

# The Role of Multi-National Companies in the Economic Development of Uganda: A Case Study of MTN

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**Abstract:** *The study examined the role of Multi-National Companies in the economic development of Uganda considering MTN as the case study. The study was guided by the following objectives that is to analyze the contribution of MTN; to examine the challenges facing MTN ; to establish the strategies for enhancing MTN operations in the economic development of Uganda. From a sample of 68 respondents, the study found out that MTN Uganda has registered a positive performance increasing its subscriber base from a mere few hundreds to about 9.6 million by 2019 using their latest 3 G and 4G network coverage , MTN Mobile Money service and other innovations due to technological development and proficiency. With this many people have obtained employment, telecommunications facilities have become more developed and accessible to all. Also, it was discovered that MTN faces a number of challenges for example they are accused of under declaring of its sales and causing public revenue losses in tax revenue, accused of compromising national and regional security, and relations between the government and the company have been tested over the past year by a series of setbacks including a security raid on the company's data centre, delayed renewal of its operating license and the expulsions of its executives. There is stiff competition from other telecom companies, the growth in Uganda's Internet availability is increasing demand for local data services, data security, and streamlined content delivery, including Tier-rated data centers (currently zero in Uganda), content partnerships, and data security expertise. The consumers demand a lot of data for use in office work and the widespread social media use such as facebook, imo, twitter and many others. This has given the company and the outlets in Entebbe a lot of money for direct purchases and conversion of airtime to MBs. The study recommended that MTN Uganda should manage its relations with the local society better by making its communications services available at a much lower cost, with the intent of gaining many more subscribers, MTN Uganda might establish collaborative relationships with local organizations, which could promote the distribution of services in return for rebates and MTN staff should volunteer time to coach young entrepreneurs or small enterprise groups in the surrounding community so that they can have better working relations today and in the future with the company as part of its corporate social responsibility.*

**Keywords:** Multi-National Companies; Economic Development; Uganda; Companies ; MTN

## 1.0 Introduction

The study was about examining the influence of Multi-National Companies in the economic development of Uganda focusing on MTN-Uganda. The study is important because the Multi-national companies are such prominent organizations which bring in widespread economic of which MTN-Uganda is such a key player.

### 1.1 Background to the study

#### 1.1.1 Historical perspectives

Abdullah (1998) early multinational corporations took the form of alliances with the parent country's military or political powers in extending their activities to foreign areas. Contrary to the simplicity of production of the 15th century, modern complex structure of the world economy is the result of centuries of technological evolution and advancement. According to Clicker (1990) the dominant player in the modern world investment set up is the multinational corporations.

According to the World Development Report (2000), some MNCs are very large: as of 1998, they produced 25 percent of global output, and in 1997, the top 100 firms controlled 16 percent of the world's productive assets and the top 300 controlled 25 percent. Firm size and market power, however, are dynamic. The Wall Street Journal (WSJ) annually surveys the world's 100 largest public companies ranked by market value. Comparing the rankings in 1999 to that of 1990, there were five new firms (Microsoft, Wal-Mart, Cisco Systems, Lucent Technologies, and Intel) in the top ten.

Quinlivan(2001) added that four of the five new firms were not even in the top 100 in 1990. Even more remarkable is that there were 66 new members on the 1999 list. The UN tracks the 100 largest nonfinancial MNCs ranked by foreign assets. Although not as dramatic as the change in the WSJ rankings, from 1990 to 1997, the UN reported a 25 percent change in the composition of their top 100. An increase in monopoly power should also lead to fewer and larger MNCs, but as reported by the UN, from 1988 to 1997, the number of MNCs rose substantially from 17,500–20,000 to approximately 60,000 with over 500,000 foreign affiliates.

In 1998, MNCs had 86 million employees, 19 million in developing countries and were also responsible for more than 100 million jobs created indirectly through multiplier effects. Indirect job creation is estimated, by the UN, to be 3 to 7 times the jobs directly generated by MNCs respectively in the manufacturing and food industries.

It is a fact that MNCs have devastating effects on their host countries; they are crafty in their dealings. More often not many who notice the negative effects including the host countries. The MNCs do more economic and political harm and perpetuate poverty in the LDCs. This indicates a situation really wanting where no research has been comprehensively carried out. A study conducted by Bicknell (1999) has shown that MNCs located in LDC countries do help LDC countries in creating better living standards for competitiveness across the globe after which he recommended for further research on the economic impact of MNC on the developing countries. Therefore, this study sought to evaluate the economic impact of multinational corporations on the less developed countries.

In April 2000, the United States recorded its lowest unemployment rate (3.9 percent) in 30 years. Foreign direct investment (FDI) is the most desired form of capital flow. The MNC is taking a long-term equity position in the domestic country. If the investment does well, both the MNC and domestic country are better off, the MNC receives profits and the domestic country receives jobs, an expanded tax base, and capital formation. If the investment does not do well, the MNC may lose their investment and the domestic country does not receive the ongoing benefits aforementioned, but the domestic country owes no restitution.

According to the UN, in 2008, \$166 billion (\$760 billion from 1993 to 1998) or 25.8 percent of the world FDI inflow went to developing countries. Africa, Latin America and the Caribbean, and Asia, received respectively \$7.9, \$71.6, and \$84.9 billion of FDI. Only \$2.9 billion dollars of FDI was obtained by least developed countries (LDC), which are primarily composed of the Sub-Saharan African countries. Given risk conditions, capital flows to where it can earn the highest rate of return. The required risk premium is much higher when a developing country is experiencing civil wars, suffers from over regulation, has a weak infrastructure, is politically unstable, keeps its markets closed to foreign competition, has inflexible labor markets, and imposes high taxes.

The MNCs are no longer viewed with colonialism or protection from their countries. A new breed of dynamite and aggressive MNCs has emerged over the last three decades. They have cast the stigma of the past which long characterized their predecessors and have thrived on the ability to make more profits and contribute to economic development on their host countries (Anyang Nyong'o, 1991) strongly contends that, nation-state building requires politically strong nationalistic local entrepreneurs.

Before 1991, Uganda had few and largely government aligned Multi-National Corporations like British American Tobacco Company, Pepsi Cola, Barclays Bank, Stanbic Bank and a few others which did not have profound contributions to the economic development of Uganda, but in 1991, the Ugandan government established an investment code and attempted to undo or at least mitigate the past expropriation of foreign investments. Collier and Reinikka (2001) opined that between 1991 and 1999, many nationalized companies were returned to their owners or privatized. The privatization programme succeeded, but not as well as it might have.

A survey by Uganda Manufacturers Association Consultancy and Information Services (2013) found that the programme achieved its fiscal social and economic objectives, but that the process was perceived to be corrupt. Svensson (2011) noted that because of its inadequate legal and institutional framework and because responsibilities were ill defined, the privatization programme received severe criticism from parliament and was partly suspended. Corruption has become a serious impediment to business in Uganda. It increases the costs of doing business because firms must pay bribes when dealing with public officials; the bribes are based on the issues at stake, and higher bribes do not necessarily result in more beneficial government favours to business.

### 1.1.2 Theoretical perspective

This study was guided by the Eclectic theory by John H. Dunning (1977 and 1980). According to John H. Dunning's (1977, 1980) eclectic theory, the foreign direct investment decision is a combination of three interrelated factors. These factors are itemized as follows; Ownership specific, internalization, and location specific factors. All three of the aforementioned factors of the eclectic theory are considered to have a crucial impact on the investment decision by the multinational enterprise. A combination of the internalization, industrial organization, and the location theories, the eclectic theory proposes that prior to becoming multinational, a company must possess an ownership advantage, which needs to be internalized (often as a result of market failure), following which location specific variables will determine the place (country) where the multinational enterprise invests.

According to Dunning (1988), these advantages (also known as firm specific advantages) are borne out of three things; they include, access to credit from the parent company at little or no cost, access to markets, as well as factors resulting from being multinational (for example exploitation of different markets). Normally referred to as "intangible assets", these advantages will allow a company from one country to compete in another alongside the host country's domestic organizations, who already possess the advantage of being home-grown, resulting from there being more familiar with the people, market and the environment in general. Such ownership advantages basically represent a precondition to becoming multinational. Examples of these advantages include innovation (for example research and development), product differentiation, economies of scope, core competence in managerial or entrepreneurial capacity, monopoly knowledge of markets or products and others. Most of which are developed over time and allow the multinational to overcome the costs attributed to operating in a foreign country (Dunning, 1988).

### 1.1.3 Conceptual perspective

According to Root (1994), an MNC is a parent company that engages in foreign production through its affiliates located in several countries, exercises direct control over the policies of its affiliates, and implements business strategies in production, marketing, finance and staffing that transcend national boundaries. Also according to Dingha (2005), multinational corporations (MNCs) are enterprises which have operations in more than one country. They manage production establishments or deliver services in at least two countries. MNCs conduct a significant proportion of their operation in other countries. Therefore, they can have influence on other countries economic entire environment.

Krugman and Obstfeld (2003) write that multinational corporations do not come into being from thin air; there must be a form, an organization, and a goal for them to be brought into existence. Many studies that have been carried out in Europe and the rest of developing nations have concentrated on the benefits of Multinational corporations but literature still remains very little when Africa and the rest of the developing nations are touched.

According to Graham (2009), the economic role of multinational corporations (MNCs) is simply to channel physical and financial capital to countries with capital shortages. As a consequence, wealth is created, which yields new jobs directly and through "crowding-in" effects. In addition, new tax revenues arise from MNC generated income, allowing developing countries to improve their infrastructures and to strengthen their human capital. By improving the efficiency of capital flows, MNCs reduce world poverty levels and provide a positive externality that is consistent with the United Nations' (UN) mission countries are encouraged to cooperate and to seek peaceful solutions to external and internal conflicts.

Consequently, today, Multinational Corporations like the United African Company (UAC), Toyota motors, Coca-Cola, Lever brothers, Mobil oil; Shell BP etc. dominate the landscape of Nigerian economy. These corporations are very rich in all ramifications because of the profit they make in Nigeria. For instance, Nigeria is one of the largest producers of oil in the world which accounts for over 80% of her income. Since this sector of the economy is effectively controlled by multinational corporations who make enormous profit from the industry, one expects that they should spearhead the developmental process of Nigeria but unfortunately the reverse is the case. Most of these corporations have been fingered on several occasions playing active roles in the under development of Nigeria. These corporations are distinguished on the basis of their orientation into "ethnocentric" (home-country oriented), "polycentric" (host-country oriented) or "geocentric" (world-oriented) (Bernadine, 2003).

An overwhelming proportion of direct foreign investment in the third world countries is activated by MNC. In this view, FDI can alleviate poverty in host country by generating employment and create jobs (Asiedu 2004), and (Athreye 2003). MNC employment boost domestic wages as they pay higher; offer training program for workers, foster the transfer of technology between foreign and domestic firms and enhance the productivity of the labor force.

Multinational corporations are one of the main conduits through which investment is channeled and their evolution has reflected broader developments (OECD 2003). It is imperative to know the characteristics of the world economic system which is divided into two spheres: a relatively affluent and industrialized North and relatively poor and non-industrialized South which encompasses the third world countries and their economies. Third worlds are the formal colonial countries of Africa, Asia, Central and South America.

According to Krugman and Obsfeld (2003), poverty is the basic problem of these developing countries and escaping from poverty is their overriding economic and political challenge. Comparing them with the industrialized economies, most developing countries are poor in factors of production essential to modern industry. The scarcity to these factors of production contributes to low level of per capital income and often prevents developing countries from realizing economies of scale which many rich countries benefit. Politically, instability, insecure property right and non-guided economic policies have discouraged investment in capital and skills thus reducing economic efficiency.

### 1.1.4 Contextual perspective

Morawczynski (March 2015) found out that MTN had worked towards developing the telecommunication industry in Uganda, but because of internal weaknesses, faces fraud and other performance improprieties whilst repatriating most of the profits they make in Uganda, thus leaving Uganda's economy still under nourished. Morawczynski (2015) stated that Kampala's Anti-Corruption Court is at the epicenter of a major mobile money fraud, as the case continues against six ex-employees of MTN charged with defrauding the company of 10 billion UGX (\$3.4 million). Among those charged is MTN's former Finance Manager, along with the Head of Public Access and mobile money, who is counter-suing MTN for wrongful dismissal. Charges laid against the six ex-employees include embezzlement, electronic fraud, a neglect of duties, and unauthorized disclosure. Along with sensational daily headlines, this case is providing a detailed account of the impact of a particularly large and public internal fraud on the mobile money system. Testimonies revealed that a significant portion of the money stolen came from MTN's suspense account, which temporarily holds unclassified or disputed transactions. This includes funds from customers who enter the wrong number for their intended recipient, a not uncommon occurrence and reported to be one of the drivers of relatively high agent-assisted over-the-counter transactions in

Uganda. The account did not have appropriate reconciliation procedures in place, which allowed the fraudsters to steal billions of shillings in just a few months between May and December of 2011.

Mutesasira (2009) in the special audit report noted that at MTN showed the UN Security Council and Bank of Uganda blacklists for reference were not uploaded on the system for system monitoring purposes for detection of money launderers. Given the current commodity boom, international companies were making increasingly large investments in Africa, especially in the extractive sectors. Not only was this generating significant revenues for the companies and host governments, but it will raise expectations among host governments and civil society organizations that the companies took a more active, and visible, role in giving back to the communities in which they are active.

Kulabako (2012) noted that intense competition in Uganda's telecom sector is yet to change the market leadership position. But there are variations in the sector's market share. MTN Uganda still takes pride of place as the strongest brand in Uganda's telecom industry for more than a decade ever since it took over from Celtel (now Airtel) in the late 1990s, going by subscriber numbers and market share. However, given the changing trend in the industry, MTN Uganda, a subsidiary of MTN South Africa, has in the past three years shed a significant proportion of market share to rivals, despite maintaining the top position, since it is no longer possible for any player to lock in consumers. Despite its subscriber base growing year-on-year to 7.6 million by the end of 2011 in a country with about 16.7 million mobile users, MTN's market share of the Ugandan telecom industry dropped to 47.5 per cent in 2011, from about 60 per cent five years ago. This figure is, however, higher than the 43.6 per cent market share in 2009 and 47 per cent in 2010, according to data from Business Monitor International (BMI).

MTN Uganda corporate affairs manager, Ms. Justina Ntabgoba, who said the telecom will maintain its leading position in the industry for the coming three and so years, attributed its consolidation into the leadership position, despite stiff competition, to network quality and innovative products like mobile money services, MTN Radio and data services among others. Despite boasting of quality network, a recent Uganda Communications Commission (UCC, 2018) Quality of Service survey report released early this year shows that none of the five major telecom players in the industry meets its quality of service benchmark rate for both blocked and dropped calls, which are key measures for network quality. UCC's maximum proportion of blocked or dropped calls is 2 per cent. A blocked call refers to a call attempt which although is initiated within the coverage area, was not established or is not successful due to network failure whereas dropped calls refer to calls that are terminated by the operator's network after call establishment but prior to normal termination by the calling or called party. The industry regulator, however, warned that telecoms with poor service quality will soon be subjected to 10 per cent of their gross income in penalty. The move seeks to streamline service delivery in the industry (KulabakoFaridah, 2012).

MTN was the biggest spender on marketing and publicity in the market, spending Shs31.8 billion in 2011 (Synovate Uganda, 2011) explaining why the firm still controls the biggest share of the cake. Ms. Ntabgoba told Prosper that it is no surprise that MTN's advertising spend is high as the firm averagely launches at least six new products or services annually, requiring that it invests hugely in publicizing them. MTN is closely followed by Airtel with Shs23.7 billion, having slashed its advertising budget from a high of Shs26.1 billion in 2010, the highest that year, following its rebranding from Zain. Orange spent Shs19 billion on advertising and publicity last year, explaining the significant gain in market share. It was followed by Warid that spent Shs16.9 billion and UTL that emerged as the least spender due to problems that the telecom is facing. As competition increases and subscriber expectations grow, service providers both veterans and new entrants have got to seek new and better ways to differentiate themselves and minimize costs so as to concentrate on their core business to remain competitive and protect their piece of the industry cake.

Despite the fact that a lot has been done to promote MTN and how it contributes to Uganda's development, and in 2013 MTN paid 336 billion Shillings and they anticipate to pay around 439 Billion in 2014. The issue of the 13.4 Billion shilling was resolved to 1.3 Billion which MTN Uganda did not agree with, but paid anyway. Brian (2014) also talked about the different audits that are going on in the company and said Audits should be frequent and continuous and this should be for all operators.

Being a Multi-National Company, MTN is seen as one of the major contributors to the economic development of Uganda. Therefore, the study on the role of Multi-National Companies particularly MTN in the economic development of Uganda shall be undertaken.

## **2.0 Literature Review**

### **2.1 Theoretical review**

This theoretical aspect includes the dependency theory and Unequal Exchange Theory which show that Multi-National Corporations are largely parasitic though they have the face of being development partners thus contributing to the economic development of Uganda.

#### **2.1.1 Dependency theory**

This study is partly anchored on dependency theory developed by Boxford (1974). According to the theory, Multi-National Corporations have created dependencies in developing countries in which a kind of parasitic relationship exists between the highly industrialized and the less developed ones in a manner that ensures the continuous advancement of the former to the detriment of the later. The theory defines the relationship between Uganda and the multinational corporations like Unilever, Coca-Cola, Pepsi Cola and others, especially their owners. According to Ahiakpor (1985), this theory represents the complex politico-economic relationship that binds the advanced capitalist countries of the Centre and the other countries in the periphery such that the movement and structure

of the former decisively determine those of the later in a fashion somehow detrimental to the economic progress of the other societies. Countries, such as Uganda that have experimented with the dependency theory are achieving fair prosperity and fair economic independence.

### **2.1.2 Eclectic theory and model**

In a bid to simplify the application of the Eclectic theory to multinational banking, Gray and Gray (1981) assumed that the multinational bank already possessed the required ownership advantages. This decision to make such an assumption resulted in a shift in focus to the location and internalization advantages of the multinational bank. However, the approach was further developed by Yannopoulos (1983).

According to Yannopoulos (1983) the eclectic theory was broad enough to accommodate the different markets where the multinational bank operates i.e. the national and supra-natural markets (e.g. Euromarkets). Ownership advantages are a very critical element of the eclectic model, as they are a prerequisite to the banks' ability to neutralize or even overcome the advantage the domestic banks have in the host country. One of such ownership advantages is product differentiation, a noteworthy advantage in banking, which has been suggested by Yannopoulos (1983) to be a product of two factors: the first is the importance of certain major currencies (e.g. the dollar) in international trade and finance. While the second is the importance of non-price competition in the banking services market.

Described by Aliber (1984) as the currency clientele, the importance of major currencies will attract customers to the bank which is incorporated in the country of origin of the transaction currency, due to the bank's established ability to carry out transactions denominated in the currency in question. However, Lewis and Davis (1987) contend that banks do not require a physical presence abroad in order to exploit the currency clientele advantage. They suggest the advantage could equally be enjoyed through correspondent banking.

An additional application of the eclectic model to multinational banking by Cho (1985) provided other explicit examples of the three elements of the model in relation to multinational banking. Considered to have the possibility of being short-lived (Williams, 1997) ownership advantages were classified by Cho (1985, 1986) to consist of managerial resources, wide spread and efficient banking networks, favourable financial sources, experience and knowledge in multinational operations, skilled human resources, prestige, ascertained credit worthiness, differentiation of banking products, and expertise in servicing a certain customer type. He went further to suggest that information provides the opportunity for the bank to distinguish itself by targeting its products to a specific group of customers or markets on the basis of having greater knowledge. Cho (1985 and 1986) then classified location advantages into five categories; regulatory frameworks, effective interest rate differences, different economic situations, nationality of banks, and socio-economic differences.

Also classified in to five categories are internalization advantages, the first category is the availability and cost of fund transfer within the multinational banks, second is efficient customer contacts, third is transfer pricing manipulation, fourth are improved networks for information gathering and the last is the potentially reduced earning variability.

### **Bernadine models of Multi-National Company Operations**

Bernadine (2003) identifies four possible models. These models include:

**Ethnocentric model:** This model works within the assumption that management and human resource practices are critical core competence to a firm's competitive advantage and as such should not be trifled with nor compromised (Bird et al, 1998). Under this model, the foreign subsidiaries tend to have little autonomy and operations and decisions are typically centralized at the headquarters. The bulk of the management staff is usually sent from the headquarters and comprises mainly the Parent Company Nationals. Most Japanese and American organizations are known to use this approach in recruiting and deploying their staff.

**Polycentric Model:** This model handles subsidiary as a distinct entity with some level of decision making authority. Under this model both the management and the supporting staff are usually selected competitively from the local labour market. The only challenge is that in most cases, these local personnel are hardly ever promoted to work outside their local environment either in other countries where the company has subsidiaries or in the headquarters. This model is cheaper in addition to being more adaptable to local conditions.

**Geocentric Model:** This model tries to remove the boundaries and separating lines between the parent company and the subsidiaries scattered all over the globe. It strives to integrate its businesses with the relationships based on collaboration and mutual reciprocity (Onodugo, 2013). Under this model, the organization begin to see itself as having a global workforce that can be deployed and utilized in a variety of ways throughout the world. Key positions tend to be filled by the most qualified individuals regardless of nationality, race or colour. Staff remunerations in companies that are geocentric are generally based on global market rates and standards. Pay and work considerations are solely based on individual contributions to the organization rather than country of origin. It is important to note that within the contextual needs of developing countries any model chosen must strike a balance between

maximizing its huge labour potential and providing opportunities for technology transfer. A critical look at the models enumerated above, one can suggest that, for multinational corporations to thrive in Uganda, polycentric and geocentric models apply.

## **2.2 The contribution of Multinational companies to the economic development of a country**

Multinational corporations are the major vehicles by which globalization is affecting businesses in different parts of the world. Globalization further makes the influence of multinational enterprises more pervasive and impacting. These corporations in spite of their meager benefits have impacted negatively on our economy. Uganda as a developing country can only benefit tremendously from operations of these multinationals if serious considerations are given to the environment in which they operate. Since these corporations are component of the society, they must subject themselves to the fair requirements of the society, for, their relationship is paramount and reciprocal (the corporation needs the society just as the society needs the corporation) "Business is not divorced from the rest of the society. How these corporations behave affect many people, not just shareholders Ango (2012). A strong tie must exist between government and various multinationals operating in Uganda such as Coca-Cola, Pepsi-Cola to ensure maximum co-operation and peaceful co-existence.

### **2.2.1 Providing revenue for development activities**

Investments from MNEs have turned out to be the major source of revenue in almost every developing country contributing to socioeconomic development and stability (Latifi, 2004). Their operations are global in nature and they enter host countries in different ways and with different strategies. Some enter by first exporting their products to test market acceptability and share in a foreign country through export agents. Others establish sales branches or manufacturing plants to reduce operational costs as well as to take advantage of existing raw materials and favourable industrial conditions (Onyewuchi and Obumneke, 2013).

### **2.2.2 Creation of employment**

Operations of MNEs have important implications for employment creation, resource mobilization and utilization, technology development and transfer, among others (Rehman, 2016). Earlier work by Kim and Han (2014) indicates that foreign capital contributes to the invigoration of an economy leading to the provision of more job opportunities. MNEs operations however, can result in income inequality by shifting the demand for labour. Their financial strength may be able to pay wages over and above what domestic firms could offer. Consequently, MNEs may be able to poach local skilled workers (Rehman, 2016).

### **2.2.3 Increased flow of technology**

MNEs through their operations in developing countries may help to achieve global development targets. Increased flow of technologies and FDI to Africa and particularly Uganda by companies such as Coca-Cola (Century Bottling Company) can contribute to the achievement of the Sustainable Development Goals (SDGs) target of reducing poverty rates through employment opportunities (UNDP, 2000). In addition, MNEs through their Corporate Social Responsibility (CSR) could also contribute back to the community in which they operate by expanding access to basic necessities and securing human and labour rights of citizens (Barkemeyer, 2011). It is also noted to signify a particular method to corporate regulation, which supports voluntary initiatives (Utting, 2007). Its effectiveness, however, depends on the existence of a pragmatic policy framework in the host country to guide such activities and to meet the developmental agenda of the country. Moreover, the activities of MNEs in a host country can contribute to improve productivity of domestic firms as indicated by MaríaCubillo-Pinilla (2008); and this could indirectly contribute to the profitability of the domestic firms as productivity increase is realized. This however depends largely on the receptiveness of the local firms to the new ideas being introduced by the MNEs.

Banks follow their clients abroad to maximize the internalization benefits developed in the home country, thereby providing additional collective gains for both parties (Slager, 2006). On the other hand, banks can also act as leaders of their domestic customers into foreign markets. Walter (1988) suggests that a bank with a strong presence abroad can offer the services required to support the decision of a company to expand to the host country where the bank already has a presence. Given their experience operating in such host countries, multinational banks can spot business opportunities which may be favourable to their domestic clients back home, and facilitate their entry into the market by making use of their knowledge of the environment.

Slager (2006) opine that multinational companies whose importance has increased or improved depending on global capitalization and travelling around the world without knowing borders have activities in developing countries due to suitable conditions for example cheap workers costs, flexible legal arrangements. In this study, the precautions set forth to prevent environmental troubles, to obliterate or to minimize it, are the activities undertaken by the multinational companies which are considered. In the study, Turkey as a case country in which this subject was studied. Globalisation is the last step of economical sovereignty set up by means of multinational companies all over the world by capitalism which affects our age deeply. Unlimited capital stocks of capitalism and its economic development aim "whatever the result is" fastens the problems internationally as a result of not recognizing the social developments and justice, inequality, poverty and unsocializing people in developing countries. As a result of this, we're having environmental problems, the speed of nature's being consumed has been increased and there have been troubles almost every field of the social lives.

Kindleberger (1983) examined the customer leading and customer following incentives of banks to internationalize. He concluded that banks can act both as leaders of customers to foreign markets, and also as followers of their customers to foreign markets, explaining that neither internationalization incentive overrides the other. Aliber (1984) suggested that banks based in countries with a high ratio of market to book value seem better placed to expand to foreign countries. Furthermore, research on Japanese banks'

international expansion indicated that regulation could act as a catalyst for a bank's foreign expansion (Poulsen, 1986), while regulation has also been identified to be an obstacle to the entry of banks into foreign markets (Tschoegl, 1987).

Jones (1990), attributes the internationalization of banks to "entrepreneurial perceptions of profitable opportunities in conditions of expanding territories and imperial frontiers, a desire to apply domestic banking skills in foreign markets, the wishes of politician for banks", the value of having a presence in major international financial centers and the establishment of branches in foreign countries in order to maximize profit by limiting the role of intermediaries. There are also arguments about the most suitable theory to be employed in analyzing the reasons why banks internationalize, and their ensuing performance therein. Williams (1997) argued that the internalization theory provides a more encompassing framework for examining the multi-nationalisation of banks, than the eclectic theory which has been used by numerous authors. Although he concedes there is little between both theories regarding their ability to provide an explanation for multinational banking.

According to this idea, (Bulus, H and Ango, N.A, 2012), protecting and developing the environment has been supplying public use and public service. Thus public service is the duty of the state. Environmental rights subject, known as third generation rights or corporation rights, is to protect the environment and to development it. People who have the environmental rights are those actors who will make use of these rights and who will have the responsibilities of these rights. The people who will make use of these rights and who will have the responsibilities are generally the same actors. These are not only the people but also public and special institutions including communities; states and public; and the next generation. In this case, all the right owners who have the rights to live in a healthy and well balanced environment are obliged to protect and to development the environment at the same time, including the multinational companies. Every economic activity has an effect on the environment. Multinational companies have activities in the fields like gold mining, petrol, chemicals and food industry which have high potential effects on the environment in developing countries like Malaysia, Indonesia, Uganda and Nigeria.

#### **2.2.4 Inflow of foreign capital**

Ango (2012) stated that foreign capital entrance in gold mining fields is a small example about being served and defended as a gold opportunity to pay Turkey's foreign debts. As a result, multinational companies are unsuccessful in sharing environmental responsibilities in the developing countries. Multinational companies have been making use of the opportunities that the environment presents but they don't do their duties to environmental rights. The efforts by multinational companies have been improving as prevention of increasing the environmental standards. Related to this, in the countries mentioned and also in Turkey, where economical activity fields like ecological sensitivity is not assured enough by law and isn't protected wholly is a kind of great danger for Turkey.

Ghana as a Sub Saharan African country receives a lot of attention from foreign investments. These investments cut across the key sectors of the economy (agriculture, industry and services). However, most of these foreign investments in Ghana are mainly concentrated in the mining subsector of the industrial sector. It has been observed that about 70 percent of total FDI inflows over the last 15 years went to this subsector. Within the services sector, Ghana has managed to attract significant amounts of foreign capital in telecommunications and banking (Fosu et al., 2014).

With all the investments in the key sectors of the Ghanaian economy, it is inherently expected that these will contribute to socio-economic development to some degree. Development literature for instance is fraught with examples of the contributions of MNEs to socio-economic development in both developed and developing countries. Many economies have enunciated programmes to attract MNEs to invest in their countries. Ghana promulgated the Mining Code in 1986, Investment Code in 1994 and the Free Zone Act in 1995 as laws to provide conducive environment for investment in the industrial and mining sectors of the economy. The seeming political stability and favourable fiscal incentive packages especially under the Investment Code have contributed to the MNEs operations in the country. Also, the burgeoning oil industry has played a large part during the last five years in attracting large numbers of oil and gas companies and their service providers into Uganda.

### **2.3 The challenges facing Multinational companies in the economic development of a country**

This section of literature review focuses on the challenges facing Multinational companies in the economic development of a country;

#### **2.3.1 Negative intra-industry relationship**

According to Gerschewski (2013), there tends to be negative intra-industry relationship due to the crowding out of local companies that are not able to compete against the MNEs. A positive inter-industry linkage between MNE subsidiary and local suppliers can also result from MNEs transferring technologies/knowledge to their local suppliers. Kok and Ersoy (2009) argue that MNEs and their FDI inflows are very important since they serve as catalyst for accelerated socio-economic development of third world countries. They indicated that, FDI's serve as vehicles for fast and efficient transfer and adoption of best management practices to domestic firms. The modern and efficient management practices can lead to knowledge transfer to host countries and boost the increased productivity in the local economy (Kampik and Dasch, 2010). However, this will also have argued largely to depend on the absorptive capacity of the recipient country (Rehman, 2016).

#### **2.3.2 Capturing markets**

Spero and Hart (2003) stated that it is alleged that multinational corporations invest their capital and locate their manufacturing units on their own or in collaboration with local firms in order to sell their products and capture the domestic markets of the countries where they invest and operate. With their vast resources and competitive strength, they can weed out their competitive firms. For

example, in India if corporate multinational firms are allowed to sell or produce the products presently produced by small and medium enterprises, the latter would not be able to compete and therefore would be thrown out of business. This will lead to reduction in employment opportunities in the country.

### **2.3.3 Use of capital-intensive techniques**

It has been seen that increasing capital intensity in modern manufacturing sector is responsible for slow growth of employment opportunities in India's industrial sector. These capital-intensive techniques may be imported by large domestic firms but presently they are being increasingly used by multinational corporations which bring their technology when they invest in India. Emphasizing this factor (Thirlwall, 2014), in this case the technology may be inappropriate not because there is not a spectrum of technology or inappropriate selection is made but because the technology available is circumscribed by the global profit maximizing motives of multinational companies investing in the less-developed country concerned.

### **2.3.4 Organized crime**

The introduction of famous brands into developing countries by MNCs has provided an irresistible lure to criminal organizations to branch out into this lucrative area of crime. In East Asia - the hotbed of counterfeiting – criminal organizations involved in gambling, prostitution, smuggling, narcotics, and human trafficking have now migrated to counterfeiting because of its highly lucrative rewards and the low-risk nature of the crime. Penalties for trafficking in narcotics are notoriously severe in Asia. Long prison sentences and capital punishment are common for narcotics violations (Chow, 2011). Organized crime is a serious global problem. It existed long before counterfeiting at its current levels emerged. But the emergence of the global trade in counterfeit goods has provided organized crime in developing countries a new and highly lucrative means to earn profits.

### **2.3.5 Health and safety risks**

Another type of secondary consequences suffered by developing countries is health and safety hazards caused by the proliferation of substandard counterfeit medicines. According to some recent media accounts, 10% of the world's drugs are counterfeit; fake baby infant formula, cough syrup, and other medicines have led to serious illness or death. However, almost all of these harms to human health and safety occur in developing countries, which have weak border control systems that allow counterfeits that are mostly manufactured in China to pass through undetected (Chow, 2011). Almost no serious health or safety incidents have occurred in advanced industrialized countries, such as the United States and many European countries.

## **3.0 Methodology**

### **3.1 Research design**

According to Kombo and Tromp (2000), a research design is the glue that holds all the elements in a research project together. The survey research design was chosen because it puts into consideration constraints of cost, created quickly, administered easily and it could be used to collect information on wide range of issues that include personal facts, attitudes, past behaviours and opinions. In this research, the population is large and cannot be managed easily, but with the use of samples taken the researcher was able to obtain accurate and ample information.

The research was carried out through a quantitative and survey research designs. According to Oso and Onen (2009), a quantitative and survey are used where populations are investigated by selecting a sample to analyze and discover occurrences at certain point in time. A survey provides numeric description of events of some part of the population and explains the events as they were and how they were, whereas the cross-sectional design helps to obtain data from a given section of the respondents at certain time in the research process.

According to Merriam Dictionary (1998), case studies are meant to make an intensive investigation on the complex factors that contribute to the individuality of a social unit. Case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationship. Findings of a case study can be generalized to represent other cases in a population of interest. Case study research method is an empirical inquiry that investigates a contemporary phenomenon within its real life context (Stroke 1994). The researcher collects detailed information using a variety of data collection procedures over a given period of time. The data collection and research activities tend to narrow to particular sites, subjects, materials, topics, questions and themes, with the purpose of studying extensively the background, current status and environmental interactions of a given organizational unit; an individual, group, institution or community.

### **3.2 Study population**

Polit and Hungler (1999) refer to the study population as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications. The study population for this study will comprise the local government leaders (05 from Entebbe Municipality and 10 from Katabi Town Council) who obtain tax revenue from the booths and business centres of MTN, the business people involved in discharge of MTN services ((20 from Entebbe Municipality and 30 from Katabi Town Council) and members from the general public who will be randomly selected in case they have MTN mobile numbers in the densely populated areas of Entebbe Kitooro (05), Lugonjo (10), Katabi (05), Entebbe Town (10), Abaita-Ababiri (20), Kawuku (05), Mpala-Kitala (05),



Kitubulu (03) and Kasenyi (03) as the chosen focal points. The total number comprised the study population were 131 from whom the sample was obtained.

### 3.3 Sampling Methods and techniques

The process of selecting a portion of the population to represent the entire population is known as sampling (LoBiondo-Wood & Haber 1998; Polit&Hungler 1999). There are two sampling methods which were used in this study, namely probability and non-probability sampling. The researcher used the non-probability sampling method.

### 3.4 Data collection methods

Polit and Hungler (1999) define data as information obtained in a course of a study. In this study data was collected by using Survey questionnaire and structured interview schedules. A structured interview schedule was used in order to capture data relevant to the study's objectives and research questions. The research study applied the following data collection methods;

### 3.5 Data collection tools/ instruments

According to Onyango, (2002), this was the first hand information from the people concerned. A number of tools were used for data collection and these include; secondary data collection tools, self-administered questionnaires and interview guides as shown below;

### 3.6 Data Quality Control

The following criteria was applied to this qualitative and quantitative study in order to make the research credible that is reliability and validity. Respondents' checking was undertaken to give credibility to the analysis. It was now up to the reader to determine whether the text had sufficient credibility to qualify as quality piece of research. Data quality controls was ensured by focusing on the reliability and validity of data collection tools.

### 3.7 Data Collection and Processing

The researcher obtained an introduction letter from the university authority that is the Dean of the School of Social Sciences. The questionnaires were collected after one week after the respondents had filled them. Data analysis was done immediately after collection of questionnaires from the field. In order to shift the power of the researcher/participant relationship to the study participants, the research was undertaken in environments that were selected by and comfortable for study respondents.

Raw data was collected, coded, grouped and presented in tables and graphs. The researcher was prompted to use this method because it analyses data to draw thorough conclusions. This study was based on two research hypotheses to find out whether they are true or not, thus prompting the researcher to use this data analyzing tool. Data editing coding the data and cleaning was done after data has been collected to ensure that all mistakes made by respondents were cleared then entering the data into the computer for analysis and summarizing the data. Also in this process a number of questionnaires were administered to several respondents.

### 3.8 Data Analysis

Data was analyzed using some computer program mainly Micro Soft Excel which was used so as to give a clear presentation of the various responses and the significance of each response depending on the magnitude of the corresponding number and frequency percentage of total responses and conclusions were drawn on the basis of those frequencies. Analysis was based on both descriptive and inferential statistics techniques.

## 4.0 Presentation, Analysis, Interpretation and Discussion of the Findings

**Table 4.1: Response rate**

Number of respondents	Actual responses	Percentage
97	49 through questionnaire	72.1
	19 through interviews	27.9
<b>Total</b>	<b>68</b>	<b>100.0</b>

**Source: Field data, 2019**

The study findings on the response rate of respondents, of the 97 respondents targeted for this study, 68 or 77.1% availed data whereby 49 (72.1%) availed data through questionnaire and 19 (27.9%) through interviews. The concerned respondents and the findings they availed helped the researcher to avail a proper discussion of the findings.

### 4.1 The contribution of MTN to the economic Development of Uganda

MTN Uganda has registered a positive performance increasing its subscriber base and this increase was driven by a growth in the uptake of bundled voice products, improved 3 and 4G coverage in terms of calls and internet and an increased take up of MTN Mobile Money. MTN Mobile Money and others services continue to perform well and its usage was stimulated by a wider mobile payment product range and a new enhanced technology platform. The findings on the contribution of MTN to the economic Development of Uganda are presented, analyzed and interpreted in the section;

**Table: Improved Telecommunication services**

	Frequency	Percent
Valid Yes	49	72.1
Not sure	16	23.5
No	03	4.4
Total	68	100.0

**Source: Primary data, 2019**

According to the study, it was revealed that there has been improvement in Tele communication services, and findings revealed that 72.1% of the respondents agreed, 23.5% were not sure and 4.4% disagreed. Thus with 72.1% in agreement, it means that there has been improvement in communication as more than 8,700,000 subscribers can call and communicate in all ways with one another within and outside of Uganda, therefore MTN is a regional brand which has promoted communication among the East African Community and Africa as well as the International arenas.

*Through MTN, modern high technology is transferred to the local market in Uganda, the important question about MTN that is why it exists in Uganda. The company exists because they are highly efficient. Their efficiencies in production and distribution of goods and services arise from internalizing certain activities rather than contracting them out to other firms. Managing a firm involves which production and distribution activities it will perform itself and which activities it will contract out to other firms and individuals. (Respondent, July, 2019).*

In order to increase their profitability, MTN find it necessary to go in for horizontal and vertical integration. For this purpose, they find it profitable to set up their production or distribution units throughout Uganda. As noted generally by senior management, *MTN Uganda provides both mobile and fixed telephone services, and data and fax communications. The company prides itself on its technological innovation, dynamism and standards of excellence. Its goal is to be the leading telecommunications provider in Uganda by offering an affordable service to clients through a convergence of cellular, internet and satellite technology. It advertises that it offers a 'better connection', and that better connection is evident in several respects. (Respondent, July, 2019)*

Therefore, MTN's strategy of making telephone services widely available to all, and has significantly expanded and enhanced the quality and coverage of telecommunications in Uganda and the world. MTN has been able to build communication between Uganda and the other countries of the world hence connectivity in telephone calls, mobile money transfers, as well as others which can in the globalized environment enhance communication and transfers.

**Table : Facilitate effective money transfers**

	Frequency	Percent
Valid Yes	65	95.6
Not sure	03	4.4
Total	68	100.0

**Source: Primary data, 2019**

From table above, the findings revealed that MTN facilitate effective money transfer through agency banking, mobile money services, hence 95.6% agreed and 4.4% were not sure. With 95.6% in agreement, it indicates that MTN has worked with other banks and has its own internal mobile money, transfer services which business generates huge revenue and profits for the company while helping people to develop, and the country.

From the secondary sources, it was found out that in 2009 MTN announced that the successful launch of Mobile Money Transfer (MMT) which would work in Uganda and the entire world marks the beginning of a series of planned launches across its operations in Africa and Middle East. The product, called MTN Mobile Money, is a convenient, secure and affordable way for MTN subscribers to send money, buy airtime and pay bills using their cell phone. The study revealed that the Ugandan public have been able to transact business like money transfer from one country to the other across the East African region for example one can send money from South Africa directly to a colleague in Uganda using their mobile money numbers which are registered, and when it comes to those operating in South Sudan, the network is easy and compatible with the Ugandan counterparts. So with MTN, it is easy for people coordinate easily in this arena. The Ugandan economy is able to generate revenues in billions of shillings which can be used to develop other services like education, roads and upgrade the telecommunication infrastructures which link it up to neighbouring countries like Tanzania, Rwanda, Burundi and others.

In one verbatim extracted from MTN Uganda posts strong 2018 growth; a reflection of a vibrant economy authored by Kawalya (Mar 25, 2019), it was stated that,

*Uganda's vibrant economic activity in the last year contributed to the strong performance of MTN in the global environment, and with good connectivity, MTN's revenue has been growing by 8.6% due to increased voice calls, data usage and MTN Mobile Money internally and externally in the globalised environment. Uganda's economy is estimated to have grown by 5.3% in 2018 driven by growth in the service sector and the industrial sector for local and international benefits thus making the company a global brand.*

According to secondary sources from, BoU (2012) Mobile Money in Uganda had grown tremendously by December 2011. During the same period there were 2.9 million registered mobile customers who held virtual money accounts. Although BoU (2012) argues that virtual money accounts are still relatively small in comparison to the total deposits of the banking system (about 0.5 percent) and currency in circulation (2 percent), given the current growth this is likely to increase and expand greatly. This will especially happen if the MNOs broaden the range of transactions that can be effected through mobile banking and if the banks in partnership with MNOs can enable customers to use mobile phones to access other services from the banks. The study discovered from interviews as well that MTN Uganda that provides the mobile infrastructure and customer-base already using its communication services. MTN Uganda benefits from MM by increasing and maintaining the number of customers, reducing the cost of airtime distribution and generating extra revenue.

*The company now corporate with the management of Ugandan and global banking houses/ banks like Stanbic, Standard Chartered, whereas even the National Banks like Centenary have linkages with MTN in transacting business, hence has the infrastructure that enables the exchange of money between different parties and creates a favourable political environment. The bank also provides oversight and regulatory compliance with the Bank of Uganda regulations and policy. It benefits by increasing the amount of deposits held as agents join the MM system opening accounts and depositing money in both local and international currencies like dollars which has eased international business and political orientation (Respondent, July, 2019)*

Kawalya (Mar 25, 2019) as cited in the MTN Mobile Money Mini Report of 2017, that a big number of agents (network) that facilitates cash-in (converting cash into MM) and cash-out (issuing cash on demand) to enable convertibility between MM and cash which can be used to carry out business like importing items for sale on the domestic market. The economy of Uganda has been able to benefit from over 4.7 million regular mobile money users who transact business nationally and globally from as low as 5000 Uganda shillings to millions each year on multiple basis thus providing a lot of revenue inform of tax, and employing more than 1.7 million people as estimated by MTN 2017 annual report.

One respondent noted that,

*MTN Uganda Ltd has broadened MM services to include a range of m-payments that span from public or government to private entities. MTN Uganda started out by targeting entities that receive recurrent payments from diverse customers like utility companies for example UMEME, National Water and Sewerage Corporation, Pay Television like Star Times, GoTV, Zuku, Azam, Digital Satellite Television (DSTV) and others, and those that make bulk payments. This has eased global connectivity because in as much as being a platform of support entertainment, it also helps in digital government (e-government)(Respondent, July, 2019)*

It is interesting to note that some utility companies have chosen to meet the cost for their customers remitting dues via MM because it affords them a cheaper avenue to collect dues from customers on a regular basis. This has actually led to closure of some due collection offices thus cutting down the operational costs in Uganda, regionally and internationally.

**Table : Promoting access to information services**

		Frequency	Percent
Valid	Yes	61	89.7
	Not sure	07	10.3
	Total	68	100.0

**Source: Primary data, 2019**

From table above, the findings revealed that 89.7% of the respondents agreed and 10.3% were not sure. It means that with 89.7% in agreement it means that one can access information on their mobile phones through interest, and many others. This means that MTN can facilitate access to information .Through making direct calls, there is instant communication, furthermore the customers can send local and international SMS, use it for mobile money information services, there is internet at 3 and 4 G of late which enables the subscriber to access the social media, Google, and others for web communication and receiving information. This has globalized the company as it enables instant and quick communications in the fields of social, economic and political life.

The respondents noted that,

*Merchants and retailers in Uganda, regional and the international market may accept Mobile Money transfers of payments in exchange for products and services across borders. These increase demand for MM by providing more*

*avenues through which users can spend their MM. The resultant effect is reduction in the need to handle cash, businesses that utilize MM as a means to deliver their services, mainly utility companies, the hardware and software providers, network equipment, vendors as well as application providers. (Respondent, July, 2019)*

They benefit from the increased sale of end user devices like mobile phones, equipment to handle increased network capacity and fees or subscriptions respectively. This has boosted business between the local merchants who sell phones like Simba Telecom which is a partner of MTN operating in South Africa, Nigeria and Ghana to become more pro-active in the business.

**Table : Generating tax revenue**

		Frequency	Percent
Valid	Yes	68	100.0
	Not sure	00	00
	Total	68	100.0

**Source: Primary data, 2019**

According to the study, it was revealed that 100.0% of the respondents agreed that the company generates a lot of revenue part of which is paid in taxes to government. The company pays in billions of shillings in tax revenue which has led to a lot of money that the government can use for other services.

Like other multinational companies which pay huge amount of tax since they have diverse services and are huge investments, it was revealed by Kawalya (2015), that MTN remains the biggest taxpayer contributing to Uganda and East African tax contribution, with more than US Dollars 2 trillion since 1998. MTN has also paid Shs 104bn in spectrum fees and Shs121bn in support of the Rural Communications Development Fund (RCDF) to the Ugandan Communications Commission since inception. One respondent in Ssaazi, Entebbe revealed that,

*I have been with MTN since 2004 and have noticed it has made my life so much easier for contacting customers. I would say I have been able to increase my income by about 30 per cent as a result of this. Even during financially difficult times, such as when I have to pay all the school fees for the children, I must have my service fee maintained so that I do not miss my business deals. Having the MTN net-work then gives me access to customers I would never have had access to. (Respondent, July, 2019)*

The rise of MN as a national and global telecommunication providers has greatly supported the growth of the telecommunications sector connecting urban and rural Uganda to global communication like Digital satellite viewing, enabled the merchants to know where to get products for sale from outside of Uganda which has made business to boom in the country and with other nations like South Sudan, China, Japan, Europe and others.

**Table : Availing employment opportunities**

		Frequency	Percent
Valid	Yes	62	91.2
	Not sure	06	8.8
	Total	68	100.0

**Source: Primary data, 2019**

The study found out that the company offers employment opportunities to the Ugandans and expatriate. From table 4.11, 91.2% of the respondents agreed and 8.8% were not sure. Hence with 91.2% of the respondents in agreement, it means that they avail employment to people in senior management, mobile kiosks and others. Many Ugandans and international workers like Vanhellepute, experts in Information and Communications technology from South Africa and elsewhere have been employed as expatriates because of their technological expertise.

One respondent noted that,

*“in the service sector specifically, there was growth in jobs as MTN contributed to the increased number of Mobile Money agents in urban, peri-urban and the urban rural areas because of the wide network coverage and ambient services when it implemented the electronic recharge of airtime and introduced the cashless payment service, MTNMoMoPay” (Respondent, July, 2019)*

The MTN kiosks and Duuka can be used to avail services for national and international money transfers, hence from observed multiple number of MTN kiosks and secondary information show that MTN employs more than three hundred Ugandans directly, and several thousand indirectly, enabling them to improve their job skills for the national, regional and international

service provisions by Mobile Money, internet connectivity and others services of national and global concern. MTN’s investment has contributed significantly to the tax base of Uganda, which is one of the smallest in Sub-Saharan Africa. Its social interventions as a responsible corporate citizen have begun to improve the humanitarian conditions of some of the most disadvantaged sections of society.

The impact of MTN Uganda on the labour market has been felt nationally. This is especially so when one takes into account that the company has been in operation for two decades , and each year, the company has since July 2003 been creating over 310 new jobs for direct employees whereas multitudes have been coming on board indirectly for example Mobile Money workers in several areas. In further investigation, the researcher was informed that,

*MTN Uganda provides employment for contractors, as it outsources work on information technology, switching systems and fibre optic cable installation in Kampala. Over 600,000 people are employed indirectly through its franchise system or as providers of ancillary services such as the sale of mobile phones and accessories, phone repairs, advertising and events promotions and many other less obvious businesses. (Respondent, July, 2019)*

MTN Uganda has opened more than 9,000 service outlets in Uganda. It can be said that of all foreign direct investment in Uganda the communications industry has become the most conspicuous and competitive because these many outlets serve customers both national and international levels by enabling money transfers, communication with business people out of Uganda.

Another respondent revealed that,

*MTN Uganda has work environment policy called Environment, Health and Safety Policy that defines how employees should operate and relate with both human and physical resources. In case of any eventuality, there are provisions and procedures that should be followed in which the employees are guaranteed. For example, those working in operations have guidelines with regard to protection gears, personal protection, equipment like helmets, shoes, tools among others. (Respondent, July, 2019)*

The workers in several MTN Uganda outlets in Uganda work in an exclusively health and safe environment. The offices are air conditioned and there are no signs of congestion with regard to office space. There are no visible signs of exposure to accidents during work in the working environment. Where there are offices are well guarded by professional security firms reducing possible armed robberies. The offices have good technology which is ample to enable better communications in politics and business worldwide. The office blocks are fitted with lifts and sufficient escape options in case of fire or any other danger. The offices and the surrounding areas are fitted with surveillance cameras to detect any attempts by intruders to inflict harm to both humans and property.

**Table : Investment in physical and services**

	Frequency	Percent
Valid Yes	45	66.2
Not sure	13	19.1
No	10	14.7
Total	68	100.0

**Source: Primary data, 2019**

The research study revealed that there is investment in physical items like buildings and Telecommunication services. With 66.2% in agreement, it indicates that the company has invested heavily in construction of buildings, whereas 19.1% were not sure and 14.7% disagreed. The research study found out that the company is involved in making of branded containers; the investment is often a gateway to future investments. As businesses become more international, multinational companies have been looking for new ways to gain efficiencies of production or to access foreign markets. Thus they have partly done as MTN is involved in constructing their own towers/ masts to extend network coverage, their kiosks, shops and others. And furthermore, MTN has entered into commercial contractual arrangements with local enterprise while expanding her mobile money infrastructures for example MTN Duuka, Center agents and Interbankom help in wiring and transfer of funds. So investments in the equipment for network enhancement are becoming a common way MTN invests in Uganda.

In a verbatim, it was noted that in this case, MTN’s investment in Uganda consists of making available its brand name, intellectual property, know-how, technology, skills and/or business processes, physical assets, or other locational advantages.

**Table : Enabling instant services to customers**

	Frequency	Percent
Valid Yes	60	88.2
Not sure	06	8.8

No	02	2.9
Total	68	100.0

**Source: Primary data, 2019**

From table above, it was revealed that MTN services like making calls, messaging, mobile money transfer to customers is constant and instant. From table, 88.2% of the respondents agreed, 8.8% were not sure and 2.9% disagreed. This means that when one makes a call on a cellular or station phones, there is instant communication which enables transfer of knowledge. Thus they ease communication from the caller to the receiver and vice versa.

MTN Uganda Ltd holds the largest customer subscription. The company took advantage of the initial national operator status before such a license was extended to all MNOs to increase its subscription. MTN Uganda's subscription has grown from less than 2 million in 1996 to over 10.2 million and is poised to increase. Other segments that contributed to MTN's revenue growth include a rise in local and international subscribers from 10.8 million at the end of 2017 to 11.2 million at the end of 2018. As a result of the growing subscriber base, MTN has increased its footprint to create job opportunities for nationals and foreigners who work as expatriates. He Company has subsidiaries and connectivity to other countries by Mobile or fixed line employing over 1,200 staff directly and over 500,000 indirectly through our mobile money and distribution network.

According to the verbatim and respondent information, in order to continue delivering on improved services, MTN Uganda continued to carry out capital investments with an expenditure of Shs222.4 billion. On average, MTN spends about Shs200bn (USD50m) annually in investments and cumulatively over the last 20 years, it has invested over Shs3.7trillion (USD1bn).

One businesswoman who has run a clothing materials and fashion business since 1998, is another MTN customer who has been able to access global markets since she began using a mobile phone in 2007, she stated that,

*I use the mobile phone to contact suppliers in India, Bangkok, Thailand or Indonesia. I use it to ring a clearing agent, who then clears the goods. He can either ring me when the goods are cleared or can even bring the goods to my shop. I do know that I have been able to make more savings than before and now am able to take full responsibility for all of the home management and general family upkeep without really any help from my husband. Even more so, we are starting to build a house of our own. (sRespondent, July, 2019)*

Business people have found that access to the reliable services of MTN generates savings in time and travel. Beatrice, a 30-year-old woman from Kabaale, testified to a sudden increase in her monthly income after using MTN services for only about five months:

*I spend about 18,000 Uganda shillings on airtime and service fees each month, but the savings that I have been able to make as a result far outweigh the costs. Before I became a subscriber with MTN, I had to go shopping at least four times in a month and each trip would cost me 5,000 Uganda shillings to and from Kampala. Now, all I have to do is ring my suppliers and they bring me the commodities I need. (Respondent, July, 2019)*

That means I now can save an extra 200,000 Uganda shillings (equivalent to US\$111) each month. It feels great to be in control of the business I have with my husband. I know the future prospects are for our business to expand.

The company, radio, television, internet, person to person adverts relentlessly for example the MOMO Pay, all these have ensured that MTN becomes a national, regional, domestic and personal brand competing favourably with other Telecommunication service providers for the 2.9% did not provide responses, it was reasoned that the marketing and advertisement activities of MTN were obvious and everybody knew about; this red those in agreement more credible corporate with local business activities. The identification of MTN as a mega brand with small businesses has enabled the small businesses to become popular and receive many customers hence their growth and development.

According to Rob Shuter (the MTN Group CEO, 2018) in Uganda, it was stated that,

*The growth is closely linked with the economic activity in the country and that reflects in our performance in 2018. The overall growth in revenue was due to a 46.6% rise in active data users that led to data revenue growing and a rise in the active Mobile Money users. These two market segments have added value to the economy by creating more opportunities for agents and also boosted innovation.*

Furthermore, another respondent noted that,

*The combination of computer technology with telecommunications technology opens both avenues for Ugandan women, enabling many to use savings on business investments to improve their household management. (Respondent, July, 2019)*

MTN Uganda's telecommunication services have given Ugandans greater access to local and global markets, and have enabled some to invest in capital items such as vehicles, land and houses, to save on time and travel expenses. Especially noteworthy is the impact that this service has made in the lives of women, as learned in a survey conducted explicitly for this study. Women in developing countries like Uganda tend to be the most vulnerable to exploitation. They have two viable avenues for enhancing their status in society: education and professional training on one hand, and economic prosperity on the other.

**4.2 The challenges facing MTN in the economic development of Uganda**

The study obtained data through interviews and questionnaires, so the findings on the challenges facing MTN in the economic development of Uganda are presented, analyzed and interpreted in this section;

**Table : The challenges facing MTN in the economic development of Uganda**

Statement	Distribution of respondents		
	Agree	Not sure	Disagree
Under declaring its sales and causing public revenue losses	48 (70.6%)	12 (17.6)	08 (11.8%)
MTN is accused of endangering national security	32 (47.1%)	26 (38.2%)	10 (14.7)
Raiding of the company head offices by security agencies	29 (42.6%)	17 (25.0%)	22 (32.4%)
Constant political pressure	61 (89.7%)	07 (10.3%)	-
Stiff competition from other telecom companies	51 (75.0%)	11 (16.2%)	06 (8.8%)
Fluctuation in the Uganda shillings	50 (73.5%)	07 (10.3%)	11 (16.2%)
Huge charges when sending money across networks	52 (76.5%)	12 (17.6%)	04 (5.9%)
Heavy Transaction Charges affects both customers and the company	42 (61.8%)	22 (32.4%)	04 (5.9%)

**Source: Primary data, 2019**

According to the study on whether MTN is involved in under declaring of its sales and causing public revenue losses, it was revealed that 70.6% of the respondents agreed, 17.6% were not sure and 11.8% disagreed. This means that some transactions are not openly divulged hence defaulting on tax because they are under assessed. Biryabarema (2019) wrote that Ugandan authorities accused the country's biggest telecom operator, MTN Uganda, on Tuesday of under declaring its sales and causing public revenue losses, in a further souring of relations with the South African-owned company.

The findings also revealed that MTN is accused of endangering national security as agreed by 47.1% of the respondents, though it was just being talked about and not verified. Further, 38.2% were not sure and 14.7% disagreed that it is mere talk but there is no proof. The Ugandan government through its security agencies deported MTN Uganda's Chief Executive WimVanhelleputte in February 2019, the fourth MTN official to be expelled from the East African country in less than a month on accusations of compromising national security. MTN officials have often been accused of compromising Uganda's national security by

*Providing backend access to unauthorized persons for whatever reasons. That's what these officials of MTN did; opening backend for Uganda's data system to other unauthorized persons.*

The company is accused of espionage like or economic sabotage and that the motivation was still under investigation. The research discovered that once or twice in the last two years between 2017 and 2019, the state security agencies have before raided the head offices of the company to get information about somewhat security called dubious company. According to one respondent,

*Relations between the government and the company have been tested over the past year by a series of setbacks including a security raid on the company's data center, delayed renewal of its operating license and the expulsions of its executives. (Respondent, July, 2019)*

This has come with constant political pressure on MTN from the Head of State to lower government people as agreed by 89.7% of the respondents while 10.3% were not sure, that indeed the company has also been under political pressure to list its shares on the local bourse to facilitate domestic ownership of the company and ensure more of the money it earns stays in the country.

The study further found out that 48.5% of the respondents agreed that MTN is accused of defaulting on taxes, 33.8% were not sure because they did not have evidence to the effect and 17.6% disagreed stating that the company is complying with all its tax obligations. In the verbatim, the government of Uganda spokesman Ofwono-Opondo said scrutiny of MTN came after the government acquired the capacity to monitor telecom firms' transactions for tax compliance and reporting purposes. It is as a result of that technical capacity that MTN and its officials have run afoul. Opondo added that, "they have been found that in some instances they have not been making full declarations of transactions which constitute undermining Uganda's economy." Ugandan President Yoweri Museveni has repeatedly accused telecom firms in the country of cheating taxes by underreporting the volume of their calls and data sales, but has not named any companies.

Also, 75.0% agreed that there is stiff competition from other telecom companies such as Airtel whose packages are friendlier to customers including the young people who use the social media and SMS services more often, 16.2% were not sure and 8.8% disagreed. The company's call rates are quite high, the mobile money network has fewer people and the other telecom companies have made their services more flexible and user fee friendly.

Further still, there is constant fluctuation in the Uganda shillings as agreed by 73.5% of the respondents, whereas 10.3% were not sure and 16.2% disagreed. The lack of constant shilling value makes the company lose some revenue when it occurs during the period when it has lowered its services and run promotions. In addition to that, 76.5% of the respondents revealed that there are huge

financial charges when sending money across networks, while 17.6% were not sure and 5.9% disagreed. But for transactions this reflects well because if forexample someone is sending from MTN to another network about 10,000 Uganda shillings, they may be charged 1,250 Uganda shillings which is so high making a difference of 500 Uganda shillings if it is the same MTN subscriber. And 61.8% agreed that the charges on transactions even within the MTN realm are heavy, while 32.4% were not sure and 5.9% disagreed. Both the customers are affected because some people have now resorted to using taxis to deliver money to the persons they were sending to using mobile money if the transport fare corresponds with the charges involved which leads to lowering business for the company and also making it hard for customers to continue trusting the company in this arena.

**Using probes during interviews and from secondary sources, the researcher obtain more data on the challenges prevalent in the company which have a political attachment as well the economic and social attachment. They are presented under several subthemes as below;**

#### **The termination of the duopoly enjoyed by the company**

In the interview, the researcher was informed by a highly placed source that the termination of the duopoly enjoyed by the company and ushering in of competition which lowered business for MTN as many customers shifted to a less sophisticated network system that has been emerging on to the market ever since for example Smartug, Africel/ Orange and many others.MTN Uganda Limited was granted a five-year duopoly (exclusivity) policy (1996-2005). During this time there was limited competition. The exclusivity/duopoly policy framework focused on the provision of infrastructure under minimum competition. He stated that,

*During the period of limited competition in the national telecommunications operators' licenses, the provision of certain services were restricted to major licensees and holders of licenses granted prior to the exclusivity for the respective services (MTN). Limited competition was thus a key strategy pillar in attracting private sector investment at a time when the market size was assumed to be small. (Respondent, July, 2019)*

The duopoly policy ended in July, 2005, having registered significant milestones. These included investments worth US\$350 million attracted since 2001; a tele-density of 6.5 percent; and 75 percent of geographical area covered by fixed and or mobile telephone. Furthermore, 80 percent of the sub-counties in the country had a point of presence of telecommunications services; 8.7 percent of the population owned a fixed or mobile phone; and more than 290,000 people were employed in the sector (UCC, 2010).

#### **Social discrimination of local staff**

MTN Uganda limits the involvement of local staff in certain key activities because of the 'absence of local capacity'; but the capacity seems clearly present. At the study site, we found some of the most sophisticated telecommunications technology in the world with a few exceptions; local staff manages most of this equipment, including the switching systems.

The result of MTN's 'socialization' strategy is that racial tensions and workplace discontent are permanent features at MTN Uganda. To be sure, cultural diversity in its workforce is an area of some concern to the company. Diversity is achieved largely by targeting certain ethnic groups to fill customer services jobs that require persons speaking a specific language. The company has attracted highly educated people for whom social distinctions are minimal and yet, as mentioned earlier, racial and ethnic tensions persist. Some have been fostered by preferential recruitment practices for foreign nationals majorly from South Africa.

MTN is also perceived as nepotistic in local hiring. Positions that fall vacant are either filled internally, or employees are asked to suggest replacements. Naturally most employees then tend to look to their relatives as potential employees. Said one manager:

*Imagine the level of unemployment in this country. If we were to advertise the job of a sales person, for instance, we would be flooded by applications. It is wiser to search for employees quietly rather than go through bureaucratic procedures that waste valuable time. (Respondent, July, 2019)*

Local employees see expatriates as a domineering force, protecting an investment in a risky area from corrupt locals, including politicians as well as employees. Staff meetings are rare, and are dominated by counter-accusations and workplace maneuvering. According to the Marketing Manager of MTN as revealed in the records available noted that the figure for expatriate wages includes "management fees" which are paid to the parent company in South Africa.' There appear to be at least two further explanations for this seemingly gross inequality: differences in skill and the 'risk factor' associated with living in Uganda. The marketing manager argued that expatriates have skills that locals do not have, and that there is a shortage of management skills in Uganda. She added that,

*Our expatriates are employable in any international company in the world. MTN International relies on a select cadre of expatriates to transfer corporate knowledge and develop operations abroad in a manner consistent with its values and objectives. (Respondent, July, 2019)*

The problems that Bartlett and Goshal identified also afflict MTN's Uganda operation, where the arguments for using expatriates seem slender, at best. An MTN Uganda manager was recorded top have claimed that using expatriates increases the flexibility and ease of decision-making: Other international companies with which we have to deal are invariably run by expatriates.

#### **The employees have no say in decision making**

One service provider noted that,



*Employees have no say at the board level, and it is difficult to see how their interests are protected. MTN Uganda therefore faces a dilemma. It wants to manage human resources in a way that respects and develops the capacities of its workers, and has set up mechanisms to do so; but these mechanisms are not working well. (Respondent, July, 2019)*

MTN Uganda management counters that governance issues are the responsibility of every employee. All employees must be upright and desist from corrupt practices, honoring the strict conduct codes that the company has developed as part of the process of increasing its transparency.

#### **Occasional failure to create shareholder value**

In terms of prudently managing its monetary capital as an international business, MTN Uganda has the challenge of creating shareholder value while operating in a 'risky' developing country. In seeking to maximize shareholder value, the firm has worked diligently to expand the market and increase its competitive advantage. In doing so, MTN Uganda generally has met the formal legal and fiscal responsibilities spelled out for its operation in Uganda. It has met its obligation to comply with tax laws and government regulations. As required by law, MTN Uganda contributes 1 per cent of gross revenue to the UCC Rural Communications Fund in order to help promote rural communications development.

From the secondary sources, it was revealed that (Baryabarema, 2019) that government move to stop telecoms from selling SIM cards through agents could hurt the company's revenue going forward as there could be sharp fall in subscriber base. The full year performance results released on March 08 shows that MTN Uganda recorded a 10.7% growth in revenue to Shs 1.68 trillion (5,465million rand) last year from Shs 1.5trillion in 2016 and Shs1.53 trillion in 2015 supported by growth in demand for data and digital services.

MTN Uganda's subscriber base decreased by a net 1.47 million year-on-year (YOY) subscribers notwithstanding the disconnection 3.7million subscribers in the last quarter (December, 2018) to meet the compliance requirements of the Regulation of Interception Communications Act (RICA). This resulted in a decrease in the subscriber base by 14.1% to 8.9 million at year end.

One respondent revealed that,

*Despite the success of mobile money, there are still challenges the technology is facing. They are not definite show stoppers but are bottle-necking its growth. I will not only transparently outline these but will provide some solutions or ideas at the end of each problem. (Respondent, July, 2019)*

Also the 2018 performance report revealed that each network has its own mobile money network. Money cannot be sent to another user on another network without a hustle and heavy charges. In simple terms, mobile money is not cross-network. The end user should not be worried about what network they are using, they just want to keep and use their digital money when needed. From the 2017 to 2018 first Quarter report, it was noted that there are regulatory barriers to entry for new subscribers to Mobile Money transfers.

One senior official had noted that,

*If you have tried getting access to the mobile money API before then you will understand what i am saying. The process is more geared towards businesses requiring various company documents, waiting periods up to 3 months and the shortage of developers to implement integrations; having said that, 90% of the casual traders and end users are cut out instantly. (Respondent, July, 2019)*

This is one of the main reasons e-commerce is delaying to take off despite the existence of the mobile money API.

MTN Uganda has missed several better connections and has engendered some negative externalities. Its communications services are unaffordable for a large percentage of Ugandan women.

*MTN's human-resource practices offer painfully preferential treatment to expatriates, generating considerable tension in the workplace. Its governance practices exclude locals from meaningful participation. Its marketing practices encourage socially harmful consumption of scarce resources in the form of cell phone usage.*

Overall, MTN is well positioned to add much value to Uganda, but its 'better connection' has yet to be realized in full. New markets for rapid growth, shoddy infrastructure and corruption, MTN has stagnated in Uganda. In the past 10 years, technological developments and a liberalized economy fostered a quick jump from landline technologies to mobile communications. The landline system stagnated while mobile communications have grown rapidly (Uganda Network, 2017)

#### **4.3 The strategies for enhancing MTN operations in the economic development of Uganda**

The data in this section was generated through interviews and secondary sources. The findings on the strategies for enhancing MTN operations in the economic development of Uganda are presented, analyzed and interpreted in this section;

The organization of production within the multinational corporation (MNC) depends on the relative factor abundance of resources and market in the home country and the destination country. This proposition is at the heart of the theory of the multinational corporations that Helpman (1984, 1985) and Helpman and Krugman (1985) developed and that is primarily conceived from the perspective of the advanced, developed countries. It rationalizes one-way, North-South multinational corporation activity; multinational corporations from capital-abundant nations break up domestic production and relocate the labor-intensive parts to low-wage countries like Uganda. From one respondent, the company ensures availability of cellular, call box, desktop and computer items can be used to make phone calls to talk with the other persons, can be used as it is indeed to send sms (short message service) access internet services, can obtain access to radio, television and other forms of telecommunication which link up customers, state agencies and government internally and externally.

### **The government must extend support to the company**

The respondents noted that,

*The state needs to protect the company from the heavy internal and external competition by giving them tax holidays for example ensuring that the company is exempt from OTT tax which has scared away many mobile internet users to scale down their usage which has led to reduction in business, (Respondent, July, 2019)*

So this ought to be considered by scrapping the tax so that the internet users can be resumed in big numbers for the company to generate more revenue and contribute more in tax revenue.

### **The extension of data centers and content delivery nodes**

Growth in Uganda's Internet availability is increasing demand for local data services, data security, and streamlined content delivery, including Tier-rated data centers (currently zero in Uganda), content partnerships, and data security expertise.

One respondent revealed that,

*The consumers demand a lot of data for use in office work and the widespread social media use such as Facebook, imo, twitter and many others. This has given the company and the outlets in Entebbe a lot of money for direct purchases and conversion of airtime to MBs (Respondent, July, 2019)*

### **Developing complimentary technologies**

Due to increased access in all regions throughout Entebbe and Uganda, complimentary technologies are beginning to show opportunity. This includes the use of Internet of Things (IOT) devices and services and industrial Internet-connected devices. A special focus on Internet-connected devices and services show extraordinary growth opportunities in Uganda due to national sector strategy.

From Baryabarema (2019) selling telecommunication hardware offers the best prospects within the Telecommunication sector. The following products are in high demand in Uganda: cellular and wireless telephone systems; data transmission equipment; fiber optic equipment; trunked mobile phone systems; switches and routers; wireless access equipment; voice over Internet telephony; VSAT; computers and peripherals.

Another verbatim revealed that,

*MTN's strategy is built on three pillars-consolidation and diversification; leveraging its footprint and intellectual capacity; and convergence and operational evolution. MTN remains highly competitive in all its markets, putting it in good stead to take advantage of significant future growth opportunities. (Respondent, July, 2019)*

MTN has continued to evaluate various opportunities to continue to grow its business and diversify earnings through leveraging its scale and offerings. Its comparatively low level of gearing enables it to consider potential acquisitions with confidence regarding its ability to finance such acquisition. It was also found out from the 2018 annual performance report that,

*MTN has built a strong brand and is recognized for its leadership in mobile telephony in emerging markets with about 8.6 million people. Its brand is a key differentiator, and its strategy is to leverage it to achieve even greater growth and efficiencies.*

There is a growing acceptance of the inevitable importance of data within the industry in Uganda, with significant implications for infrastructure. MTN accelerated its preparations for an era, in which mobile operators will become meaningful providers of internet-based connectivity. One verbatim report states that,

*It has started work on the transition of the network infrastructure across all Ugandan markets to the next-generation, packet-switch network, based on Internet Protocol (IP). The installation of new-generation radio equipment makes use of network technologies such as EDGE, 3G and 4G, allowing for increased data access and improved voice quality.*

The records accessed at regional centre in Entebbe revealed that, data revenue increased by 41.4% underpinned by an increase in data traffic and good growth in data bundle adoption, the company states in its annual financial report. Digital revenue increased by

16.1% supported mainly by Mobile Financial Services. Mobile Financial Services contributed 23% of the company's total revenue, with the mobile money customers increasing by 27.6% to 5.2million.

There had been promotion of customer centricity (focus on the customer), which is a requirement across all departments with consumers considering better service a key decision factor when making a purchase .For MTN,

*best customer experience is focused on meeting customer needs. We work to ensure that we put our customers at the heart of everything we do. Simply put, our customers are the driving force of our success and market leader position and so their experience of our services, channels, people and technology is key*

It has been noted that the company has been ensuring expansion on the improvements made in customer journeys in 2018, deepening the 'pro-customer' positioning of the brand by aligning our media spend with what resonates with our customers, creating customer commitment manifestos, expanding the number of service points using new formats like kiosks, improving our measurement and analytics capability for customer service and brand, improving roaming guidelines, empower customers using digitisation and technology through use of customer-facing technology, like automation.

Mobile Data subscriber penetration reached an average of 40% of the total MTN Subscriber Base; which represents a base of 3.3m subscribers, and a growth of 26% in 3G subscribers YOY. Notably, the company reported 88% growth YOY in Mobile Data revenue, driven by a very high growth in data usage that was propelled by the rollout of MTN's 4GLTE network. Leading Financial Services (MFS) Provider MTN Mobile Money recorded a 6.7 percent YOY increase in active subscribers to 3.45million, and a 23% increase in revenue. The active Mobile Financial Services subscribers constitute 52.4 percent of our registered MFS base. Mobile Money contributed 17.2 percent of all 2015 revenues, representing an increase of 14.3 percent from 2014. This continued contribution reflects the strength of the financial services offering that has been provided The total registered mobile money based was 6.5million at year end. Mobile Money usage was stimulated by a wider mobile financial services product rangeLTE Network Investment "Our network rollout and investment plan during 2015 led to a steady growth in network sites, to accumulative total of 1,567 sites on the network. This was attributed to 163 (2G)), 100 (3G) and 80 (4G LTE) sites," the CEO revealed. WhileMTN's 2G network covers 89 percent of Uganda total areageographically,3G coverage is reported at 57 percent penetration of Uganda's total addressable population. APEX in the year ended 31 Dec 2015 amounted to UGX 240bn and was spent largely on improving quality and capacity of the network. A total of 100 co-located 3G sites were rolled out. As a result, MTN Uganda's quality of service continued to improve further from the last report published by the UCC in July of 2014 which already indicated that MTN had the best quality network in Uganda.

Financial Performance Consolidated revenue grew by 4.9percent YOY with Telco revenue growing by 2.8 percent year-on-year; EBITDA margin decreased by 4.7 percentage points to 34.5 percent. This decrease in EBITDA margin is a reflection of the challenging operating environment associated with the shilling depreciation and impact of One Network Area to name a few Commenting on the performance, Gouldie (2018) states that despite the challenging operating environment last year, our leadership position and revenue growth was secured by our continued investment in network and infrastructure, our wider product range on Mobile Money, increased Data penetration propelled by a push for 3G devices on the network, coupled with attractive Data products and serves. This has been a significant effort that is defined by the ongoing commitment that the MTN team has displayed on delivery on our strategic objectives. MTN has now been in Uganda for 18 years continuously. The company remains one of the biggest capital investors in the country. This is again reflected in our investment plan for 2016 where UGX 238bnhas been committed. Our network footprint covers the whole of Uganda and has not only been limited to the urban areas. Our innovation and execution of Mobile Financial services remains our flagship and we are very proud of the very positive impact that is being made on the economy by driving financial inclusion. Our customers remain at the center of our focus and the delivery of more value adding products remains our priority.

Promoting customer care

Customer care is all about welcoming customers warmly when they report to the business premises. The study learnt that a kind welcome and greeting to customer impacts a lot as far as encouraging the client to come again the next time, warm welcome involves guiding clients where to start from for instance if a customer wants to loan air time, information on mobile money services, there is need for someone to direct them where the deposit money sits, if that is done, it translates to good customer care and warm welcome to the client. To this of the persons interacted with cited warm welcome note as a translation of customer care. It was also revealed that customer care means advising customers on the available brands of products and services that a business offers.

### **Building excellence, innovation, collaboration as well as establishing partnership**

All areas where MTN has worked extensively with Huawei to ensure MTN continuously stays at the forefront of the telecoms industry, and consistently delivers the most innovative products and services to its customers. As a supplier with leading products and solutions and with a team of dedicated professionals, Huawei has been a part of our success for a very long time and we recognize their partnership with confidence towards a bright future. Hand in hand, both MTN and Huawei teams have been working together and conquered numerous difficulties in the past. We look forward to continuing our collaboration and overcoming any new challenges we may face in the future.

### Promoting use of mobile wallet

The 2017 to 2018 first Quarter report noted that it is vital to unify the mobile money API using mobile money wallets. It is important to remember that PayPal become big because the process of getting the VISA API was hard for the casual user. In the end, mobile money wallets should be seen from the perspective that they can encourage use of mobile money rather than competition. Some platforms like social pay have taken advantage of the Easypay Application Programming Interface and created a mobile money plug-in that can be integrated within any word press e-commerce website within just 4 steps (5 minutes work) eliminating the hurdle of lack of skilled developers and hustles of getting the Application Programming Interface from the network.

### Availing alternative means of payment

In short, mobile money is growing but risks to lose to competition offered by crypto currencies like bitcoin or ethereum. Easy pay Mobile Wallet has bundled all the above solutions into an all in one product that can be used to increase e-commerce and mobile money penetration within Uganda.

One respondent revealed that,

*The company can create an independent, easy-to-use and unified Application Programming Interface. The Application Programming Interface should be able to receive and send money regardless of network. (Respondent, July, 2019)*

Also this means developing a network independent mobile wallet that allows for cross-network transactions using the Application Programming Interface above.

### Improving call lines and Mobile Money services

Therefore, over its short lifetime, it has become the largest telecommunications provider in Uganda, controlling about 65 per cent of the market and operating within over 80 towns and trading centers. From the estimated records accessed by the researcher,

*The company has over 9,600 000 subscribers and 500,000 fixed lines. MTNPublicom is a 45 per cent owned subsidiary of MTN Uganda and is responsible for providing payphone services or what it calls 'shared access services'. Empowering customers 'Maama, Taata, Nange' (Mother, Father and Me) is the nickname popular radio shows bestow upon MTN Uganda; it symbolizes how all three use the MTN network. This nickname reflects the powerful impact of MTN on Ugandan society.*

MTN's mobile telecom network services especially have enabled Ugandans to make 'better connections' by growing their businesses and to fulfill their familial responsibilities more effectively.

MTN Uganda has succeeded in providing an effective telecommunications service at moderate cost within the context of a poor landline infrastructure. And as some respondents noted, *developing an affirmative-action plan with reduced rates for the poor and higher-quality relay stations could enable MTN Uganda to achieve its promise to be a 'better connection' for all Ugandans.* As Sethi (2013) has observed, foreign corporations could have more impact if they concentrate on areas where they have most direct control. He advocates more affirmative action related to improving the lot of marginalized groups.

The respondent noted that,

*There is need for every Ugandan using our services for Mobile money to adopt mobile wallets that allow transfers at a lower cost. The end user incurs the network charges when topping up from mobile money or when sending to mobile money only. Sending between users in a mobile wallet comes at lower costs. (Respondent, July, 2019)*

### Giving support to the community

One senior branch manager in Entebbe revealed that,

*MTN Uganda needs to move away from a posture that is philanthropic and paternalistic, and instead to consider ongoing support to community development programmes that have a significant impact on society through holistic and sustainable development. Although international businesses cannot be expected to take primary responsibility for the alleviation of poverty, they have opportunities to add to the economy and value to society. (Respondent, July, 2019)*

MTN Uganda has a unique opportunity and challenge to use its profits to make its mobile phone technology more accessible and affordable to wider segments of the population, as well as other creative social investments. Such initiatives will enable it to live up to its promise to be a better connection.

In conclusion, MTN Uganda has made recognized contributions. The general public appreciates the company's support to non-government charitable organizations such as Habitat for Humanity. In 2002, MTN Uganda renewed its partnership with Habitat for Humanity with a US\$83 000 grant over three years which would enable 60 homes to be built for needy families (Najumansi, 2002). MTN has also co-sponsored events like the Miss Uganda annual contest. It spent over US\$47 222 for the construction of a modern vocational training centre in the Apac District. It has supported street children, provided financial assistance for a secondary school in Ntungamo and sponsored sports teams in Kampala Kids League (Nsambu, 2002). As a result, MTN Uganda appears to have a positive corporate image in Uganda and abroad.

## 5.0 Conclusion and Recommendations

### 5.1 Conclusion

The study found out that MTN Uganda has registered a positive performance increasing its subscriber base and this increase was driven by a growth in the uptake of bundled voice products, improved 3 and 4G coverage in terms of calls and internet and an increased take up of MTN Mobile Money. MTN introduced modern high technology from advanced nations like Germany which they have transferred to the local market in Uganda, the important question about MTN that is why it exists in Uganda. The company exists because they are highly efficient. Their efficiencies in production and distribution of goods and services arise from internalizing certain activities rather than contracting them out to other firms. Managing a firm involves which production and distribution activities it will perform itself and which activities it will contract out to other firms and individuals. The study found out that MTN facilitate effective money transfer through agency banking, mobile money services, it indicates that MTN has worked with other banks and has its own internal mobile money, transfer services which business generates huge revenue and profits for the company while helping people to develop, and the country. The research study found out that MTN has over years announced that the successful launch of Mobile Money Transfer (MMT) and other services projected the popularity of the mobile telecommunication provider's widening market as from its initial establishment, many Ugandans have been employed, gained better access to internet and many other telecommunication services affordable rates and good network access in Uganda and the East African region.

MTN faces a number of challenges for example they are accused by Ugandan tax authorities and government of under declaring of its sales and causing public revenue losses which means that some transactions are not openly revealed hence defaulting on tax because they are under assessed. MTN has been accused by CMI and other state security agencies of opening up to non-state actors by availing them access to classified information and resulted into the deportation of about 04 MTN top officials for endangering national security. The study revealed that the state security agencies have before raided the head offices of the company to get information about somewhat security called dubious business in the company, relations between the government and the company have been tested over the past year by a series of setbacks including a security raid on the company's data centre, delayed renewal of its operating license and the expulsions of its executives which has hampered the communication with regional and international partners.

The growth in Internet availability is increasing demand for local data services, data security, and streamlined content delivery, including Tier-rated data centers (currently zero in Uganda), content partnerships, and data security expertise. The consumers demand a lot of data for use in office work and the widespread social media use such as facebook, imo, twitter and many others. This has given the company and the outlets in Uganda a lot of money for direct purchases and conversion of airtime to MBs to enhance communication even with people in other countries. Due to increased access in all regions throughout Entebbe and Uganda, complimentary technologies are beginning to show opportunity. This includes the use of Internet of Things (IOT) devices and services and industrial Internet-connected devices. The study revealed that the products are in high demand in Uganda: cellular and wireless telephone systems; data transmission equipment; fiber optic equipment; trunked mobile phone systems; switches and routers; wireless access equipment; voice over Internet telephony; VSAT; computers and peripherals locally and internationally.

### 5.2 Recommendations

Having carried out a successful study on the role of Multi-National Companies in the economic development of Uganda considering MTN as the case study under the following subthemes; the activities of MTN in the economy of Uganda, the contribution of MTN to the economic development of Uganda and the challenges facing MTN in the economic development of Uganda, the following recommendations are advanced;

- 1) The company that is MTN Uganda should manage its relations with the local society better by making its communication services available at a much lower cost, with the intent of gaining many more subscribers. An expanding customer base would enable the company to expand its infrastructure into areas and populations currently on the margins of this technology and all its potential benefits for their development.
- 2) MTN Uganda might establish collaborative relationships with local organizations, which could promote the distribution of services in return for rebates. Through other unique collaborations with organizations, the company could foster community welfare and development.
- 3) MTN staff should volunteer time to coach young entrepreneurs or small enterprise groups in the surrounding community so that they can have better working relations today and in the future with the company as part of its corporate social responsibility

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