

Role of Security Markets on Economic Growth of Selected Companies Listed on the Uganda Securities Exchange; a Case Study of Uganda Securities Exchange

Gimei Abel¹, Rutaro Abas²

1 A Master of Science in Finance Student, Team University (TU), Kampala, Uganda

E-mail: gabelimei@gmail.com

2 Lecturer, School of Graduate Studies and Research, Team University (TU), Kampala, Uganda

E-mail: rutaro1982@gmail.com

Abstract: The study examined the Role of security markets on the economic growth of selected companies on the USE, Kampala. The specific objectives of the study were; to examine the relationship between raising new capital and economic growth of selected companies Uganda securities exchange; to assess the relationship between trading in securities and economic growth of selected companies Uganda security exchange; and to establish the relationship between forex regulations and economic growth of selected companies Uganda securities exchange. The study used a descriptive correlational and cross-sectional survey design using a sample size of 210. The findings indicated that there is a significant relationship between raising new capital and economic growth. The r value of 0.383 reveals that a positive relationship exists between raising new capital and economic growth. A significant positive relationship between trading in securities and economic growth was also revealed. The study concluded that there is a significant positive relationship between forex regulations and economic growth. This study recommends that all eligible companies should embrace the role of security markets, embrace the concept of trading in securities since it enables participating companies to access markets locally and internationally, and provide safeguards against foreign exchange risks since they have a tendency to eat away the earned profits during the conversion process from foreign currency to local currency.

Keywords— Role; security; markets; economic; growth;

SECTION ONE

INTRODUCTION

BACKGROUND OF THE STUDY

This study will be conducted about role of security markets and economic growth of selected companies listed on the Uganda securities exchange (use) using a case of Uganda Securities Exchange because it is the aboard of the listed companies is the best indicator for the contribution of the different companies in the economic growth of us. In view of the above the Uganda Securities Exchange (USE) is the principal stock exchange of Uganda. It was founded in June 1997 and is operated under the jurisdiction of Uganda's Capital Markets Authority. The exchange's doors opened to trading in January 1998 with the aim of pursuing the above enumerated objectives. In view of the above the Uganda Securities Exchange (USE) is the principal stock exchange Uganda. It was founded in June 1997 and is operated under the jurisdiction of Uganda's capital markets authority. The exchange's doors opened to trading in January 1998 with the aim of pursuing the above enumerated objectives. After twenty (20) years of its establishment the question is "Has the Uganda Securities Exchange lived up to its expectations? According to the World Bank Report (December 2010) a total of 11,152 new businesses were registered in Uganda by 2009. In contrast 42 registered limited companies in Kenya, listed on the Nairobi Stock Exchange (NSE) with some cross listing on the DSE and USE. By July 2014 the USE had sixteen (16) listed local and East African companies and had started the trading of fixed income instruments. It is believed

that the low listing is perpetuated by the overly stringent listing requirements by the Capital Markets Authority (CMA) and the USE. By December 2010 Uganda's population stood at 31.8 million people. Even then this did not comprise share purchase for long term investment but rather for short term capital gains. Although the few listed companies have registered significant Economic growth averaging 5.1 % (CMA Annual report 2009) in the last five years to 2010, this is not reflected in the country's income per capita which only stood at 4 % (IMF report) The same growth by the listed companies is also not in line with the country's GDP in the same period. By June 2007, the CMA had licensed 1 Stock Exchange (Uganda Securities Exchange), 18 Investment Advisors, 4 Fund Managers, 11 Government Bonds; 2, 3, 5- and 10-year bonds, 1 Corporate Bond, Uganda Telecom Ltd and Collective Investment Schemes (CIS) comprising 1 Asset Manager, 3 Funds and the exchange is owned by 16 stock brokers/Dealers. Uganda, Kenya, and Tanzania already have harmonized rules and regulations with the aim of having a regional capital market by 2013 (Winile Masinga, retrieved 25 July 2015.), there were plans to integrate the four exchanges to form a single East African bourse and as envisaged by the East African Development Strategy.

PROBLEM STATEMENT

Economic growth in Uganda has fluctuated tremendously over the years. The country experienced unstable growth in the 1950s and in the 1960s growth was revitalized owing to the agriculture led growth strategy adopted by egalitarian

regime. After independence gross domestic product eventually grew at 4-6 percent annually (al, October 2004). In the 1970s as well as mid-1980s, political instability distorted the economy and eventually GDP declined by 40 percent. A series of structural adjustment programs (SAP) followed the ERP geared majorly towards an investment driven growth led by the private sector. Economic growth was rejuvenated with the increase of foreign direct investment (FDI) growth of the private sector in industrial, agricultural, commercial and hotel sector (al, October 2004). As a mechanism to ensure continuous growth of the economy and continuous financing and growth of the private sector, Uganda securities exchange was founded in 1997 and its main aim for establishment was to provide a ground for raising funds for investors in long term assets, mobilizing savings for investments and improving small companies access to finance (Maghanga, 2015) but has Uganda security exchange enhanced economic growth since its creation? Many studies have been carried out with different findings about the relationship between security markets and economic growth and these debates and arguments are the basis for this research especially for the case of Uganda, therefore this study seeks to investigate the relationship between the security markets and economic growth in Uganda.

PURPOSE OF THE STUDY

To examine the role of security markets on economic growth of selected companies Uganda Securities exchange. (USE)

SPECIFIC OBJECTIVE

The following are the key objectives of this research problem:

- i. To examine the relationship between raising new capital and economic growth of selected companies Uganda securities exchange.
- ii. To assess the relationship between trading in securities and economic growth of selected companies Uganda security exchange.
- iii. To establish the relationship between forex regulations and economic growth of selected companies Uganda securities exchange.

SECTION TWO METHODOLOGY RESEARCH DESIGN

This study followed a descriptive correlational and cross-sectional survey design, and followed a quantitative paradigm. A correlational survey research design was used to establish the relationship between security markets and economic growth in the selected companies on the USE. The survey design was used since the study involved an investigation into the role of security markets on economic growth (Fanning, 2005) and data was collected from security brokers/ dealers, managers and employees of the Selected companies on the USE at once and for a short period of time.

STUDY POPULATION

The target population of this study was comprised 460 participants (security brokers/dealers, managers and employees of the Selected companies) on the USE, Kampala. According to the latest USE active members listed, there are 460 participants from the selected companies on the USE, Kampala.

SAMPLE SIZE

Given a target population of 460 participants in the Selected companies on the USE, a sample size of 210 respondents were selected using the Krejcie and Morgan (1970) table for determining sample size for research activities, for any given population. In this table, given the population of 460, the corresponding sample is of 210 respondents, (comprising 20 were directors and deputy directors while 190 were employees of the bank.

SAMPLING PROCEDURES

In this study, simple random sampling techniques were used in selection of the sample. In this technique, each and every individual from the target population had an equal chance of being selected. In this technique, the researcher got a list of the staff members from the human resource manager of Selected companies on the USE and selected the sample from this list. A researcher used the cards consisting of the numbers from I to 460 and 210 cards were picked and the numbers on the cards picked were the members to be considered.

DATA COLLECTION METHODS

Both primary and secondary data collection methods were used in this study. Primary data was collected using questionnaires while documentary review was adopted for secondary data given the nature of study variables and context.

QUESTIONNAIRES

Questionnaires were employed that contain both open ended and close-ended questions. These questionnaires were self-administered and were collected after time interval of two weeks. This reduced costs of movement and also because the researcher dealt with some literate people who had the capacity of answering the questionnaire.

DATA ANALYSIS

Data was collected, compiled, sorted, edited, classified, coded and analyzed using Statistical Package for Social Scientists (SPSS). Frequency counts were used to analyze data on profile characteristics of respondents. Means and standard deviations were used to determine the role of security markets and level of economic growth in the selected companies on the USE. The Pearson's linear correlation coefficient and multiple linear regression were used to establish the relationship and effect of raising new capital, trading in securities and forex regulation and economic growth in the selected companies on the USE,

Kampala. The 0.05 alpha level of significance was used to test the study null hypotheses.

SECTION THREE

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

The first study objective was to assess the relationship between raising new capital and economic growth among selected companies on the USE, Kampala. The findings were presented, analyzed and interpreted using a number of indicators as shown below. The table comprises of questions posed to respondents for data collection with

answers obtained in terms of response rates and frequencies and are categorized on how the respondents strongly agree, (SA), agree (A), disagree (D) and strongly disagree (SD). F stands for frequency.

Descriptive Statistics Showing the extent of raising new capital

Questionnaire Items	SA		A		Mean	Std Dev
	F	%	F	%		
I am involved in the trading of securities on the USE	91	46.0	77	38.9	3.23	0.888
There is a favorable environment for trading on the USE	125	63.1	64	32.3	3.58	0.614
Security markets provide capital to listed companies	85	42.9	94	47.5	3.26	0.763
Most listed companies invest in production	132	66.7	56	28.3	3.61	0.618
Your company has increased its output since it was listed	63	31.8	110	55.6	3.43	0.736
Your company retains control over capital flows	84	41.4	76	38.4	3.2	0.829
I can freely interact with my supervisor to share my opinions about the sources of capital	112	56.6	63	31.8	3.44	0.716
I have technical knowledge and skills required in trading on the security exchange	107	54.0	67	33.8	3.44	0.716

Source: Primary data 2019

Finding in the table 4.5 show that, 46.0 % of the respondents strongly agreed, whereas 38.9% agreed as evidenced by a mean of 3.23 and standard deviation of 0.888 that they are involved in the trading on the USE, 7.6% of the respondents disagreed and strongly disagreed. Results from table 4.5 also indicate that 63.1% strongly agreed that there is a favorable environment for trading on the USE as seen by the mean of 3.58 and SD of 0.614, 32.3% agreed, while 3.5% disagreed

and the minority 1.0% strongly disagreed. This is because when participants are actively involved in trading in the security markets, they can express their stand clearly to the decision-makers and, in return, they can have a better understanding of how security trading is done (Mui Yee *et al*, 2016). The mean of 3.29 and standard deviation of 0.763 signified that Security markets provide capital to listed companies. This justifies the reason to why majority of the respondents 47.5% agreed, 42.9% strongly agreed whereas a few of the respondents, 5.1 disagreeing and 5.5% strongly disagreeing in the table above. This implies that the result of all these will be a good and efficient security market and so economic growth results, because they are about the consideration that they received from the USE. Results also indicate that majority 66.7 % of the respondents strongly agreed and 28.3% agreed that Most listed companies invest in production as evidenced by the mean of 3.61 and SD of 0.618, 4.0% disagreed, 1.0% strongly disagreed. Results from the table also indicated that 31.8% of the respondents strongly agreed and 55.6% agreed that their respective companies have increased their output since they were listed (1.6% disagreed and only, 1.0% strongly disagreed. Results from the table indicate that, 41.4% strongly agreed, 38.4% agreed on the fact that their companies retains control over capital flows as evidenced by the mean of 3.2 and standard deviation of 0.829. Findings from table above reveal that the mean of 3.43 and SD of 0.736 indicated majority 56.6% strongly agreed and 31.8% agreed that they can freely interact with their supervisor and give their opinions about the sources of capital. 15.7% of the respondents disagreed, and 3.2% strong disagreed to the same. In line with the study findings, Mosala & Mofolo, (2014) argued that since the market efficiency is informed by the needs of the company, the USE should work together with other members in the security market, in order to ensure that there is enough cooperation in the trading of the financial resources to meet company plans.

Results also indicate that majority 54.0 % of the respondents strongly agreed and 33.8% agreed that they have technical knowledge and skills required in trading on the security exchange as evidenced by the mean of 3.41 and SD of 0.726. However, 11.1% disagreed and only, 1.0% strongly disagreed. This implies that market participants are able to enhance the security trading and this encourages them and

they provide more and more relevant information which improves the market efficiency and so its effectiveness and therefore economic growth of the listed companies is enhanced (Ying & Yu, 2010).

Correlational Analysis between Raising New Capital and Economic Growth

		Raising new capital	Economic growth
Raising new capital	Pearson Correlation	1	0.383**
	Sig. (2-tailed)		0.000
	N	198	198
Economic growth	Pearson Correlation	0.383**	1
	Sig. (2-tailed)	0.000	
	N	198	198

**. Correlation is significant at the 0.05 level (2-tailed). *Source: Primary data 2019*

Table 4.6 shows the Pearson correlation product moment technique and comprises of variables; raising new capital and economic growth among selected companies on the USE, Kampala. The p- value of 0.000 that is less than the alpha level of significance of 0.05 which implies that there is a significant correlation. The r value of 0.383 reveals that a positive relationship exists between raising new capital and economic growth among selected companies on the USE, Kampala. Therefore, these results reject the hypothesis: “*There is no significant relationship between raising new capital and economic growth among selected companies on the USE*”.

Table 4.7: Regression analysis between raising new capital and economic growth

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.732	0.210		8.235	0.000
Raising new capital	0.359	0.062	0.383	5.813	0.000

a. Dependent Variable: Economic growth

Source: Primary data 2019

From the analysis in table 4.7 the co-efficient value for achievement was 0.383. This means that all things being equal, when the other independent variables (trading in securities and forex regulation) are held constant, economic

growth would increase by 0.383 units. This was statistically significant ($0.000 < 0.05$) i.e. the variable (raising new capital) is making a significant unique contribution to the prediction of the dependent variable (economic growth among selected companies listed on the USE Kampala).

Trading in securities and economic growth

The second study objective was to assess the relationship between Trading in securities and economic growth among selected companies on the USE, Kampala. The findings were presented, analyzed and interpreted using a number of indicators as shown below. The table 4.8 comprises of questions posed to respondents for data collection with

answers obtained in terms of response rates and frequencies and are categorized on how the respondents strongly agree, (SA), agree (A), disagree (D) and strongly disagree (SD). F stands for frequency.

Table 4. 8: Descriptive Statistics Showing Trading in securities

Questionnaire Items	SA		A		D		SD		Mean	Std Dev
	F	%	F	%	F	%	F	%		
Trading in securities is a carried out in this company	57	28.8	108	54.5	30	15.2	3	1.5	3.11	0.701
Continuous comparison of actual with predicted trading results is done in your company	60	30.3	115	58.1	17	8.6	6	3.0	3.16	0.699
Stock market daily trading returns have increased in the last years	56	28.3	77	38.9	56	28.3	9	4.5	2.91	0.862
You have all the merited knowledge and information of the stock market to trade profitably	63	31.8	81	40.9	49	24.7	5	2.5	3.02	0.818
Your company has invested in the USE because it is an emerging market	68	34.3	101	51.0	25	12.6	4	2.0	3.18	0.722
You have trading policies and procedures to check on spending limits	51	25.8	110	55.6	35	17.7	2	1.0	3.06	0.688
Your trading is informed by market intelligence	92	46.5	77	38.9	21	10.6	8	4.0	3.28	0.811
Trading results are shared among all participating members of your company	60	30.3	90	45.5	37	18.7	11	5.6	3.01	0.846

Source: Primary data 2018

Results from the table 4.8 indicated that majority of the respondents 54.5% strongly agreed and 28.8% agreed that trading in securities is a carried out in their respective companies, 15.2% disagreed, and 1.5% strongly disagreed. This is evidenced by the mean of 3.11 and standard deviation of 0.701. Values on the table indicate that majority 58.1% agreed and 30.3% agreed that Continuous comparison of actual with predicted trading results is done in your company, as shown by the mean 3.16 and standard deviation 0.699. But the respondents have different understanding about the statement which is shown by the

variation they provided to the statement. However, 8.6% disagreed and 3.0% strongly disagreed.

Results from the table 4.8 also indicate that, 38.9% agreed, 28.3% both strongly agreed and disagreed and only 4.5% strongly disagreed that Stock market daily trading returns have increased in the last years evidenced by the mean value 2.91 and standard deviation 0.862. The respondents have different understanding about the statement which is shown by the variation they provided to the statement. Findings from table above, the mean of 3.02 and SD of 0.818 indicated majority 40.9% agreed that normally the participants in the securities market have all the merited knowledge and information of the stock market to trade profitably, 31.8% of the respondents strongly agreed and

24.7% disagreed and 2.5% strongly disagreed to the same. These findings are in agreement with Warren (2011) who noted that within a security market, different participants have a bearing on one another, this therefore makes coordination of various executives and subordinates necessary in achieving of trading targets.

According to the study findings, it was indicated that the majority (51.0%) of the respondents agreed that their companies have invested in the USE because it is an emerging market, (34.3%) strongly agreed whereas the other (12.6%) disagreed and the minority (2.0%) strongly disagreed. This had a mean score of 3.18 which is tending towards the maximum of 4 implies that most of the respondents agreed and the standard deviation of 0.722

explains the responses that vary between those who strongly agreed and agreed. It was also revealed that they have trading policies and procedures to check on spending limits as seen from the majority 55.6% who agreed, 25.8% who strongly agreed, 17.7% disagreed and 1.0% strongly disagreed. This was evidenced by the mean of 3.06 and Standard deviation of 0.688. This implies that trading policies have to be clear and properly understood by the concerned members if they are to become effective.

Table 4.9: Correlational analysis between trading in securities and economic growth
Correlations

		Trading in securities	Economic growth
Trading in securities	Pearson Correlation	1	.619**
	Sig. (2-tailed)		.000
	N	198	198
Economic growth	Pearson Correlation	.619**	1
	Sig. (2-tailed)	.000	
	N	198	198

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data 2019

The table 4.9 shows a significant relationship between trading in securities and economic growth among selected companies on the USE, Kampala. This was done with the support of the Pearson correlation product moment technique. The p-value = 0.00, that is less than the alpha level of significance of 0.05 which implies that there is a significant relationship between trading in securities and economic growth among selected companies on the USE, Kampala. The r value of 0.619 reveals that a positive

relationship exists between trading in securities and economic growth among selected companies on the USE, Kampala, therefore reject the hypothesis that, "There is no significant relationship between trading in securities and economic growth among selected companies on the USE".

Table 4. 10: Regression Analysis between Trading in Securities and Economic growth among the Selected companies on the USE
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.318	.149		8.831	.000
Trading in securities	.525	.048	.619	11.041	.000

a. Dependent Variable: Economic growth

Source: Primary data

Table 4.10 the co-efficient value for achievement was 0.619. This means that all things being equal, when the other independent variables (raising new capital and forex regulation) are held constant, economic growth would increase by 0.619 units. This was statistically significant (0.000<0.05) i.e. the variable (trading in securities) is

making a significant unique contribution to the prediction of the dependent variable (economic growth among selected companies on the USE).

Forex regulation and economic growth

The findings were presented, analyzed and interpreted using a number of indicators as shown below. The table comprises of questions posed to respondents for data collection with answers obtained in terms of response rates and frequencies and are categorized on how the respondents strongly agree,

(SA), agree (A), disagree (D) and strongly disagree (SD). F stands for frequency.

Table 4. 11: Descriptive Statistics Showing Forex regulation among selected companies on the USE, Kampala

Questionnaire Items	SA		A		D		SD		Mean	Std Dev
	F	%	F	%	F	%	F	%		
Your company trades using foreign currencies	53	26.9	79	40.1	58	29.4	7	3.6	2.9	0.837
You follow the forex regulations provided by the Bank of Uganda	46	23.2	60	30.3	80	40.4	12	6.1	2.8	1.694
Trading in foreign currencies affects your gross earnings	40	20.2	65	32.8	81	40.9	12	6.1	2.67	0.866
There is a forex equilibrium between the local and foreign currencies	34	17.2	88	44.4	64	32.3	12	6.1	2.73	0.816
Trading in foreign currencies is influence by the monetary policy of the Bank of Uganda	45	22.7	125	63.1	24	12.1	4	2.0	3.07	0.654
Forex regulations depend on your income levels	48	24.2	118	59.6	28	14.1	4	2.0	3.06	0.681
Forex regulations enable the market to operate efficiently	45	22.7	97	49.0	50	25.3	6	3.0	2.91	0.772
Your company is benefiting from the current forex regulations	38	19.2	103	52.0	48	24.2	9	4.5	2.95	1.565

Primary data (2019)

It was also indicated in table 4.11 that the majority 40.1% of the respondents agreed and 26.9% strongly agreed that their companies trade using foreign currencies, whereas 29.4% disagreed and the minority (3.6%) strongly disagreed. This is because it has a mean score of 2.9 and SD of 0.837. Results from table 4.11 also indicate that 40.4% disagreed and 30.3% agreed that they follow the forex regulations provided by the Bank of Uganda as contrasted to the 23.2% who strongly agreed and 6.1% who strongly disagreed; this is signified by the mean of 2.8 and SD of

1.694. According to the study findings, it was indicated that the majority 40.9% of the respondents disagreed and 6.1% strongly disagreed that trading in foreign currencies affects their gross earnings, 32.8% agreed whereas the other 20.2% strongly agreed. This had a mean score of 2.67 which is tending towards those that mainly disagreed. The standard deviation of 0.866 explains the responses that vary between those who agreed and disagreed.

Table 4.12: Correlational analysis between forex regulations and economic growth

Correlations			
		Forex regulations	Economic growth
Forex regulations	Pearson Correlation	1	.795**
	Sig. (2-tailed)		.000
	N	198	198
Economic growth	Pearson Correlation	.795**	1
	Sig. (2-tailed)	.000	
	N	198	198

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data (2019)

Results in the table 4.12, shows the findings from the Pearson correlation product moment technique. The table

comprises of variables; forex regulations and economic growth among selected companies on the USE, Kampala, the Pearson correlation ($r=0.795$, $P=.000$). This revealed a positive significant relationship between forex regulations and economic growth among selected companies on the USE, Kampala. Therefore, rejecting the hypothesis that

“There is no significant relationship between forex regulations and economic growth among selected companies on the USE”

Table 4. 13: Regression Analysis between Forex Regulations and Economic growth among Selected companies on the USE

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.175	0.098		11.944	0.000
Forex regulations	0.618	0.034	0.795	18.349	0.000

a. Dependent Variable: Economic growth

Source: Primary data (2019)

From the analysis the co-efficient value for achievement was 0.795. This means that all things being equal, when the other independent variables (raising new capital and trading in securities) are held constant, economic growth would increase by 0.795 units. This was statistically significant

($0.000 < 0.05$) i.e. the variable (Forex regulations) is making a significant unique contribution to the prediction of the dependent variable (economic growth among selected companies on the USE, Kampala).

Table 4.14: Responses on Economic Growth among Selected Companies on the USE, Kampala

Questionnaire Items	SA		A		D		SD		Mean	Std Dev
	F	%	F	%	F	%	F	%		
Your company is listed on the USE	121	61.1	68	34.3	8	4.0	1	0.5	3.56	0.599
Your company has been trading in the security market for over two years now	64	32.2	121	61.1	12	6.1	1	0.5	3.25	0.585
Your company has been able to invest more because it is listed on the USE	50	25.3	119	60.1	27	13.6	2	1.0	3.1	0.65
Production has been boosted since your company was listed on the USE	45	22.7	118	59.6	32	6.2	3	1.5	3.04	0.671
Your company's rate of return has been improving since it was listed on the USE	40	20.2	104	52.5	46	23.2	8	4.0	2.89	0.766
Your company is currently able to meet its financial obligations	36	18.2	77	38.9	66	33.3	19	9.6	2.66	0.886
Your company products are highly marketable	43	21.7	117	59.1	33	16.7	5	2.5	3	0.698
Listed companies on the USE can access low interest financing options	53	26.9	127	64.5	16	8.1	2	1.0	3.18	0.584
The USE helps to market your company products	44	22.2	120	60.6	32	16.2	2	1.0	3.04	0.652

Your company enjoys a favorable consumer price index	50	25.3	112	56.6	31	15.7	5	2.5	3.05	0.715
Your company products are highly competitive both locally and internationally	92	46.5	82	41.1	22	11.1	2	1.0	3.33	0.712
There are efforts to increase productivity in your company	57	28.8	121	61.1	16	8.1	4	2.0	3.17	0.651
Your company is able to earn foreign currency through trading on the USE	49	24.7	61	30.8	76	38.4	12	6.1	2.74	0.901
Generally, your company assets have increased since it was listed on the USE	43	21.7	104	52.5	43	21.7	8	4.0	2.92	0.77
There is value for money for all goods/ service produced traded on the USE	53	26.8	116	58.6	21	10.6	8	4.0	3.08	0.729
The services offered here meet Customer expectations	43	21.7	97	49.0	48	24.2	10	5.1	2.87	0.806
Your company pays taxes promptly	41	20.7	105	53.0	44	22.2	8	4.0	2.9	0.765
Companies listed on the USE enjoy favorable exchange rate regimes	41	20.7	67	33.8	79	39.9	11	5.6	2.7	0.86
Your income level has improved relatively due to trading on the security market	31	15.7	72	36.4	84	42.4	11	5.6	2.62	0.814
There is increased foreign direct investment by companies listed on the USE	39	19.7	47	23.7	78	39.4	34	17.2	2.46	0.995
Employment opportunities increased due to listing on the USE	26	13.1	44	22.2	95	48.0	33	16.7	2.32	0.901
Security markets have improved the GNP per capita income of Ugandans	41	20.7	115	58.1	29	14.6	13	6.6	2.93	0.784
There is a low staff turnover in your department and in the whole company	35	17.7	57	28.8	79	39.9	27	13.6	2.51	0.938

Primary data, (2018)

It was revealed that majority 61.1% of the respondents strongly agreed that their companies are listed on the USE, and 34.3% agreed as seen from the mean of 3.56 and SD of 0.599. Results from the table indicated that majority of the respondents 61.1% agreed as evidenced by the mean of 3.25 and SD 0.585, that their companies have been trading on the security market for over two years now, 32.2% strongly agreed, 6.1% disagreed and 0.5% strongly disagreed. From the table, 60.1% agreed and 25.3% strongly agreed that their companies have been able to invest more because it is listed on the USE as compared to 13.6% who disagreed and 1.0% strongly disagreed as evidenced by the mean of 3.1 and standard deviation of 0.65. It was indicated that the majority 59.6% of the respondents agreed and 22.7% strongly agreed that Production has been boosted since your company was listed on the USE, 6.2% disagreed whereas the 1.5% strongly disagreed, as evidenced by the mean score of 3.04.

However, the responses varied as shown by the standard deviation of 0.671. This implies that economic growth involves productivity and it is achieved through the reduction of the costs of transactions through mechanization or automation. This measurement is generally only applicable to well-structured and routine administrative tasks.

The mean of 2.89 and standard Deviation of 0.766 in the findings from the study revealed that their company's rate of return has been improving since it was listed on the USE because majority of the respondents 52.5% agreed and 20.2% strongly agreed. It was also revealed that 38.9% of the respondents agreed and 33.3% disagreed that their companies are currently able to meet their financial obligations. This was followed by 18.2% of the respondents who strongly agreed and 9.6% who strongly disagreed. This had a mean score of 2.66. The standard deviation of 0.886

explains the responses that varies between those who strongly agreed and disagreed.

Findings on the table indicate that majority 59.1% and 21.7% agreed and strongly agreed respectively that their company products are highly marketable. This was evidenced by the mean of 3.0 and SD of 0.698. The mean of 3.18 and SD of 0.584 indicated that majority 64.5% agreed and 26.9% strongly agreed that listed companies on the USE can access low interest financing options. Results from the table indicate that, 22.2% agreed, 60.6% agreed that the USE helps to market your company products as seen by the mean of 3.04 and standard deviation of 0.652. Findings from table above indicate majority 56.6% agreed, 25.3% strongly agreed that their companies enjoy a favorable consumer price index and 15.7% disagreed, as seen from the mean of 3.05 and SD of 0.715. As noted by Kenneth and Ambrose (2013) it is important for companies to enjoy favorable consumer price indices if they are to compete globally.

Findings from the study indicate that majority of the respondents 46.5% strongly agreed while minority 1.0% strongly disagreed that their company products are highly competitive both locally and internationally as seen from the mean of 3.33 and SD of 0.712. It was also indicated that there are efforts to increase productivity in their companies. This was supported by the mean of 3.17 and SD of 0.651. According to the study findings, it was indicated that the majority 38.4% of the respondents disagreed that their companies are able to earn foreign currency through trading on the USE as seen from the mean of 2.74 and standard deviation of 0.901. The findings also revealed that majority of the respondents 52.5% agreed that Generally, their company assets have increased since it was listed on the USE although minority 4.0 strongly disagreed. As revealed from the table above, the mean score of 3.08 and standard deviation 0.729 explains the varying of responses between respondents that strongly agreed and those that agreed that there is value for money for all goods/ service produced as seen from 58.6% who agreed and 26.8% who strongly agreed.

In relation to the study findings, it was presented that the majority 49.0% of the respondents agreed that the services offered here meet Customer expectations, those were followed by 24.2% disagreed. This is because the mean value of 2.87 revealed that most of the respondents agreed. However, a standard deviation of 0.806 reveals that there were varied responses from the respondents of which some disagreed that the services offered meet country expectations. From the findings of the study, it was shown that the 53.0% of the respondents agreed and

22.2% disagreed that their companies pays taxes promptly. The mean score of 2.9 and standard deviation 0.765 explains the varying of responses between respondents that agreed and those that disagreed. It was indicated that the majority 39.9% of the respondents disagreed that companies listed on the USE enjoy favorable exchange rate regimes as seen from a mean of 2.7. However, a significant standard deviation of 0.86 is a clear manifestation of varied responses from respondents.

More to the above, the findings showed that 42.4% of the respondents disagreed that their income level has improved relatively due to trading on the security market, which had a mean score of 2.62 and the standard deviation of 0.814 explains the responses that vary between those who agreed and disagreed. According to the study findings, it was indicated that the majority 39.4% of the respondents disagreed that there is increased foreign direct investment by companies listed on the USE, 23.7% agreed whereas the other 19.7% strongly agreed, and the minority 17.2% strongly disagreed. This is indicated by a mean of 2.46 and SD of 0.995. In relation to the study findings, it was presented that the majority 48.0% of the respondents disagreed that employment opportunities increased due to listing on the USE evidenced by the mean score of 2.32. However, the responses varied as shown by the standard deviation of 0.901.

In relation to the study findings, it was presented that the majority 58.1% of the respondents agreed that security markets have improved the GNP per capita income of Ugandans, those were followed by 20.7% strongly agreed. This is because the mean value of 2.93 revealed that most of the respondents agreed. However, a standard deviation of 0.784 reveals that there were varied responses from the respondents of which some disagreed that there is common understanding among staff involved in trading securities. From the findings of the study, it was shown that the 39.9% of the respondents disagreed that there is a low staff turnover in the department and in the whole company and 28.8% agreed. The mean score of 2.51 and standard deviation 0.938 explains the varying of responses between respondents that agreed and those that disagreed. Organisations which do not have efficient means in their processes, procedures and plans, experience lower performance and higher customer dissatisfaction and employee turnover (Batenburg & Versendaal, 2006).

Table 4. 15: Correlation analysis between the role of security markets and economic growth
Correlations

		Role of security markets	Economic growth
Role of security markets	Pearson Correlation	1	0.691**

Economic growth	Sig. (2-tailed)		0.001
	N	198	198
	Pearson Correlation	0.691**	1
	Sig. (2-tailed)	0.001	
	N	198	198

** Correlation is significant at the 0.01 level (2-tailed). *Source: Primary data, 2019*

All in all, it was revealed in the table 4.15 that the role of security markets has a positive relationship with the economic growth among selected companies on the USE, Kampala, the Pearson correlation ($r=0.691$, $P=0.001$).

Preetah (2010), highlighted that Role of security markets aim at maximization of profits for an organization through, trading in securities and regulation of forex, raising new capital and creation of financial intermediaries, which lead to economic growth

Table 4.16: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.810 ^a	0.655	0.650	0.273

a. Predictors: (Constant), raising new capital, trading in securities, forex regulation

Source: Primary data 2019

The value of R being equal to 0.810 and the coefficient of determination (R squared) is equal to 0.655. Adjusted R² linear value of (0.655) meant that raising new capital, trading in securities and forex regulation contribute to the economic growth of the selected companies on the USE by 0.655(65.5%). This means that the role of security markets in terms of raising new capital, trading in securities and

forex regulation have a positive effect on economic growth of the selected companies on the USE. In line with the findings, a study by Adongo and Jagongo (2013) revealed that a positive significant relationship exists between Role of security markets and economic growth among state corporations in Kenya. A study by Margah (2005) revealed that Role of security markets are important tools for a county's economy because they enhance production thus leading to an increase in the volume of goods and services.

Table 4.17: ANOVA

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.433	3	9.144	122.939	0.000 ^a
	Residual	14.430	194	0.074		
	Total	41.864	197			

a. Predictors: (Constant), raising new capital, trading in securities, forex regulation

b. Dependent Variable: Economic growth.

Source: Primary data 2018

The ANOVA findings in table above show that there is significant relationship between the Predictors variables (raising new capital, trading in securities, forex regulation) and dependent variable (economic growth among selected

companies on the USE) since P value -estimation of 0.00 is under 0.05. The ANOVA comes about to demonstrate that the autonomous factors altogether ($F=122.939$, $p=0.00$) The table 4.18 shows the determination of the coefficients for the regression equation.

Table 4. 18: coefficients for the regression equation Coefficients^a

Model	Unstandardized Coefficients	Standardized	t	Sig.
-------	-----------------------------	--------------	---	------

		Coefficients		
--	--	--------------	--	--

	B	Std. Error	Beta		
1 (Constant)	0.777	0.146	221	5.323	0.000
Raising new capital	0.151	0.048	0.161	3.160	0.002
Trading in securities	0.525	0.048	0.619	11.041	0.000
Forex regulation	0.582	0.047	0.749	12.302	0.000

a. Dependent Variable: Economic growth

Source: Primary data 2018

According to the above illustrations, the p values are <0.05 hence there is evidence to accept that the variables of raising new capital, trading in securities, forex regulation significantly contribute to economic growth of selected companies on the USE. This is evidenced by the β coefficients as seen in table above. This implies that a unit increases in any of the independent variables other factors constant increase the level of economic growth of selected companies on the USE. The established multiple linear regression equation becomes:

$$Y = 0.777 + 0.161\beta_1 + 0.619\beta_2 + 0.749\beta_3$$

Where Constant = 0.777, shows that if raising new capital, trading in securities and forex regulation were all rated as zero; economic growth of the selected companies on the USE rating would be 0.221. A regression was done to ascertain the effect raising new capital on economic growth using the USE taking into consideration the standardized beta coefficient obtained as 0.161. This means that one-unit change in raising new capital, results in 0.161 units increase in economic growth of the selected companies on the USE. The standardized beta coefficient shows that raising new capital has a positive contribution towards economic growth of the selected companies on the USE. $\beta_2 = 0.619$ shows that one-unit change in trading in securities, results in 0.619 units increase in economic growth of the selected companies on the USE. The standardized beta coefficient indicates that trading in securities has a positive contribution towards economic growth of the selected companies on the USE. $\beta_3 = 0.749$, shows that one-unit change in forex regulation, results in 0.749 units increase in economic growth of the selected companies on the USE. The standardized beta coefficient indicates that forex regulation has a positive contribution towards economic growth of the selected companies on the USE.

SECTION FOUR

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Based on the findings of the study, the following conclusions were made;

Raising new capital and economic growth among selected companies on the USE, Kampala: The first objective is to examine the relationship between raising new capital and economic growth among selected companies on the USE, Kampala. From the study it is concluded that there is a significant positive relationship between raising new capital and economic growth among selected companies on the USE, Kampala thereby rejecting the null hypothesis.

Trading in securities and economic growth among selected companies on the USE, Kampala: The second objective is to examine the relationship between trading in securities and economic growth among selected companies on the USE, Kampala. From the study it is concluded that there is a significant positive relationship between trading in securities and economic growth among selected companies on the USE, Kampala thereby rejecting the null hypothesis.

Forex regulations and economic growth among selected companies on the USE, Kampala: The objective is to examine the relationship between forex regulations and economic growth among selected companies on the USE, Kampala. From the study it is concluded that there is a significant positive relationship between forex regulations and economic growth among selected companies on the USE, Kampala thereby rejecting the null hypothesis.

RECOMMENDATIONS

1. This study recommends that all eligible companies should embrace the role of security markets. There is apparently no doubt that listed companies can be able to obtain low cost finances, which boosts production and enhances economic growth.
2. It is also recommended that most companies should embrace the concept of trading in securities since it enables participating companies to access markets locally and internationally. With ready market for the company products and services, there will be no doubt that economic growth can be achieved through the new financial innovations that are associated with trading in securities.
3. The study further recommends that sound financial management of the security market is necessary for the desired results to be achieved. Given that most of the trading is done in foreign currencies, listed companies should provide safeguards against foreign exchange risks since they have a tendency to eat away the earned profits during the conversion process from foreign currency to local currency.

REFERENCES

- [1] Abedian, I. & Biggs, M. (1998). *Economic globalization and fiscal policy*. Cape Town.

- [2] Aboudou, M. T. (2010 Pp 97103). Stock Market Development And Economic Growth: The Case Of West African Monetary Union International Journal Of Economics And Finance Vol.2 No. .
- [3] Abu, N. (2009). (2007). Does Stock Market Development Raise Economic Growth? Evidence from Nigeria. The Review of Finance and Banking Vol. 01, Issue 1 (2009), pp. 15-26.
- [4] Agrawalla, R. K. (2007). Causality between Stock Market Development and Economic Growth: A Case Study of India. Journal of Management Research, Volume 7, Number 3 . December 2007.
- [5] Al, O. E. (October 2004). "Operationalising Pro- Poor Growth" - A Country.
- [6] Anastasiva, K. (1992-2001(2017)). The Privatization Process In The Russian Federation .
- [7] Antonios, A. (2010). . Stock Market and Economic Growth: An Empirical Analysis for Germany. Business and Economics Journal, Volume 2010: BEJ-1.
- [8] Anyanzwa, J. (. (Retrieved 23 October 2016.). "New Law Passed, Gives Ugandan Bourse Nod To Go Public".
- [9] Athanasoglou, P. D. (2006). Determinants of Bank Profitability in the South Eastern European Region, Bank of.
- [10] Atje, R. a. (1993). Stock Markets and Development', European.
- [11] Beck, T. a. (2004). 'Stock Markets, Banks, and Growth: Panel.
- [12] Cole, R., (2007). Bank Stock Returns And Economic Growth. Retrieved January 26,2009 Rom [Http://Ideas.Repec.Org/P/Pra/Mprapa4714.Html](http://Ideas.Repec.Org/P/Pra/Mprapa4714.Html).
- [13] D, F. S. (2010). American Indian College Success at A Mainstream University: Facilitators and Barriers to Academic Attainment. South Dakota State University.
- [14] Dani, R. (2008 365-412). The Real Exchange Rate and Economic Growth .Brookings Papers on Economic Activity 2008 2.
- [15] Deb, S. G. (2008). Does Stock Market Development Cause Economic Growth? A Time Series Analysis for Indian Economy. International Research Journal of Finance and Economics, 21(3), 142-149.
- [16] Goval, A. A. (2016). Financial Market Operations. VK Global Publications.
- [17] Gurley, J. a. (1955). 'Financial Aspects of Economic.
- [18] Haque, M. E. (2011). Influences of Stock Market on Real Economy: A Case Study of Bangladesh. The Global Journal of Finance and Economics, Vol. 8, No. 1 (2011) pp. 49-60.
- [19] Harris, R. (1997). 'Stock Markets and Development: A Re-Assessment',.
- [20] Hasbrouck, J. Securities Trading: Principles and Procedures. 2016.
- [21] Hossain, S. &. (2010). Does Stock Market Development Cause Economic Growth? A Time Series Analysis for Bangladesh Economy. Journal of International Finance and Economics, Volume 10, Number 2, 2010.
- [22] M. N. (2015). Effects Of Seasoned Equity Offering On Financial Performance Of Firms Cross Listed In East Africa Security Exchange. University Of Uganda.
- [23] Maghanga, M. a. (2015). 'The Role of Uganda Securities.
- [24] Matten, C. A. (2016). Business Ethics: Managing Corporate Citizenship and Sustainability in the Age Of Globalization. Oxford University Press.
- [25] Mawejje, J. A. (2017). Financing Infrastructure Development in Uganda. No: 253562.
- [26] Minier, J. (2003). "Are Small Stock Markets Different" Journal of Monetary Economics 2003, vol. 50, issue 7, pp 1593-1602.
- [27] Nofsinger, J. (2016). The Psychology of Investing. Routledge.
- [28] Odhiambo, N. M. (2011). Financial Intermediaries versus Financial Markets: A South African Experience. International Business & Economics Research Journal — February 2011 Volume 10, Number 2.
- [29] Okechukwu, D. A. (2010). The Role Of Stock Markets In Sub Saharan African Economies International Journal Of Business, Accounting And Finance Vol.4 No.2 2010 Pp 129-243.
- [30] Ongore, V. &. (2013). Determinants of Financial Performance of Commercial Banks in Kenya. International Journal of Economics and Financial Issues, Vol. 3, No. 1, 2013, pp.237-252.
- [31] Oxford University Press.
- [32] Paresb Kumar Narayan, R. S. (2008). Energy Economics, and real GDP of G7 countries.
- [33] Rahman, M. M. (2010). The determinants of economic growth in Pakistan: Does stock market development play a major role? Economic Issues, Vol. 15, Part 2, 2010.
- [34] S, K. D. (John Wiley & Sons 2016). Et Al Financial Institutions Markets and Money.
- [35] Salami, U. &. (2010). Stock Market Development and Economic Growth: Evidence from Nigeria. European Journal of Economics and Administrative Sciences. Issue 25 (2010) pp. 44-54.
- [36] Stanbic Bank. (2008). Uganda Blue Print, J. 2.
- [37] Stanley .B.Block And Geoffrey A.Hirt. (2014). Foundation of Financial Management 15th, Edition.
- [38] Teresa Hogan, E. H. (2017, 55, 2,236). Drivers Of External Equity Funding In Small High-Tech Ventures,Journal Of Small Business Management. Wiley: Online Library.
- [39] Use (2008, N. T., & Use Celebrating 10 Years Of Uganda Securities Exchange [Electronic Version]. Retrieved April 3, 2. (2009). , From

[Http://Www.Use.Or.Ug/Documents/The_Bourse_Use_10th_Anniversarymagazine_Nov_2008.Pdf](http://www.use.or.ug/Documents/The_Bourse_Use_10th_Anniversarymagazine_Nov_2008.Pdf).

- [40] William, M. J. (2015). Application Of Lean Construction Principles To Highway Projects: Analysis Of Barriers To Timely Delivery Of Service. Drexel University.
- [41] Wilmott, P. D. (2017). The Money Formula: Dodgy Finance, Pseudo Science and How Mathematicians Took Over The Markets John Wiley & Sons.
- [42] Winile Masinga, A. P. (Retrieved 25 July 2015.). "East Africa Hopes To Have Regional Stock Exchange In A Year. - Experts". London: Trust media via Allafrika.Com.
- [43] Young, R. J. (2016). Post colonialism: An Historical Introduction John Wiley & Sons.
- [44] Dr. Alan C. S. Shonubi (2008), Protection & Development of Capital Markets in Uganda.
- [45] Mr. Maged Shawky (2008), President ASEA, USE 10th Anniversary Magazine November 2008
- [46] World Bank Report of (2010), World Federation of Exchanges Monthly YTD Data.
- [47] Cesari, Amedeo De; Espenlaub, Susanne; Khurshed, Arif; Simkovic, Michael (2010). The Effects of Ownership and Stock Liquidity on the Timing of Repurchase Transactions". Paolo Baffi Centre Research Paper No. 2011-100
- [48] Simkovic, Michael (2009). The Effect of Enhanced Disclosure on Open Market Stock Repurchases, Berkeley Business Law Journal **6** (1).