally and their markets often limited to the mediate surrounding (USSIA, 1996).

According to the income tax act 1997, an enterprise is taken to be small as long as its annual gross turnover is less than Ushs. 50000000/=

They are small and lowly capitalized. They have no access to credit from banks and depend financially on owners saving and borrowed from informal money lenders, this is because of the requirements especially the collateral security and high interest rate on loans charged by banks.

From the economic point of view, a small business that one that posses relatively small share of its market, this then implies that it then captures a relatively small proportion of the market for its commodities.

According to Uganda investments Authority (UIA), small businesses employ capital of Ushs. 50000000 and the sales turnover ideal average is Ushs 50000000.

Most small businesses are managed by their owners in a personalized way, mostly family members or relatives and they are independent from outside control in taking major decisions.

The level of management skills is low in terms of technical skills. The owners keep scanty of their business operations because they lack the skills to keep proper books of accounts and they cannot afford full time book keeper or accountant due to lack of finances (Kalibbala, 1994, Nabob, 1995).

Most small business conforms to the requirements of local authorities but avoid national level of legislation wherever possible and therefore this puts them into the classification of informal sector.

2.8 Business Growth

Lied Holm and mead (1993) advance general components in measurements of firm growth. These are changes in the net number of firm births and deaths (i.e. births minus death net firm creation) and net expansion of existing firms' expansion and firm contraction.

Number of workers

Many studies (Lied Holm and mead 1993, Et al, 1993) measures growth of industries using the number of workers employed, and most of these studies have taken almost a similar trend in examining the growth of small businesses.

In their specific analysis of individual businesses, however lied Holm and mead, (1993), found out that the majority of these small scale businesses do not grow at all. They further discovered the highest firm deaths are in those establishments with no more than three years of existence, declining substantially thereafter, the major reasons being; failure of firms to keep up operation of the started business because they were not financially viable. Charging to better business opportunities that is to say better options become available. Some proprietors may become too old or too sick to continue with the business and government intervention.

In a related study carried out by IFAD (1989) found out that there is little graduation from household based activity to small scale businesses and finally to modern small and medium businesses. Lied Holm, (1994) observes that most of the existing firm's do not grow, but those that do the vast majority of new jobs have resulted from those small scale businesses that started out and remained very small. He points out that on graduation of small scale businesses with less than five workers, less than 1% make to small or medium businesses.

This graduation makes an important contribution of growth in employment. Lied Holm and Mead (1993) observe that firm growth tends to be inversely related to initial size. They further observe that businesses located in urban areas have grown significantly faster than those located in rural areas. Carl Lied Holm (1994) came up with similar findings in micro and small businesses.

As regards age of businesses, Lied Holm and Mead, (1993) points out an inverse relationship between the business and its growth rate of a firm in existence for two years is 10.9%, while the comparable growth rate for a firm is more than 10 years is .9% per annum.

Market share.

The literature considers market share to be one of the most important indicators of organizational success. Indeed, market share is often used to describe the position of an organization within its industrial sector. The implication is usually that the bigger the market share, the more successful the organization. **Gray et al. (1998)** suggest that market share can be an important determinant of profitability in the medium term to long term. They state that large market share is both a reward for providing better value and a means of realizing lower costs. Under most circumstances, enterprises that have achieved a large share of the markets they serve are considerably more profitable than smaller-market share rivals.

This connection between market share and profitability has been recognized by corporate executives and consultants, and it is clearly demonstrated in the results of research over the past 15 years. The importance of market share is also acknowledged in the Boston Consulting Group Matrix as a key indicator of industry growth, this is not surprising, as organizations with market leader status tend to derive profitability from their economies of scale capability as well as their established branding. However, other writers contend that while market share is a desirable strategic objective, it does not necessarily indicate high organizational performance.

2.9 Profitability

Profit generally is the making of gain in business activity for the benefit of the owners of the business. The word comes from Latin meaning "to make progress", is defined in two different ways, one for economics and one for accounting.

Pure economic profit is the increase in wealth that an investor has from making an investment, taking into consideration all costs associated with that investment including the opportunity cost of capital.

Accounting profit is the difference between retail sales price and the costs of acquisition (whether by harvest, extraction, manufacture, or purchase). A key difficulty in measuring either definition of profit is in defining costs. Accounting profit may be positive even in competitive equilibrium when pure economic profits are zero.

Understanding the causes of profitability is a central issue in disciplines which study businesses. Business policy's distinctive approach is to focus on goals and strategies designed to achieve superior performance (**Andrews, 1971**), resulting in greater profit. Profit is the excess revenue over expenditure.

Sales

Sales are the activities involved in selling products or services in return for money or other compensation. It is an act of completion of a commercial activity. The "deal is closed", means the customer has consented to the proposed product or service by making full or partial payment (as in case of installments) to the seller.

Academically, selling is thought of as a part of marketing, however, the two disciplines are completely different. Sales often form a separate grouping in a corporate structure, employing separate specialist operatives known as salespersons (singular: salesperson). Sales are considered by many to be a sort of persuading "art". Contrary to popular belief, the methodological approach of selling refers to a systematic process of repetitive and measurable milestones, by which a salesperson relates his offering of a product or service in return enabling the buyer to achieve his goal in an economic way.

Marketing plays a very important part in sales. If the marketing department generates a potential customers list, it can be beneficial for sales. The marketing department's goal is to bring people to the sales team using promotional techniques such as advertising, sales promotion, publicity, and public relations. In most large corporations, the marketing department is structured in a similar fashion to the sales department and the managers of these teams must coordinate efforts in order to drive profits and business success. Driving more customers through the door gives the sales department a better chance by ratio of selling their product to the consumer.

2.9.2 The impact of customer care on the small scale business growth

Customers have a major role to play in our business. Satisfying a customer is the most difficult part. No matter how big or small the business is customer satisfaction will be one of our top priorities. To achieve customer satisfaction we have to do so many things. One of the most important things is to have a very good customer service. We must know how to and what we should do in order to improve the customer satisfaction of our company.

The first and the most important thing are to find the right person for the customer service job. After recruiting him, the first thing we should do is to teach him about etiquettes. It has a major role to play.

Showing good manners will help us to solve the problems that we have created to the consumer after he uses one of our products. Therefore, we should make sure that we show some of the common manners to the customers.

A simple please, sorry or a thank you can make all the difference and help us make the consumers happy and the consumer will wait for us to solve his problem. If the customers like the way we treat them they will be willing to compromise on the quality of the product because they know that if something goes wrong to the product, our company will help them solve that problem.

Marketing and customer service are usually separate departments within any company. They have separate goals and methods. That situation is changing, due to the adoption of Customer Relationship Management throughout industry. There are several factors driving the change:

Industry has discovered the value of loyal customers: they buy more, buy more often, are cheaper to serve, have higher retention rates, and are more profitable than newly acquired customers.

Marketers have discovered that it is possible to influence the level of customer loyalty through two methods: recruit the right kind of customers to begin with, and treat them very well once acquired.

Excellent customer care is the most important method for improving customer loyalty. Customer service personnel are the front line troops in the battle to win customer's loyalty.

To provide good customer care, customer contact personnel have to be empowered with information and the authority to make decisions and to act in the customer's behalf.

In other words, marketing is no longer a business of thinking up clever advertising and direct mail pieces. Good marketing involves everyone in the company who has contact with customers. Marketing and customer service are coming together.

In conclusion, from the literature available about customer care in small scale business enterprises, a number of writers claim that actually the customer care affects survival of small scale business enterprise. On the other hand, other scholars claim that customer care does not affect survival of small scale business enterprises. Since they claim that some buyers come once in a while. The entrepreneurs of these small firms claim also that tax affects them. Because of this information gap, there is need therefore for more research to ascertain if customer care really affects the growth of small scale business enterprises.

CHAPTER THREE:

RESEARCH METHODOLOGY:

3.0 Introduction

This chapter presents the methodology used in carrying out the study. It describes or brings out the research design, sampling design, study population, Target population, sample methods, sampling size, data collection, and data collection instruments and data analysis.

Research Design

Here the researcher used both qualitative and quantitative research design in assessing the impact of customer care on the growth of small scale business enterprises and the researcher also used a combination of descriptive and analytical research design.

Sampling design

3.2.1 Study Population

The study population for the study targeted small scale business enterprises in Kampala central Division Kampala district.

3.2.2 Target Population

A survey population was compelled and the targeted group was made up of the owners of small scale business enterprises, of those various small scale business enterprises in Kampala central Division Kampala district. To obtain a reliable data for this paper, the key informant approach was used.

Therefore, the key informants among the survey population/ sample size was constitute of the respondents. With the key informant approach, data was collected from those various small scale business enterprises in Kampala central Division Kampala district.

3.2.3 Sampling Methods

After establishing the population size from the total population of the small scale business enterprises, the researcher applied stratified probability method in selecting the sample size. The reason was to make the coverage more a sensible through equal and faire representation .This eventually enabled the researcher come up with valid and reliable findings about the subject matter.

3.3 Sample Size

A sample size of 65 respondents was taken for the study. These were categorized in the following manner: 30 were from Kamwokya I, 25 were from Kisenyi, and 15 were from Nakasero.

Table I; number of respondents by ward

Ward	Number of respondents
KAMWOKYA I	30
KISENYI	25
NAKASERO	10
TOTAL	65

3.4 Data Collection

The study was mainly focused on both the primary and secondary sources of data in the due course of the research study.

3.4.1 The Primary source of data

The primary sources of data refers to the original source or data that the researcher gathered for the first time to produce the research reports. Here, data was collected directly from the respondents through ways like conducting interviews, use of questionnaires and personal observation as a research instruments for collecting the required data for the purpose of the research study.

3.4.2 Secondary source of data

The secondary source of data was obtained through reviewing the existing data sources which was collected for other purposes rather than the research in question but the researcher finds it relevant to the research study. The secondary sources of data include journals, research reports, conferences and the available literature.

3.5 Data Collection Instruments

During the study, the researcher used questionnaires, personal interviews as instruments of data collection.

3.5.1 Questionnaires

This was the basic tool that was used for data collection and this was done by preparing a set of questions on a piece of a paper which require the respondents to either tick or write the information in the space provided by the researcher. the basic reason for the use of this method of data collection was that it was quicker compared to other methods of data collection, minimizes bias, saves time and it was convenient for the literate respondents since majority of the respondents were literate.

3.5.2 Personal interview

This was the most viable method of data collection from respondents. It was conversations in which the researcher got the data from the respondents who were the business owners, managers and also the attendants. This was where individuals' interviews were conducted. This method of data collection had the advantages of being easy to use on the illiterate people, because the researcher explained complicated questions and it helped in eliminating the researcher biasness.

3.6 Data Analysis

This involved the researcher in editing the data, establishment of data category and subjecting the data category through the process of further editing, summarizing the data, data tabulation and deriving quantitative measurements.

After tabulation the researcher based the analysis work on the computation of measurements such as percentages, averages and standard deviation using well defined mathematical and statistical formulae with the help of statistical package for social science.

CHAPTER FOUR

4.0 INTERPRETATION, PRESENTATION AND DISCUSION OF FINDINGS;

4.1 Introductions

In this chapter the findings of the study are presented and interpreted. The results presented were arrived at using frequency counts and correlation. The research was conducted in Kampala central Division Kampala district using both qualitative and quantitative methods of data collection. A total of sixty five self administered questionnaires were distributed to small scale business enterprises in Kampala central Division Kampala district. The numbers of returned questionnaires were 56 which represented a rate of 86% and all of them were used during the analysis.

Table ii:
Representation of questionnaires used

Total number of questionnaires sent	Total number of questionnaires returned by the respondents	Total number of questionnaires that were not returned by the respondents
65	56	9
percentages	86%	14%

Source: primary data

4.2 Demographic characteristics of the respondents

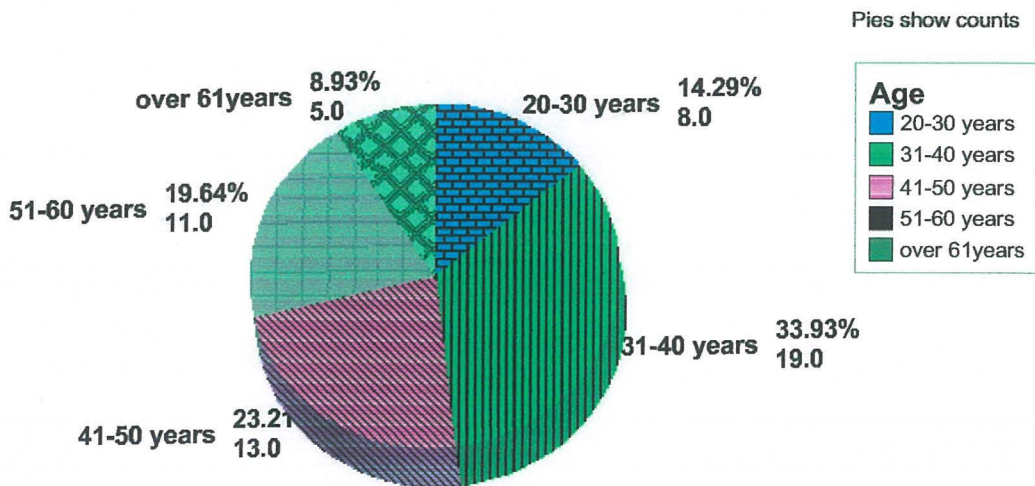
The demographic characteristics presented include; Age, sex, educational level (highest level of education) and years since operation in business and these characteristics were presented using pie chart and tables.

Table iii
Age of the respondents

YEARS	FREQUENCY	PERCENTAGES
20-30 YEARS	8	14.29
31-40 YEARS	19	33.93
41-50 YEARS	13	23.21
51-60 YEARS	11	19.64
OVER 60 YEARS	5	8.93
TOTALS	56	100.0

Source: primary data

Figure i: A pie chart showing the age of the respondents



Source: primary data

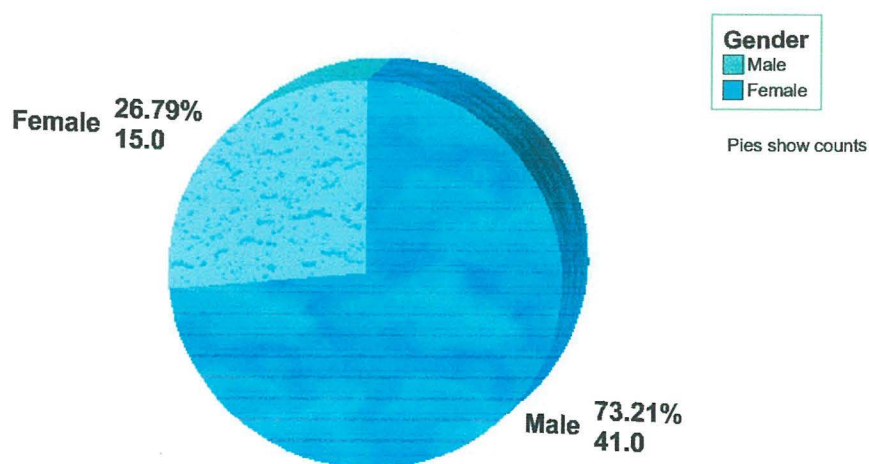
From the pie chart above, 33.93% of the respondents fell in the age bracket between 31-40 year, 19.64% of the respondents also fell in the age bracket between 51-60 years, 14.29% of the respondents were in the age bracket between 20-30 years, 23.21% of the respondents had also fallen in the age bracket between 41-50 years while 8.9% of the respondents were in the age bracket over 60 years. Thus the respondents are mature enough to provide the information about the study.

TABLE iv:
RESPONSES ON GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	41	73,2	73,2	73,2
	Female	15	26,8	26,8	100,0
	Total	56	100,0	100,0	

Source: primary data.

Figure ii; A pie chart showing responses on gender



Source:

primary data

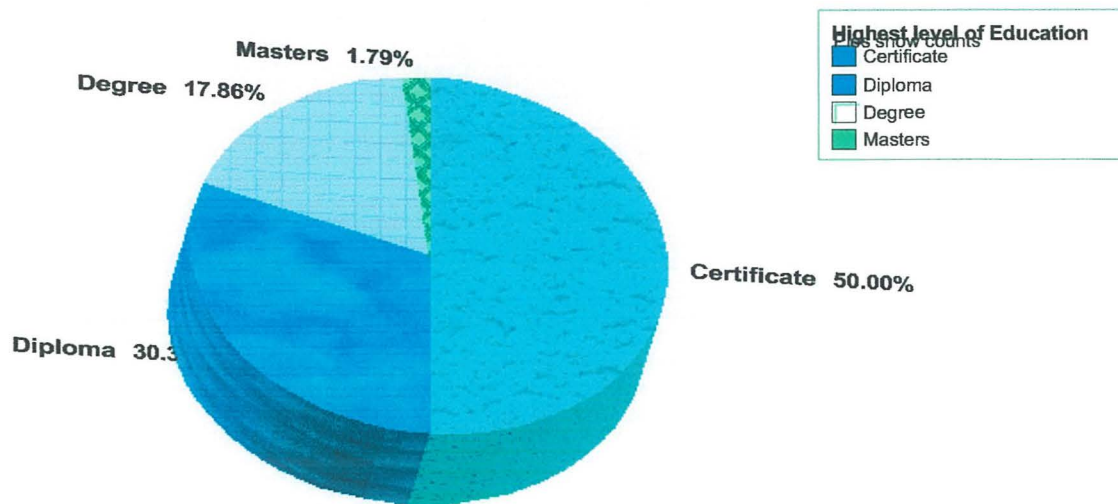
In the table pie chart above, 73.21% of the respondents were male and the female accounted for only 20.79% of the total response. Thus the male respondents participated more in this research study than their female counter parts.

**TABLE v:
RESPONSES ON LEVEL OF EDUCATION**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	28	50,0	50,0	50,0
	Diploma	17	30,4	30,4	80,4
	Degree	10	17,9	17,9	98,2
	Masters	1	1,8	1,8	100,0
	Total	56	100,0	100,0	

Source: primary data.

Figure iii; Educational back ground of the respondents.



Source: primary data

In the pie chart above 50.00% of the respondents had certificate 30.36% were diploma holders ,17.86% of the respondents had attained first degree and only1.79% of the respondents had reached an educational level of masters.

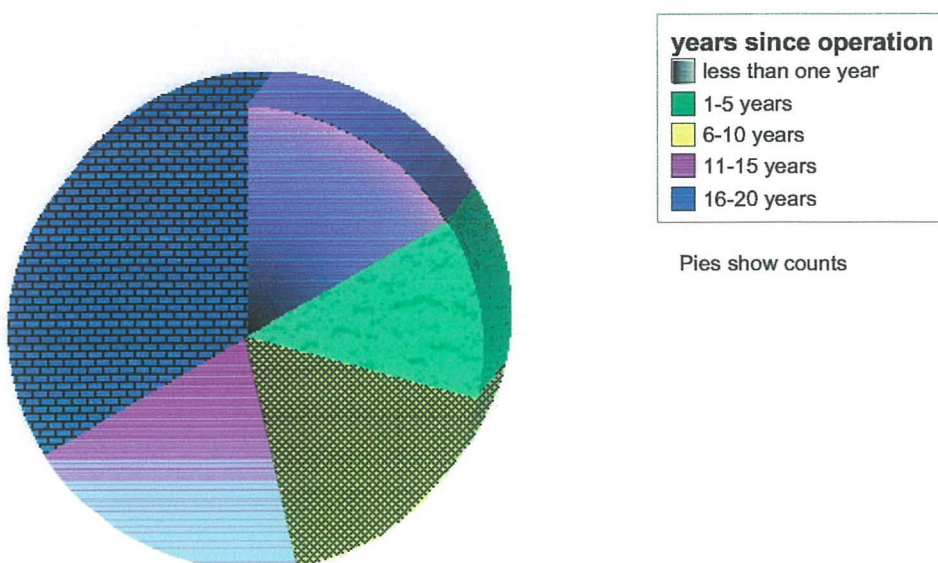
TABLE VI:

The respondent time taken in operating the business

years	frequency	percentages
Less than one year	9	16.07
1-5 years	7	12.50
6-10 years	10	17.86
11-15 years	11	19.64
16-20 years	19	33.93
total	56	100.00

Source: primary data

Figure iv; A Pie Chart Showing the Years since Operation



Source: primary data

The findings from the table above indicated that 33.93% of the respondents had operated in the business between 16-20 years, 19.64% of the businesses had fallen between 11-15 years, 17.86% of the businesses fell between 6-10 years, and 16.07% of the respondents businesses had stayed for less than one year, and only 12.50% of the respondents businesses had fallen between 1-5 years in the business.

4.3 Findings on the influence of customer care on Small Scale Business Enterprises in Kampala central Division Kampala District.

The impact of customer care on the growth of small scale business enterprises in Kampala central Division was established by examining the rate at which respondents responded on the questions about the conduct of customer care according to the selected principles of small business enterprises.

4.4 FINDINGS ON THE GROWTH OF SMALL SCALE BUSINESS ENTERPRISES

The small scale business enterprises growth are measured using the following indicators of business growth; the number of workers they employ in their business, increase in their market share as to that of their competitors, increase in wealth, rate of increase in profit to that of their competitors and the rate of increase of sales using the scales of very low, low slightly, high very high.

Table xi; responses on the growth small scale business enterprises

l)	Indicators of business growth	Very low	low	slightly	high	Very high
a)	At what rate do you normally increase the number of worker you employ in your business?	-	35 62.5%	21 37.5%	-	-
b)	How would you rate an increase in your market share (number of customers) as to that of your neighbour?	6 10.7%	7 12.5%	19 33.9%	24 42.9%	-
c)	At what rate is your wealth (pure economic profit) increasing?	13 (23.2%)	14 (25%)	20 (35.7%)	9 (16.1%)	-
d)	How would you rate your profits (rate of turn over) to that of your competitors	-	(8) 14.3%	(30) 53.6%	(14) 25.0%	(4) 7.1%
e)	At what rate is your sale (an act of giving products or services for money) increasing?	(7) 12.5%	(18) 32.1%	(9) 16.1%	(22) 39.3%	-

Source: primary data.

RESPONSES ON PROFITABILITY

Most of the respondents generally agreed that the profits is a measure of growth for their Businesses over the last few years with 25.0% of the respondents responded to it as high and 53.6% of the respondents had responded slightly with the statement. 7.1% of the respondents had rated the statement as very high while 14.3% of the respondents had low responses with the statement.

RESPONSES ON MARKET SHARE

From the table above, majority of the respondents generally agreed that the market share for their Businesses grew over the last few years which are indicated by 33.9% as slightly and with 42.9% as high. Much as the majority agreed to the statement, 12.5% had responded as low with the statement and 10.7% of the respondents had very low responses.

RESPONSES ON WEALTH

The growth of small scale business enterprises was also attributed to wealth where by majority of the small scale business enterprises had responded to the statement with low responses (35.7%), 25% of the respondent had low response, and 23.2% of the respondent had very low response while 9%of the respondent had high response to the statement.

RESPONSES ON SALES GROWTH

Majority of the respondents generally agreed that the sales for their Business enterprises increased over the last few years which are true as indicated by 39.3% of the respondents responded to the statement with high responses. Much as the majority of the respondents agreed that the sales increased over the last few years, 32.1% of the respondents responded to the statement with low responses, a minimal percentage of 16.1% of the respondents had slight responses with the statement and 12.5% merely had very low responses with the statement.

RESPONSES ON NUMBER OF WORKERS EMPLOYED

Much as other factors contribute to the growth of small scale business enterprises, the number of workers they employ matters where by majority of them had responded to the statement with low responses (62.5%) and the minority had responded to the statement with slight responses that is (37.5%).

CHAPTER FIVE.

SUMMARY OF FINDINGS AND CONCLUSIONS.

5.0 INTRODUCTION.

This chapter entirely gives a brief conclusion on the findings and some best practices to improve on customer care in small scale business enterprises in Kampala central Division.

5.1 SUMMARY OF FINDINGS.

The study was carried out in Kampala central Division, Kampala district central part of Uganda. The period considered was from 2004-2009 financial years respectively. The topic of study was Factors influencing customer care in small scale business enterprises. The topic considered also business activities and other sources.

The study was basically carried out to establish the reasons as to why Kampala central Division as an urban authority has failed to realize its estimated customers from all sources available.

Therefore the main Types of Customer Service taken into consideration were.

High Touch Customer Service.

This is a popular style of customer service in high-end stores. There's a well refined script that involves approaching customers when they enter and saying something they can agree with, wandering off and straightening things, then watching them and re-approaching when they express interest in something and proceeding with a soft-sell. When done correctly this leads to great experiences for customers and companies.

Low Touch Customer Service.

This type offers no assistance at all unless if someone wants to make a return, then they just take the item back and give him his money. Strangely this strategy can breed more loyalty than high-touch service, probably because it is often combined with super low prices.

Bad Touch Customer Service.

This is the bastard cousin of 1 and 2. Employees are in the store but are not helpful. They follow you around and try to make sales but don't actually have the information or authority to provide good service. This is often the result of commission based pay for medium to low priced goods. Making returns is impossible, and customer loyalty takes a back seat to this week's sales.

Transparent Customer Service.

Here one can see exactly how things are working and are welcome to manage things at the level he likes.

Understanding but Inflexible Customer Service.

This is sometimes a hard one to spot. The customer service person listens to one in charge, tries to understand his problem, acknowledges how frustrating it is, and then tells you that the company is prepared to do absolutely nothing to remedy the situation. Some of my better Version experiences were with senior customer service people who would listen to me and talk with me for as long as I wanted, then do nothing. It actually made me feel better to be heard, even though I knew it was just a trick.

Clueless Customer Service.

This one is frighteningly common, especially in call centers. The Customer Service person is given no training whatsoever, and is generally reading from a set script. They don't work for the company, don't understand the product, don't use the product, and are primarily judged by how fast they can get you off the phone.

Evil Customer Service.

It isn't nice to call people or even companies' evil, but this strategy is certainly evil. The goal is to trick customers into paying more or agreeing to something by using extremely specific language and refusing to stop talking. It sounds like they're saying one thing when they're actually saying another. Rather than doing what someone asks them bully him into doing what the company wants.

Perfect Customer Service. Etc

The study was intended to identify solutions to the problems. It specifically looked at small scale business enterprises in Kampala central for example;

- 1 The methods used in business enterprises
- 2 The different sources customer care in the business.
- 3 Constraints faced in business management
- 4 Solutions to the constraints.

The study used both purposive and conventional sampling technique to select the study population.

The study established the following as the main constraints to poor customer care in small scale business enterprises.

- 1 Conflict of objectives between the customers and business people.
- 2 Unfaithfulness of the sellers and the customers
- 3 Poor methods of customer care in small scale business enterprises

- 4 Lack of good quality products and also over taxation by the revenue has also affected small scale business enterprises in Kampala central Division.

Due to the above, there have been always low funds for Kampala central to finance its activities. And it therefore faces the following problems: staff payment, poor roads garbage management inadequate infrastructures such as schools, health units and planning has become a problem since there is insufficient funding.

WAYS OF IMPROVING CUSTOMER CARE SERVICES IN SMALL SCALE BUSINESS ENTERPRISES.

5.2 This subsection deals with the recommendations suggested by the researcher to address the constraints in customer care services in small scale business enterprises in Kampala central Division.

Making Eye Contact, Every small scale business should teach its employees to make eye contact when communicating with customers and prospective business partners. Failure to make eye contacts during communications is one major reason for the failure of some small scale businesses. While some employees tend to be shy and spend the whole time looking from place to place and on the floor when communicating with customers, others just don't like making eye contact. And this doesn't auger well for any business. Customers may think that the employees are looking at the footwear they are having on or are just not interested in the communication. It is therefore vital that employees make eye contacts with customers.

Listening and Speaking, It is also necessary to listen attentively to the customer and speak to his hearing and understanding. Being attentive will let the customer know that you care for his/her needs and send out positive signals about your business. Knowing how to speak to customers is also vital to increase sales.

Having a Clear Vision, The vision for the business should be essentially realistic. The plan should be very clear and easy to understand.

Knowing and Understanding about Competition, The more you know about your own company and the market competition you can compete better and can take advantage of the competition.

Being Aggressive, to be an owner of a successful small business one should have to be aggressive and not passive. Knowing about the market, more easily will help overcome the hindrances and find the growth path.

Not Being Involved in Competing, The plus points of a small business is its flexibility and versatility. So, by not engaging in price war with large business houses and by focusing on own capabilities a small business can achieve success.

Strong Customer service, this is the strongest attribute of a small business. By offering personalized service one can make them potential customer and in this way can increase the number of prospective customer also.

Being Attentive about the Needs of the Employees, since in a small business the number of employees is very small, the employees have to be essentially productive for the success of the organization. This is possible only if the business owners keep them happy by paying them well and by treating them with respect.

Being Distinctive, Being distinct and different helps a small business a lot. It is also very easy for the small business enterprises to be distinctive as they have the flexibility to adjust themselves according to changing market trends.

Being Honest, The objective of a successful small business owner should be solely aimed at earning profits but to earn potential customers. A businessman should not lie to the customer. Being honest is essential for the success of a small business. Giving honest suggestion to the customers that which product will work for them and which will not is very important for the business to grow.

Personalization, to personalize relationship with customers is not a bad idea. Thank You Cards may be sent to them so that they feel special and this kind of gesture obviously contributes to the success of the small business.

Positive attitude, all the employees of a small business should have a positive attitude and should never present the negative sides of the business to the customers. They should not talk to the customer about their grief, long working hours, poor management system as it presents the picture of an unprofessional business.

Logo, the small business should have a logo because it helps in building of trust among the customers.

Proper Analysis of Target Market-For every small business there should be a target group of customers. Identifying the specific customers and the target market for the business is very much important to take up a focused product campaign. Otherwise, the market campaign and the promotional expenses targeting all general public is a sheer waste of energy and money. If the target market is known the task of devising promotional plans become simple and affordable.

Quick Financial Investment-Firstly, owner or manager of a small business should have a well chalked out planned budget for market campaigning and he should follow the budget accordingly. Quick Financial Investment is very important in this case. There are many marketing strategies, which can be undertaken by proper and quick financial investment like TV advertisement and Banner advertisement. This kind of quick financial investment in return brings more sales and more business.

Marketing Promotional Tools, A small business owner should use marketing promotional tools so that the business can progress steadily. Manager of a small business should promote marketing tools, which are simple, innovative and low cost. These can be brochures, business cards, business gift items that do not require heavy investment.

Use of Information Technology, Proper use of Information Technology can enable a small business to grow at a much faster pace than any other promotional project can do. Internet is a medium used by huge number of people everyday. So, promoting the small business on the Internet by means of web pages can give the small business a sharp edge over others. E-mail marketing is another marketing tool which improves customer relation, increases sales but is very cheap

Referral System, This system needs nothing but maintenance of a consistent good relation with other business. Most of the customers are inclined to the products that are referred to them by anybody. So, by maintaining Referral System manager of the small business can promote his products by other companies and can earn a good name in the industry.

Use of Innovative Schemes, in this age of simplicity and creativity, the managers of small business should use original and innovative marketing techniques. Costly market campaigns can be replaced with creative low cost ones, which has potential to attract the customers. Proper Management of Sales Activities of the business requires dynamism and creativity.

Skill of Motivating Employees, The sales manager should know how to motivate employees so that they can work towards achieving great success.

Always be polite to customers. Use the words your welcome, please, and thank you. Be polite to customers even if they are being irate with you. Always apologize to your customers should you make a mistake. Admit your mistakes quickly and make it up to them in a big way.

Offer periodic customer service training programs. These programs often provide role plays of various scenarios which mimic a range of customer interactions. Ongoing training like this will encourage customer-oriented behaviors and practices.

5.3 Area of further research.

To improve on customer care services in small scale business enterprises, it will be worth while to carry out research in the following;

Why there is low investment in Kampala central Division.

Public attitudes towards the importance of customer care in business.

5.4. CONCLUSION

In carrying out the research, the researcher established that it is surely true that Kampala central has challenges of poor customer service in small scale business enterprises hence leading to low investment. These constraints include among others; poor transport, low investment, poor attitude of tax collection, political factors such as insecurity caused by corruption in the country halting business activities in the region and so on.

Because of the above problems, Kampala central Division has persistently not met its business estimates from the available sources.

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APPENDIX I

KAMPALA INTERNATIONAL UNIVERSITY.

FACULTY OF BUSINESS ADMINISTRATION.

QUESTIONNAIRE

Dear respondent, I kindly requests you to spare me a few of your time to complete this questionnaire. Your individual response shall be included among a variety of the responses in the study on the **“INFLUENCE OF CUSTOMER CARE IN SMALL SCALE BUSINESS ENTERPRISES IN KAMPALA CENTRAL DIVISION” KAMPALA DISTRICT.**

The information you provide here is strictly for academic purpose and shall be kept confidential.

Instruction. Tick and write where appropriate.

1. Bio data:

Gender: male ☐ female. ☐

2. Age bracket

20-30 ☐ 31-40 ☐ 41-50 ☐ 51& above ☐

3. Have you been working in Kampala central for a long time?

Yes ☐ No ☐

If yes, for how long have you been working in the region?

- a) 0-4 years ☐
- b) 4-8 years ☐
- c) More than 8 years. ☐

4, what businesses have been running properly in the region?

- a) Retail shops ☐
- b) food marketing ☐
- c) second hand products ☐
- d) Plastic materials ☐
- e) whole sale marketing ☐
- f) Others specify-----

5, what do you think are the yields from the following?

- a) Retail shops low ☐ moderate ☐ high ☐
- b) Food markets. low ☐ moderate ☐ high ☐
- c) Second products. Low ☐ moderate ☐ high ☐
- d) plastic materials low ☐ moderate ☐ high ☐
- e) whole sale marketing low ☐ moderate ☐ high ☐

6, what are the major methods of customer care service in small scale business employed in Kampala central? List them.

- a) -----, B) -----, c)-----
- d) -----

7, what are some of the problems faced due to poor customer care service in small scale business in Kampala central.

- i. -----
- ii. -----
- iii. -----
- iv. -----

8 The following are suggested constraints/problems faced in small scale business enterprises hence leading to low investments and yields. Rate them according to the extent they affect small scale businesses enterprises. Tick the appropriate column

Problems	Very low extent 1	Low extent 2	Some what low extent 3	Moderate extent. 4	Some what high extent 5	High extent 6	Very high extent 7
Lack of transport							
Corruption							
Attitude of customer							
Corruption							
Untrained personnel							
Monopolism							
Low investment.							
Over taxing							
Uncertainty							
Lack of financing							
Competition							
High inflation							
Low records.							
Stability of customers							
Low assessment business							
Low manpower.							