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**OPTIMIZATION PERFORMANCE MODELS OF VENTURE CAPITAL FIRMS IN
UGANDA**

BY

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Abstract

The purpose of the study was to establish the optimal performance models of VC firms in Uganda. The study was guided by the two specific research objectives including identification of performance models used by the VC firms in Uganda and to assess the possible ways of optimizing performance models of venture capital firms in Uganda. The study took a qualitative research design. The units of analysis were the managers of venture capital firms. Responses were obtained from the venture capitalists using interviews administered to 30 respondents. Findings from the study indicated that spillover performance model, provision of hybrid funding model, effective network system, return expectation, overall strategy, investment appraisal, monitoring, experience and baseline model were the dominant models adopted by the VC firms in Uganda. However, sustainment of investments which potentially deliver strategic and socially optimal outcomes in the long-run was fundamental towards the optimization of performance in VC firms. Investment strategy targeting hybrid firms; selection of the entrepreneurial companies that are likely to generate financial returns in the short run; adoption of conservative approach in its investment strategy; investments that are expected to generate intermediate financial returns and selecting high-return type investments were the possible ways to optimize performance in venture capital firms in Uganda. Long term financing happens to be a major setback for startups in Uganda. The study recommends that government should provide long term financing to boost VC firm activities in the country and also create a tax regime which is conducive for the performance of VC firms in Uganda.