

**THE EFFECTS OF THE STOCK EXCHANGE ON ECONOMIC GROWTH IN
UGANDA**

A case of Uganda Securities Exchange

By

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ABSTRACT

This study analysed effects of the stock exchange on economic growth in Uganda. Particularly, the study looked at whether stock markets provided opportunities for greater funds mobilisation, improved efficiency in resource allocation and made investment more profitable contributing to financial stability and maturity leading to economic growth in Uganda.

A case design was used in the study for quantitative and qualitative analysis on a sample of 132 respondents. Data was obtained by use of questionnaire and interview guide. Data was analysed quantitatively and qualitatively.

The study found out that that there is a correlation between funds mobilisation and capital growth. There is a relationship between resource allocation and industrial output. There is a relationship between investments being profitable and financial stability. The study, therefore, concludes that stock markets provide opportunities for greater funds mobilisation for economic growth. Stock markets lead to efficiency in resource allocation for economic growth. Stock markets make investment more profitable contributing to financial stability that leads to economic growth in Uganda.

The recommendations of the study are that there is need by the management of the Uganda Security Exchange; through various means; to create literacy in the population about its operations and benefits. The Uganda Securities Exchange should be lifted higher to the level of major emerging markets to benefit from improved and advanced technology and access to

pensioners funds. The stock exchange should attract more local firms to list on the Growth Enterprise Market Segment (GEMS) on the stock exchange in order for these firms to diversify their investment risks.