

CHALLENGES FACING STOCK MARKETS IN UGANDA

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ABSTRACT

The purpose of the study was to assess the challenges facing stock markets in Uganda basing on the following objectives, to analyze the macro challenges facing stock markets in Uganda, to examine the market challenges facing stock markets in Uganda, and to assess the firm specific challenges facing stock markets in Uganda

The study cross sectional research design and quantitative approach was used to explore the study. The sample size of the study was 40 respondents selected basing on the table for determining sample size, and simple random sampling was used to select USE' employees. The data collection technique adopted is the interview. The interview was done by the researcher through the use of a questionnaire guide. Secondary data was obtained through reading and extracting existing literature Uganda Stock Exchange reports, journals, newspapers, textbooks, and other publications, in order to support data obtained from primary sources. The data analysis was done in the computer application known as, the Statistical Package for Social Sciences (SPSS) whereby the results are presented in the form of tables, histograms and pictures if any. Analysis was made basing on the corresponding percentages

Findings revealed that Stock markets in Uganda are faced with many challenges and they cut across many dimensions such as macro, market, and firm specific challenges. Some of the challenges identified included; insider dealing in public affairs, Substantial nature of firms, interest rate policy, and structural bottlenecks, riskiness of assets, Low volume of trade activity, lack of market efficiency, and Market incompleteness, one person control, Financing outside financial markets, poor financial knowledge, and Black box syndrome.

It was recommended that the government should make a long term policy commitment to providing a conducive environment for capital markets development and set out a planned and phased approach to achieve this, as well as dedicate adequate resources to demonstrate this commitment.