

**BANKING ACTIVITIES AND GROWTH OF SMALL
SCALE ENTERPRISES IN UGANDA:**

A CASE STUDY OF DELIGHT SUPPLIES LTD

LOCATION: KAWEMPE

BY

MUTONO HASSAN

BBA/8045/51/DU

SUPERVISOR: MR. BALIRUNO JOHN BAPTIST

**A RESEARCH REPORT SUBMITTED TO THE SCHOOL
OF BUSINESS AND MANAGEMENT IN PARTIAL
FULFILLMENT FOR AWARD OF BACHELORS' DEGREE
IN BUSINESS ADMINISTRATION OF KAMPALA
INTERNATIONAL UNIVERSITY
AUGUST 2008**

TABLE OF CONTENTS

TABLE OF CONTENTS	i
APPROVAL	iv
DEDICATION.....	v
ACKNOWLEDGEMENT.....	vi
ABSTRACT.....	vii
 CHAPTER ONE.....	 1
1.0 Introduction.....	1
1.1 Banking History in Uganda	1
1.2 History of Orient Bank	1
1.3 Background of Case Study	2
1.4 Statement of the Problem.....	3
1.5 Purpose of the Study	3
1.6 Significance of the Study.....	3
1.7 Objective of the Study	3
1.8 Research questions.....	4
1.9 Scope of the study.....	4
1.10 Conceptual Frame Work.....	5
 CHAPTER TWO.....	 6
LITERATURE REVIEW	6
2.0 Introduction.....	6
2.1 Bank.....	6
2.2 Small Scale Enterprise.....	6
2.3 Types of Banks in Uganda.....	7
2.4 Services Offered by Banks	7
2.5 Importance of Small Scale Enterprises.....	9
2.5 Factors that Foster Growth of Small Scale Enterprises in Uganda	9
 CHAPTER THREE	 11
RESEARCH METHODOLOGY	11
3.0 Introduction.....	11
3.1 Design and location of study	11
3.2 The study population.	11
3.3 Sampling design.....	11
3.4 Types of data.....	12
3.5 Data Collection Techniques.....	12
3.6 Data Analysis.....	13
3.7 Limitations of the Study	13
 CHAPTER FOUR	 14
RESEARCH FINDINGS AND DATA ANALYSIS	14
4.0 Introduction.....	14
SECTION A.....	15

Section B.....	17
Section C.....	22
CHAPTER FIVE	26
5.0 Introduction.....	26
5.1 Discussions.	26
5.2 Recommendations.....	26
5.3 Conclusions.....	27
5.4 Areas for further study.....	27
REFERENCES	28
APPENDIX I.....	29
TIME SCHEDULE.....	29
APPENDIX II	30
BUDGET	30
APPEDIX III	31
QUESTIONNAIRE	31

DECLARATION

I Mutono Hassan hereby declare that this work is my own and has never been submitted to any other university or institution for the award of any academic qualification. Indeed where other peoples work has been used, references have been duly provided and in some cases publications made.

Signed Shme

Date 25/07/08

APPROVAL

This is to certify that the research of Mutono Hassan has been under my Supervision and is now ready for submission to the School of Business and Management for the award of a degree of Business Administration of Kampala International University.

Signature: 

MR. BALIRUNO JOHN BAPTIST (SUPERVISOR)

DATE: 23/07/08

DEDICATION

This book is dedicated with lots of love and appreciation to my parents, brothers and sisters and all those who have contributed to payment of tuition fees. Without you all, I would have not made it thank you,
May the Almighty God bless you.

ACKNOWLEDGEMENT

Special appreciation is extended to my beloved parents, Mr. and Mrs. Mafabi yusufu, Tibagonza Aisa, Mr. and Mrs. Wagonda Muguli, Regina Wagonda, Mr. Junior and Miss Florence for the moral and financial support extended to me through out my education. In addition, more gratitude is extended to my brothers, Umar, Kassim and Issac and also to my sisters, Fatuma, Fahima, Nubu and Zawuja for all their endeavors. May the almighty God reward them all accordingly.

I owe special thanks to my supervisor; Mr. John Baptist for the courage and guidance accorded to me through out the research period. No wonder that the quality and the integrity that this report has is a derivative of his proper support.

Gratitude is also extended to all staff of Kampala International University School of Business and Management; who taught, advised and associated with me during my stay at the University.

Although I can't list every one, I would like to thank my friends especially; Topista, Martin, Abas, Shafik, Kasifa, Mark and all class members.

Finally I owe my attribute to Allah who has enabled me go through all kinds of situations.

ABSTRACT

This study set out to investigate the activities of banking and the growth of small scale enterprises in Uganda, using the case study of delight supplies limited. For a long time various financial institutions have provided services to small scale enterprises in Uganda with the purpose to develop and improve them. However, small scale enterprises supported by financial institutions have not achieved satisfactory growth levels and the possible cause includes the un favorable credit terms. The terms comprises of high interest rate, loan period, and loan repayment schedule and loan size. This study was conducted with specific objective, to study what kind of facilities are offered by bank to small scale enterprises, how these facilities are being utilized by small scale enterprises and to prepare possible recommendations that can be provided to both banks and small scale enterprises so that they air out their differences.

The study addressed research questions on the activities of banking and growth of small scale enterprises in Uganda. A case study was adopted as the basic research design but frequency supported by others such as qualitative and explanatory. The study purpose sampled a population of one hundred and twenty employees from top management, financial and accounts department, staff and other employees of the organization.

The study used both primary and secondary data obtained from the available sources and findings from primary sources collected using questionnaires, interviews, and observations was processed using frequencies , and percentages were used as key tools to identify the relationship of variables.

The basic findings were that delight supplies limited are currently using the banking services provided which has contributed to its expansion.

The major conclusion of the study was that banking activities have contributed to the growth of small scale enterprises in Uganda.

Based on conclusion, the major policy recommendation is that banks should review their credit terms offered to small scale enterprises. Additionally banks and other financial institutions should consider more support to small scale enterprises. For further research undertakings, it is proposed that investigations be carried out in the area of strategies for client relation of small scale enterprise by financial institutions.

CHAPTER ONE

1.0 Introduction

This chapter contains the history of banking in Uganda, history of orient bank, and history of the case study.

1.1 Banking History in Uganda

Internet (<http://www.banking>), Government-owned institutions dominated most banking in Uganda. In 1988, the Bank of Uganda, which controlled currency issue and managed foreign exchange reserves, became the Central Bank. The Uganda Commercial Bank, which had fifty branches throughout the country, dominated commercial banking and was wholly owned by the government. The Uganda Development Bank was a state-owned development finance institution, which channeled loans from international sources into Uganda enterprises and administered most of the development loans made to Uganda. Other commercial banks included local operations of Grindlays Bank, Bank of Baroda, Standard Bank and the Uganda Cooperative Bank.

During the 1970s and early 1980s, the number of commercial bank branches and services contracted significantly. Whereas Uganda had 290 commercial bank branches in 1970, by 1987 there were only 84, of which 58 were operated by government owned banks. This number began to increase slowly the following year, and in 1989 the gradual increase in banking activity signaled growing confidence in Uganda's economic recovery.

Data as of December 1990.

1.2 History of Orient Bank

Orient Bank for the last five years 2002 – 20006 (the New Vision, Wednesday, Jan 31st 2007 page 13) Orient bank is a privately owned financial institution established in 1993 at William Street plot 6/6A Orient Plaza, its Head office. It has branches in Entebbe town, Airport branch, Nkrumah road Branch and Jinja Branch, Busoga Square. Orient bank as one of the commercial banks in Uganda provided different services like collection and payment of checks, bills and promissory notes and others to its customers.

It is because of the good service and care to its customers that has made it to perform well in its business

Below is its financial review for the five years

	Dec/02	Dec/03	Dec/04	Dec/05	Dec/06
	UGX Millions				
Income	7.734	12.587	14.041	16.492	19.176
Operating profit	2.159	3.455	3.511	5.037	6.529
Dividend-ordinary share	500	750	1.250	1.500	2.250
Retained profits	1.166	2.701	2.090	2.196	2.840
Loans and advances	20.032	28.352	34.830	48.159	59.054
Investment in government Securities	24.450	28.875	25.437	30.365	28.573
Total assets	66.314	84.877	96.083	121.674	139.146
Customer deposits	47.461	61.013	71.002	88.519	101.369
Shareholders fund	10.540	12.970	15.253	20.028	23.761

The information above was audited by Ernest and Young and approved by Board of directors on 29th January 2007 by

Micheal Cook	Katen Morjoria	Samwiri Njuki
Chairman	Vice chairman	Managing director

1.3 Background of Case Study

Delight supplies Ltd is a privately owned company located in Kawempe division. It was started in 2000 as a bakery manufacturing doughnuts and bread.

It latter expanded and it is now a soft drink producer. In addition to the bakery it produces soft drinks such as cheers, Safi

It started its operation as a pure labor intensive manufacturer which was using manual workers from the surrounding zones.

In the year 2002 the company bought its first automated machine that is used for fruit blending and another machine for bread productions.

Most of its financing was done through personal savings, profit retention and loan acquisition.

1.4 Statement of the Problem

The banks are providing various services to small scale enterprises like safe custody of valuables, foreign exchange, credit creation and others which are very significant to small scale enterprises. However they are problems of high interest rate charged by the bank, limited amount of money given as overdraft, collaterals required by banks before acquiring the loans hence the above problems makes banking activities to be difficult thus negatively affecting small scale enterprises.

1.5 Purpose of the Study

The main purpose of the study was to evaluate the banking activities and growth of small scale enterprises at Delight Supplies Lt d.

To provide possible recommendation that can enhance or improve the relationship that exists between banks and small scale industries.

1.6 Significance of the Study

The bank was to open up a better understanding of what is expected of it by the small scale industries.

To the small scale industries was to enlighten them about the available services that it can benefit from the bank.

In the academic world, it was to add literature.

1.7 Objective of the Study

General Objective

To evaluate the banking activities and growth of small scale enterprises.

Specific Objectives

To study what kind of facilities were offered by banks to small scale enterprises.

How were these facilities being utilized by the small scale enterprises?

To prepare possible recommendations that can be provided to both the banks and small scale enterprises so that they air out their differences.

1.8 Research questions

What were the banking services rendered to small scale enterprises

What was the relationship between banking and growth of small scale enterprises?

How were the banking services being utilized by small scale enterprises

1.9 Scope of the study

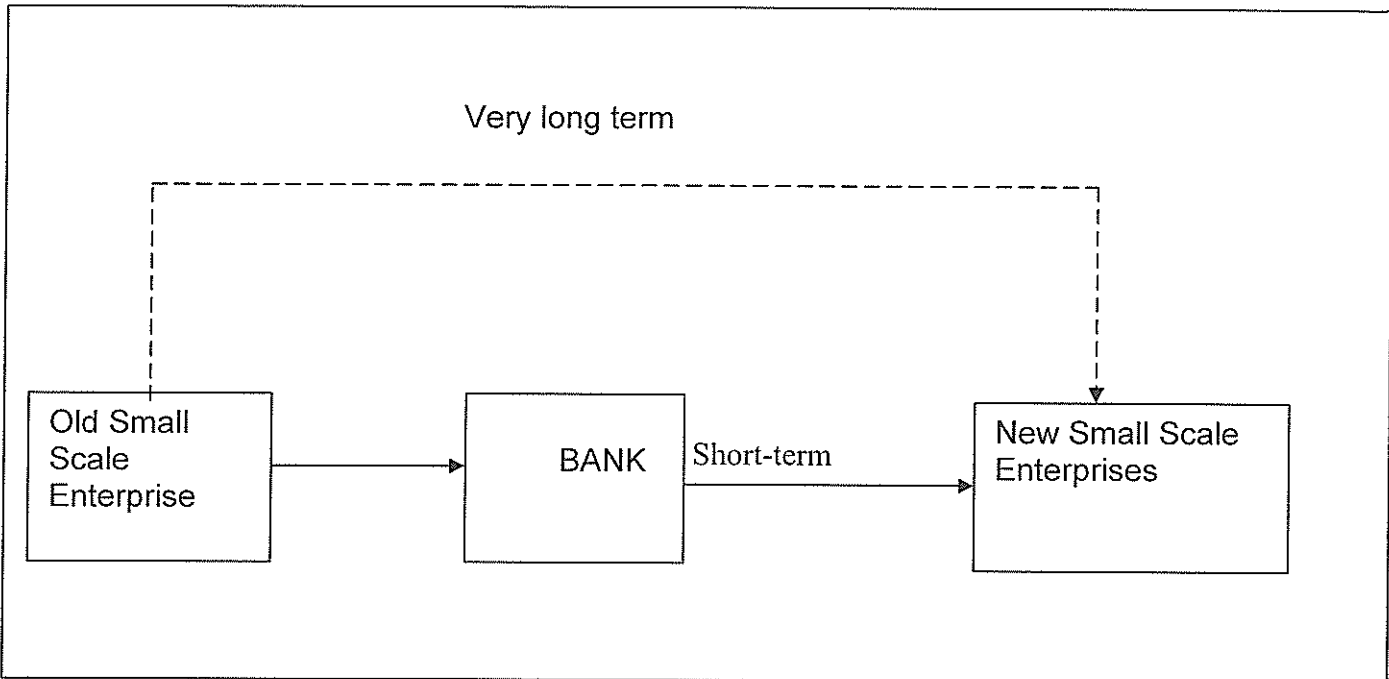
It was found in Kawempe, five kilometers from Kampala town, and it was about two hundred meters before reaching Uganda Co- operative Transport Union

The time which was expected to be spent for carrying out the research was to be between the 8 and 12 weeks.

The subject of the study was focused on what types of facilities are provided by banks to small scale enterprises.

The managerial scope of the study included the top Management, Finance and Accounting Department, staff members and also other employees of the organization.

1.10 Conceptual Frame Work



Key

- ▶ Short term
- ▶ Very long term

Small Scale Enterprises can grow without using services offered by banks but it takes a very long time for them. Those which use services offered by banks grow very fast because they utilize those services in a proper way to manager the enterprise and grow faster as shown above.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter focused on the existing literature about the banking activities and growth of small scale enterprises.

2.1 Bank

According to (*"Gerald O. Hatler 1999, page 2"*). A bank is a government regulated-profit making business that operates in competition with other banks and financial institutions to serve the savings and credit needs of its customers. The primary business of banks is accepting deposits and lending money. Banks accept deposits, from customers who want the safety and convenience of deposit services and the opportunity to earn interest on their excess funds. Banks put their depositors' funds to profitable by lending those funds to other individuals who need to finance major purchases, educational expenses, or medical bills for businesses that need financing for new construction.

2.2 Small Scale Enterprise

Small scale enterprise refers to any business that has no dominant in its competitive area and does not employ more than five hundred people. A local Mexican Restaurant may be the most patronized Mexican restaurant in the community but because it does not dominate the restaurant industry as a whole, then the restaurant is considered a small scale enterprise. *Ferrell, Geoffrey Hirt (1999, Pg 128)*,

William G. Nickels et- al (1996, Pg 459) defined small scale enterprise as one that is independently owned and operated, dominant in its field of operation and meets certain standards of size in terms of employees or annual receipts. (For example less than \$ 2million a year for service). A small enterprise is considered "small" only in relation to other enterprises in its industry. For example in manufacturing a plant can have 1500 employees and still be considered small.

2.3 Types of Banks in Uganda

Commercial Banks

Commercial Banks are financial institutions that specialize in taking demand deposits and in making loans to firms. They represent the largest group of depository institutions measured by asset size. Examples of commercial banks in Uganda are Orient Bank, Stanbic Bank and others.

Co-operative Saving Bank

Those are financial institutions that specialize in the taking deposits and making loans to households. Examples of co-operative savings banks are Kiwafu Co-operative bank in Entebbe.

Central Banks

Central Bank is a bank of other banks. It is the bank of the country. It performs the function of issuing new notes of the country. It also sets the rules and regulations to be followed by other banks. It has the powers to control the opening of new branches, powers to control lending policy, power to have supervision and inspection of banks. The example is Bank of Uganda

Development Bank

These are financial Institutions established to provide finance to those sectors of the economy which commercial banks do not provide. They participate in financing of long-term requirements of the industry. Development bank is used to include both development banks proper and finance corporations. Examples of development banks are East African Development Bank, African Development Bank, and Uganda Development Bank Limited.

2.4 Services Offered by Banks

In low developed countries like Uganda an extensive but primitive non-monetary sector usually continues to exist. It is the task of banking sector to encourage the use of banking services among the people in order to set up different small scale enterprises in the country. Sriva (2000, Page 126 – 132) discussed the following services offered by banks:

Miscellaneous services: Apart from the usual services there are other services performed by banks

- **Safe custody of valuables:** Activities offered by banks are safe guarding of assets against theft, values such as title deeds, jeweler and hire services
- **Issue of letters of credit:** bankers issue letters of credit both personal as well as commercial to their clients
- **Foreign exchange:** Banks also perform the activity in the dealing of foreign exchange transactions. The commercial people are offered with the facilities of dealing with foreign countries. They help foreigners in discounting foreign bills of exchange. There is also arrangement for the transportation of goods, insurance and ware housing of goods for the foreigners and national businesses.

Ancillary services

Many banks offer various services to set more profits like selling insurance products, stock broking or investment products. Agency services are also offered and they are as follows

- **Collection of dividends and interests.** The customer may instruct the issuer of securities that he would pay the interest or dividend that may be declared on them to his account
- **Remittance of funds.** Banks offer the services of transferring to another place of the country to another place of the country
- **Collection and payment of checks, promissory notes and bills**
- **Extension of standing orders.** A customer may leave a standing order instructing his banker for the payment of certain sums of money to various people or any other institution against his account
- **Purchase and sale of securities.** Although is most common practice for the banker to advice their customers regarding investment, they do provide them with such information as they have obtained from the stock exchange. They under take the purchase and sale of securities for their customers

2.5 Importance of Small Scale Enterprises.

Bovee Thill (1999, Pg 134) discussed the following ideas as the importance of small scale enterprises.

Providing Jobs: Small scale enterprises are principal source of new jobs;

Most enterprises are privately owned by individuals who employ most of the majority in Uganda. It is found that small scale enterprises produce more than half of the Ugandan domestic product.

Most new jobs come from high growth venture which improves on the social life of the people.

Introducing new products: The Uganda Bureau of statistics estimates that the high percentage of the nation's radical new product development spring from small firms, given the fact that small scale enterprises spend less on the nation's research and development money.

Providing specialized goods and services: The small scale enterprises provide various goods and services which have led to consumer satisfaction. Different products like cheers, Safi, shoes, cakes, and others where every individual can choose a product of his/her needs improving on the standard of living.

Supplying the needs of large corporations. Many small scale enterprises act as distributors, serving agents and supplies to large corporations. Consider parallax. It has one hundred sixty employees, inspects nuclear power plants, implements safety procedures, and cleans up hazardous and nuclear waste at power plants and weapons complexes across the nation.

Generation of Revenue: Small scale enterprises generate revenue to the government through taxes. This revenue is used by the government to finance its projects like hospitals, schools, roads, and others to improve on the social life of citizens.

2.5 Factors that Foster Growth of Small Scale Enterprises in Uganda

Technology. As technology gets cheaper and more advanced, small scale enterprises compete on a level playing field with large enterprises. In fact, today's new enterprises may even have a technological advantage, because it makes it easier to work at home these days. Also the advent of computer – aided manufacturing equipment has enabled

small manufacturing plants to customize their products and deliver them as efficiently as their rivals.

In addition, Internet provides a wealth of information to services based enterprises that were previously available only to large firms.

Political Stability. The Stability of the country fosters the growth of small scale enterprises. This is because investors/entrepreneurs fear to invest in a region which is politically unstable, where they can be attacked by rebels, killed and their properties destroyed which can lead to a loss. This is the reason why many enterprises are established in central region than in Northern Uganda where a war has lasted for twenty years.

Government Policies

The government policy of Uganda has also fostered the growth of small scale enterprises. This is because the investors/entrepreneurs are always given a tax holiday for at least five years. The good policies have encouraged many people to set up small scale enterprises because they are in their favor.

Availability of Human Labor

Human labor has also fostered the growth of small scale enterprises this is because in Uganda there is unskilled labor; semi skilled labor and skilled labor which are also cheap and can be afforded by the small scale enterprises. All these kinds of labor have different roles they play in the production of goods by the company.

Availability of Raw Materials (In-put)

The availability of raw materials in Uganda has fostered the growth of small scale enterprises. These enterprises use water as an input in the production process of goods and services. The availability of Lake Victoria has contributed a lot to growth of small scale enterprises because its water is used as a raw material.

Availability of Capital

Small scale enterprises require little capital to be started. This has acted as a benefiting point because most entrepreneurs always have little capital to start the enterprises. This is the reason why many small scale enterprises have been set up.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

For this research to be effective, research design, data collection and analysis was used to arrange the information in such a way that enabled the researcher to come up with the reliable recommendations and conclusions. The following were the methodologies employed starting with the research design, study population, sampling design, research instruments and analysis of data.

3.1 Design and location of study

The research design adopted the conceptual frame work. This research was selected from various research designers after considering the type and nature of the study, the source list, the sampling frame and designed standards of accuracy.

The importance generated by choosing suitable bank for funds source greatly influenced the area of study. Choosing the research area therefore was based on the importance and efficiency of banking services that had been implemented. The research there fore aimed at evaluating the effectiveness of the existing bank services to delight supplies limited.

3.2 The study population.

The study was mainly focused on the top management, staff, finance and accounts department and other employees of Delight Supplies Limited. The organization was selected because of its convenience in accessibility, the limited financial resources available to the researcher and his familiarity to the Organizations. The targeted population was one hundred and twenty employees of the organization.

3.3 Sampling design

A stratified random sampling technique was used in picking the employees on which the data was collected. The population was stratified into a number of strata and the sample of employees selected from each stratum. Simple random sampling technique was used

in selecting the employees to constitute the sample of employees selected from each stratum. All the sampled employees were contacted personally to obtain the answers.

3.4 Types of data

The researcher used two types of data in the study. The primary data and the secondary data. The Primary Data was obtained by the use of interviews, questionnaires and observation of the respondents. The secondary data involved the analysis of various internal and external documents in order to obtain the information and other sources that were necessary for the production of the Final Report.

3.5 Data Collection Techniques

Both Primary and Secondary techniques were used. The Primary technique like the questionnaires, interviews and observation of the respondents were employed.

- **Methods used**

- (a) **Questionnaire technique.**

Data was collected by the use of structured questionnaires designed by the researcher. The questionnaires were sent to the top department, staff, finance and accounts department and other subordinates. This technique was used because all the respondents were literate. The major advantage of this method includes; free of biased information and enough time for the respondent to consider his/her points carefully than in an interview.

- (b) **Interviewing Method**

The personal interviews were carried out by the researcher as a follow up of the questionnaires so that the interviewer is aided in the areas of difficulty and seek an in depth discussion and explanation on matters missed on the questionnaires.

- (c) **Non participant observation method**

Observation was focused on the practical aspect of the normal tasks carried out in the organization by the employees. The advantage of this method is that it protected the confidentiality of information and better recommendations based on personal observation.

3.6 Data Analysis

Once the data had been collected, it was analyzed by the researcher both qualitatively, and quantitatively. The analysis involved the determination and effectiveness of the existing bank loan service schemes in the organization. The data obtained was analyzed under a stated research design so as to answer the questions with the collected data. It was from this analysis and observation that the researcher come up with a comprehensive conclusion and recommendations on the effectiveness of the services offered by the banks for growth prospects, and the missing links in the service.

3.7 Limitations of the Study

i) Time Limitation

The studies with my other academic obligations and commitments, thus little time was left and yet research demands a lot of time.

ii) Extraneous Variances

These were the variables in the study which the research was not concerned with and which variables had the capacity to influence the findings.

iii) Lack of information

Getting respondents willing to participate in the study was not easy as many complained about time. Management also limited my research findings since they were suspicious as to why I needed such sensitive information.

iv) Financial Constraints.

Limited Finance on my part was a critical problem since the research was sponsored by me. This slowed down my research progress. Money was needed to pay for the secretarial work, transport, communication among others.

CHAPTER FOUR

RESEARCH FINDINGS AND DATA ANALYSIS

4.0 Introduction

In this chapter the researcher has presented the findings, analysis, interpretation of the data collected from the study undertaken to evaluate the impact of banking activities on the growth of delight supplies ltd. The specific objectives of the study were;

To study what kind of facilities are offered by banks to small scale enterprises.

To study how these facilities are being utilized by small scale enterprises.

To prepare possible recommendations that can be provided to both the banks and small scale enterprises.

The data from questionnaire and interviews were summarized in forms of figure and tables.

The study population comprised of one hundred and twenty (120) employees of the organization, coming from the Accounts and finance department, top management, staff and other staff members of Delight supplies Ltd. All the one hundred and twenty respondents returned during completed questionnaire. This represents overall response of one hundred (100%) percent .

The findings of research were presented in three sections.

Section A which the researcher is to ask the employees of delight supplies Limited

Section B for the objective (close ended) questions

Section C for the open ended questions

Where respondents were asked to express in their own opinion how they viewed the services offered by the banks to the small scale enterprises like Delight Supplies ltd in Uganda.

SECTION A

4.1 Age of Respondents

Table 4.1 showing the age respondents

Respondents	Frequency	Percentages
20 and below	5	4.16
21-30	45	37.5
31-40	40	33.33
41-50	23	19.16
51-60	5	4.16
61+	2	1.66
Total	120	100

Source: primary data

From the study findings, 45 frequencies representing 37.5 percent range between 21- 30, 40 frequencies representing 33.33 percent range between 31-40, 23 frequencies representing 19.16 range between 41 – 50, 5 frequencies representing 4.16 percent range 20 and below and those between 51-60 were 5 frequencies representing 4.16 and those who were 60 and above were 2 frequencies representing 1.66 percent.

4.2 Sex of the respondents

Table 4.2 showing the sex of the respondents of Delight Supplies Limited

Respondent	Frequency	Percentages
Male	70	58.33
Female	50	41.66
Total	120	100

Source: primary data

According to the study findings from the field, 70 frequencies representing 58.33 percent were male and 50 frequencies representing 41.66 percent were female. This indicates that male were the majority who participated in this research study.

4.3 Level of Education

Table 4.3 showing the level of education of the respondents of Delight supplies Limited

Respondent	Frequency	Percentages
Primary	0	-
Secondary	25	20.83
Diploma	32	26.66
Degree	60	50
Postgraduate	3	2.5
Total	120	100

Source; primary data

From the study findings, 60 frequencies representing 50 percent were of Degree holders, 32 frequencies representing 26.66 percent were of Diploma holders, 25 frequencies representing 20.83 were of secondary schools and 3 frequencies representing 2.5 were post graduates. This shows the majority of the respondents were of degree holders.

4.4 Position of the Respondents

Table 4.4 showing the position of the respondents in the organization.

Respondent	Frequency	Percentages
Top Management	20	16.66
Accountant	25	20.83
Staff	60	50
Others	15	12.5
Total	120	100

Source: primary data

The study findings shows that 60 frequencies representing 50 percent were staff members, 25 frequencies representing 20.83 percent were from finance and account department, 20 frequencies representing 16.66 percent were from top management and 15 frequencies representing 12.5 percent were other members of the organization.

Section B

Data analyzed in this section was obtained from the research questionnaire which contained eleven (11) objective questions, frequencies and percentages were used to detail the findings.

4:5 Is Delight supplies limited currently using bank loan?

The respondents were asked if Delight supplies ltd is currently using bank loan for its operations. The respondents were on Yes or No basis.

Table 4.5 showing the responses of Delight Supplies Limited

Responses	Frequency	Percentages
Yes	90	75
No	0	-
No Response	30	25
Total	120	100

Source: Primary Data

From the table above, 90 frequencies representing 75 percent responded that Delight Supplies is currently using the bank services. While 30 frequency representing 25 percent had no response because had no idea about it because he was new in the organization.

4:6 Did Delight Supplies use bank loan to start its business?

The respondents were asked by the researcher to state whether the organization used bank loan to start business organization or not. The respondents were on a Yes or No basis

Table 4:6 showing the responses of Delight Supplies limited

Response	Frequency	Percentage
Yes	50	42
No	0	-
No respondent	70	58
Total	120	100

Source: Primary Data

From the table 50 percent of the respondents representing 42 percent said that they used bank loan to start the organization. 6 respondents representing 60 percent did not indicate whether they used bank loan or not. The lack of indication may have been attributed by the fact that some of the respondents are new in the organization and have limited background of the organization.

4.7 Does banking contribute to the growth of your organization?

The respondents were asked by the researcher to state whether banking activities contribute to the growth of their organization. The respondents were on Yes or No basis

Table 4.7 showing the responses of Delight Supplies Limited

Response	Frequency	Percent
yes	120	100
No	0	-
No response	0	-
Total	120	100

Source: Primary Data

From the table above 100 percent of the respondents stated that banking services contribute to the growth of their organization.

4:8 Do you expect the organization to expand due to services rendered by banks?

The researcher asked the respondents if they expect the organization to expand in future due to services rendered by the banks. The respondents were on Yes or No basis.

Table 4.8 showing the responses of Delight Supplies Limited

Response	Frequency	Percentage
Yes	90	75
No	10	8
No respondents	20	16.6
Total	120	100

Source: Primary Data

From the table above 90 frequencies representing 75 percent responded that their organization will expand due to banking services offered to them while 10 frequencies representing 8 percent stated that they don't expect their organizations to expand because of the unfavorable credit terms, 20 frequencies representing 16.6 percent did not respond.

4.9 Does orient bank give your organization the appropriate amount (size) of loan needed by your organization?

The researcher asked the respondent from top management finance and accounts department to state whether orient bank give your organization the amount of loan needed their organization. The respondent was on a yes and no basis.

Table 4.9 showing the Responses of Delight Supplies Limited

Response	Frequency	Percentage
Yes	70	58.3
No	30	25
No Response	20	17
Total	120	100

Source: primary data

The study findings from the field, 70 frequencies representing 58.3 stated that orient bank provide them the size or amount of loan needed by their organization. While 30 frequencies representing 25 percent Of the respondents stated that orient bank does not give their organization the size of loan needed by them because there is a limit for the borrower.

4.10 Is the currently loan repayment period favorable to your organization.

The researcher asked the respondents to state whether the loan repayment periods are favorable to their organization. He respondents were on a yes or no basis.

Table 4.10 showing the responses of Delight Supplies Limited

Response	Frequency	Percentage
Yes	60	50
No	20	17
No response	40	33
TOTAL	120	100

Source: primary data

The study findings from the respondents, indicates that 60 frequencies representing 50 percent revealed that it is favorable because they fulfill their obligation in repaying back with in the agreed time. While 20 frequencies representing 17percent said no while 40 frequencies representing 33 percent dint respond.

4.11 Does orient bank offer your organization long term loan services?

The researcher asked the top management, finance and accounts department to state whether orient bank offer them long term loan services. The respondents were on a Yes or No basis.

Table 4.11 showing the responses of Delight supplies Limited

Response	Frequency	Percentage
Yes	80	67
No	0	-
No Response	40	33
Total	120	100

Source: primary data

According to the responds from the field, 80 frequencies representing 67percent, stated that orient bank offer to them long term loan services for seven years. This enables their organization to utilize those long term loan services which has contributed to growth of their obligation. 40 frequencies representing 33 percent had no response.

4.12 Do the services of the orient bank contribute more growth compared to services of other banks?

The researcher asked the respondents to state whether the services of orient bank contribute more growth compared to services of other banks.

Table 4.12 showing the responses of Delight Supplies Limited

Responses	Frequency	Percentage
Yes	20	17
No	40	33
No response	60	50
Total	120	100

Source: primary data

From the above table, 20 frequencies representing 17 percent stated that orient bank offer to them long term loan services for the seven years. 40 frequencies representing 33 percent stated that no and 60 frequencies representing 50 percent had no response.

4.13 Do the interest rates charged on the loans offered to your organization affect its growth?

The researcher asked the respondent to state whether the interest rate charged on the loans offered to their organization affect its growth. The respondent was on a yes and no basis.

Table 4.13 showing the responses of Delight Supplies Limited

Response	Frequency	Percentage
Yes	60	50
No	15	12.5
No response	45	37.5
Total	120	100

Source: primary data

From the above table, 60 frequencies representing 50 percent stated that the interest rates charged by orient bank affect the growth of their organization, 15 frequencies representing 12.5 stated that no while 45 frequencies representing 37.5 percent had no response.

4.14 Does orient bank offer to your organization the appropriate amount (size) of loan needed by your organization?

The researcher asked the respondent from top management finance and accounts department to state whether orient bank give your organization the amount of loan needed their organization. The respondent was on a yes and no basis.

Table 4.14 showing responses of the respondents of Delight Supplies Limited

Response	Frequency	Percentage
Yes	70	58.3
No	30	25
No response	20	17
Total	120	100

Source: primary data

The study findings from the top management and finance and accounts departments, 7 frequencies representing 70%stated that orient bank provide them the size of amount of loan needed by their enterprise. While 3 frequencies representing 30%from the top and accounts and finance department stated that orient bank does not give their organization the size of loan needed by them because there is a limit for the borrower.

Section C

The respondents were required to fill in the blank spaces provided To express their views.

4.15 How easy is it to acquire bank loan?

The respondents were required to state in their own opinion how easy it was to acquire bank loans. The responses received were as follows.

Table 4.15 showing the responses of Delight Supplies Limited

Responses	Frequencies	Percentage
Easy	30	25
Not easy	70	58.3
Most difficulty	20	16.66
No respondents	0	-
Total	120	100

Source: primary data

From the table above, 30 frequencies representing 25 percent stated that it is easy, 70 frequencies representing 58.3 percent stated not easy and 20 frequencies representing 16.66 stated most difficult.

4:16 How has the organization been using banking services?

The respondents were asked by the researcher to state how the organization has been using banking services in their operation.

The following responses were got.

- Payments to supplies of raw materials for baking,
- Payment of all company bills like salaries and wages,
- Receipts of payments from debtors.
- Bank loans and advisory services.

4:17 With out banks, do you think that your organization would have been in existence?

The researcher asked the respondents to state that without banks does their organization have been in existence.

Answers got were as follows:

Table 4.17 showing responses of Delight Supplies Limited

Responses	Frequencies	Percentage
Yes	80	67
No	40	33
Total	120	100

Source: primary data

According to the responses found, the respondents felt that with out banking services, their organization won't be in existence according to the interview carried out. The respondents further stated that with out the banking services even if their organization would be in existence, it would be operating on a very small capital base limiting its ability to compete with its competitors.

4:18 What can happen if banks cut off their services to small scale enterprises?

The respondents were asked by the researcher to explain what can happen if the banks cut off their services to small scale enterprises.

Most of the respondents felt that without the banking services, the economy will be paramount; therefore no small scale enterprises can survive. This is because modern economy is so dependant on the banking sector due to the very important roles the banks play in this economic development of the world.. There is hardly a business deal in which a bank is sought in one way or the other.

4:19 How does your organization services the bank loan?

The researcher asked the respondents on how does their organization services the bank loan.

According to the respondents from the top management, finance and accounting department, they responded that they service the bank loan by using some of the profits earned/ retained after meeting the other expenses incurred by the organization.

4.20 In your own opinion, are banking services rendered to your organization satisfactory?

The respondents were asked to state basing on their own opinions to state whether the organization is currently using banking services available in the economy in the best way possible.

From the findings, all the respondents believe that the services offered by banks are not the best to suit their business needs. The following were the reasons they believed why the services are not satisfactory.

- Banks only wish to give short term loans lasting between 3-5 years rather than long term to give ample time for the project to recoup the initial out lay.
 - Too much paper work during the application of loans
 - Too high interest rates, most banks charge between 15%-20% on load funds,
 - Collaterals required by the banks are too large in comparison to the loan amount.
- In most cases the collaterals should be more than 130% of the loan amount.

- Limited amount of money given as over draft.
- Too harsh penalty in case there is default in repayment.
- High interest charged for maintaining accounts with banks.
- Denying loan to a firm which presents a proposal for business to a bank then selling the same proposal to another business company.

4.21 in your opinion, what percentage of interest rate should be charged on the bank loans?

The respondents were asked by the researcher in their opinion to state the percentage of interest rate that should be charged by banks on the borrowed loans.

According to the respondents from the field, they responded that the percentage of interest rate should range between 8-11%. This is because more profits will be retained by the organization after paying back the loans and the retained profits will contribute more growth to the organization.

4.22 Does Orient Bank communicate to your organization? If yes state reasons why?

The respondents were asked by the researcher to state whether Orient Bank communicates to the organization and if yes state the reasons.

According to the respondents from the field, they responded that yes Orient Bank communicates to the organizations because of the following reasons:

- They want to keep in touch with their customers
- To seek advice on what should be done to improve the banking services to their organizations.
- How is their organization utilizing the banking services rendered to the organization?
- How do the bank services contribute growth to the organization?

CHAPTER FIVE

5.0 Introduction.

This chapter summarizes the key findings that emerged from the study and briefly discussed them to come up with conclusion and recommendations. The study analyzed the activities of banking and the growth of small scale enterprises in Uganda using delight supplies limited as a case study. A particular examination of banking activities in relation to small scale enterprises was carried out to determine their relationship on them.

5.1 Discussions.

The study findings indicate that the relationship that exists between banking and small scale enterprises is high; this is because it has contributed to its growth. The findings reveal that small scale enterprises can attain high growth at longer loan periods which makes it to earn high profits. The short loan periods provided by banks to small scale enterprises limits its growth and this makes them to generate unreasonable profits.

5.2 Recommendations.

The following recommendations were drawn.

To small scale enterprises

- Small scale enterprises should be encouraged to utilize the banking services offered to them.
- Small scale enterprises should access the loan on how it will be used and its contribution to the organization before it is acquired.
- Small scale enterprises should meet their obligation for the repayment of the loan in the agreed time.

To Banks and other financial institutions

- Banks and other financial institutions should lower their interest rates charged on the borrowed funds by small scale enterprises.
- Banks and other financial institutions should offer long term services in form of loans to small scale enterprises.

- Banks and other financial institutions should improve the time schedule for the repayment period of loan to enable small scale enterprises utilize banking services satisfactorily.
- Banks and other financial institutions should not ask for high security more than the loan offered to small scale enterprises.
- Banks and other financial institutions should conduct seminars to create awareness among staff and management of various small scale enterprises for the growth of their organizations.

5.3 Conclusions

Positively banking activities and the growth of small scale enterprises was reported. This was confirmed by increasing growth respectively.

This therefore indicates that the bank services offered to small scale enterprises are favourable hence contributing to their growth. The study also indicates that small scale enterprises can attain high growth levels at long loan period which is very significant for their growth respectively.

5.4 Areas for further study.

This study analyzed the activities of banking and the growth of small scale enterprises in Uganda. It assessed the manner in which such activities contribute to the growth of small scale enterprises. However, there is a large area especially one that involves the banking credit terms and growth in business. This would provide a more insight about the activities of banking and growth of small scale enterprises. Further studies can thus examine this area in more details.

REFERENCES

1. Betty J. Brown, John E. Clow,, Kenneth W. Brown (2000) Introduction to Business: Our Business and Economic World
2. Dr. Prem Kumar Srivastar (2000) Banking Theory and Practice 8th Revised Millenium Edition, Himalaya Publishing House Mumbai
3. Frederic Mishkin © (2001) The Economics of Money, Banking and Financial Markets, Published in Canada
4. Gary Smith © (1991) Money Banking and Financial Mediation, Published in Canada and Printed in U.S.A
5. Gerald O. Halter (1999) Bank Investment and Fund Management, 2nd Edition, Publisher American Bankers Association U.S.A
6. <http://www.banking>.
7. K.C.Shekher (1994, reprint 1997) Banking Theory and Practice 7th Edition Vikas Publishing House P.V.T. Ltd Mumbai
8. Mescon Bovee Thill (1999) Business Today, 9th Edition Prentice Hall Publisher, New Jersey
9. New Vision (2007) Wednesday 31st January.
10. O.C Ferrell Geoffrey (1996) Business a Changing World 2nd Edition, William School Publishers U.S.A
11. William G. Nickels, James M. McHugh, Susan M. McHugh (1996) Understanding Business 4th Edition.

APPENDIX 1

TIME SCHEDULE

Time schedule refers to the period the researcher will take to complete the research. The researcher has to plan in order to complete the project and meet the deadline for submission of the Report to the administration.

Time Schedule in percentage

Stages in Research	Time required in percentage
Identify the research Topic	15%
Identify Research problem	10%
Determine how to conduct Research	10%
Collecting Research Data	20%
Analyzing and interpreting the Data	20%
Writing the Report	25%

APPENDIX II

BUDGET

A budget refers to all the cost that are incurred in the process of carrying out research

PARTICULARS	AMOUNT (UG. SHS.)
Reams of paper	10,000
Pens and Pencils	5,000
Transport	50,000
Lunch	40,000
Communication	30,000
Typing and Printing	150,000
T O T A L	285,000

APPEDIX III

QUESTIONNAIRE

To The Respondent

Dear Sir/Madam,

This is to certify that Mutono .Hassan, Reg No. BBA/8045/51/DU is a student of the Kampala International University. I am carrying out research on the topic of banking activities and the growth of small scale enterprises. This is partial fulfillment for the award of Bachelors' Degree in Bachelor of Business Administration (Accounting option) Therefore, your participation in filling this questionnaire will be of great importance to this research.

Instructions

This question is made up of three sections A, B and C.

Section A is for the respondents

Section B the respondents will tick Yes or No in the box provided.

Section C the respondents will be required to fill in the blank spaces provided to express their views

SECTION A

1. What is your name

2. What is your age bracket?

20 and below	<input type="text"/>	21 – 30	<input type="text"/>	31-40	<input type="text"/>
41- 50	<input type="text"/>	51- 60	<input type="text"/>	60 +	<input type="text"/>

3 what is your sex?

Male	<input type="text"/>	female	<input type="text"/>
------	----------------------	--------	----------------------

4 what is your level of education?

Primary	<input type="text"/>	secondary	<input type="text"/>	Diploma	<input type="text"/>
Degree	<input type="text"/>	post graduate	<input type="text"/>		

5 what is your position in the organization?

Top management	<input type="text"/>	Accountant	<input type="text"/>	Staff	<input type="text"/>
Other	<input type="text"/>				

SECTION B

In the questions below the respondent will tick either Yes or No in the box provided.

6 Is your Organization currently using the bank services?

Yes	<input type="text"/>	No	<input type="text"/>
-----	----------------------	----	----------------------

7 Did you use a bank loan and as a source of finance to start your organization?

Yes ☐ No ☐

8 Does banking contribute to growth of your organization?

Yes ☐ No ☐

9 Do you expect your organization to expand due to services rendered by banks?

Yes ☐ No ☐

10 Does Orient give your organization the appropriate amount of loan needed by your organization?

Yes ☐ No ☐

11 Is the current loan repayment period favorable to your organization?

Yes ☐ No ☐

12 Does orient bank offer your organization long term loan services?

Yes ☐ No ☐

13 Do the services of orient bank contribute more growth compared to services of other banks?

Yes ☐ No ☐

14 Is the interest rate charged on the loans offered to your organization affect it's growth?

Yes ☐ No ☐

15 Does Orient bank offer to your organization the appropriate amount (size) of loan needed by your organization?

Ye ☐ No ☐

SECTION C

The respondent were required to fill in the blank spaces provided to express their views

16 How easy is it for you to acquire a bank loan?

.....

17 How has your organization been using the banking services?

.....

18 Without banks do you think that your organization would have been in existence?

.....

19 What can happen if banks cut off their services to small scale enterprises?

.....

20 How your organization does services the bank loan?

.....

21 In your own opinion, are the banking services rendered to your organization satisfactorily? If No, give your reasons to support your answer

.....

.....

.....

22 In your opinion what percentage of interest rate should be charged on the bank loans?

.....

.....

.....

23 Does orient bank communicate to your organization? If yes give reasons why?

.....

.....

.....