

DETERMINANTS OF THE SHARE PRICE OF UGANDA CLAYS LIMITED

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2014/HD06/2063U

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**A RESEARCH REPORT SUBMITTED TO THE DIRECTORATE OF RESEARCH AND
GRADUATE TRAINING IN PARTIAL FULFILMENT FOR THE AWARD OF THE
DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF MAKERERE
UNIVERSITY**

JANUARY 2017

ABSTRACT

The purpose of the study was to identify the determinants of share price in Uganda Clays Limited. This was driven by the fact that Uganda Clays Limited's share price has been declining over years to its lowest at shs12 per share for a company that once traded at over shs20,000 and known for contributing to the country's economic growth.

The study was guided by two research objectives which include; to identify the determinants of share price in Uganda Clays Limited and to identify strategies that can be employed to improve the share price performance of Uganda Clays Limited. The research employed a qualitative cross-sectional approach to describe the phenomena in terms of words instead of numbers in a shorter time. Primary data was collected from the sample 30 interviewees using an interview guide and analyzed by coding.

Results revealed that profitability, Paying Dividends, low levels of competition, Good audit opinion, working experience, Good governance and being listed on the stock exchange were the dominant factors which contributed to the high share price in Uganda Clays Limited. However, huge short term loans to finance long term project, Failure to conduct research and development, high costs of production like the use of Furnace Oil and Competition were the major causes of decline in share price as they affected profitability which led to nonpayment of dividends.

It was further revealed that the perception of the public and employees equally affected the share price as the public and employees looked at the declining share price as an indicator of a declining company and were thus more concerned about the supply of products by Uganda Clays and job security respectively. The study recommended that the company should increase market awareness and promotion, factory automation, use of coffee husks instead of furnace oil and always engage in scientific evaluation before huge investment are under taken.