

**THE EFFECT OF MICROFINANCE SERVICES ON ENTREPRENEURSHIP
DEVELOPMENT; A CASE STUDY OF PRIDE MICROFINANCE LIMITED HOIMA
BRANCH IN HOIMA DISTRICT, UGANDA**

BY

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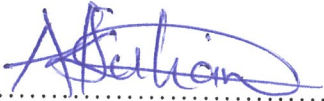
1163-05014-06532

**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS
AND MANAGEMENT DEPARTMENT OF ACCOUNTING AND
FINANCE IN PARTIAL FULFILMENT OF THE REQUIREMENT
FOR THE AWARD OF A DEGREE OF BACHELOR OF
BUSINESS ADMINISTRATION OF
KAMPALA INTERNATIONAL
UNIVERSITY**

OCTOBER, 2019

DECLARATION

Akonyera Julian heart fully declare that this report is in its original status through the field work and data analysis I undertook. It has never been produced and presented anywhere for the academic wards in this university or elsewhere including other higher institutions of learning.

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APPROVAL

This research report is developed through a series of stages under my supervision and submitted to this University with my approval as research supervisor.

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DEDICATION

This work is dedicated to my parents Mr. Kato Anatolius and Mrs. Katulinde Joan for all the sacrifice, patience and commitment inclusive of the challenges you faced in educating and making me more enlightened. May the Almighty God bless you abundantly?

I also dedicate this piece of work to my supervisor, Dr. Eliab Byamukama for providing me with his professional guidance, encouragement and his time during the research process.

Lastly but not least, I also dedicate this piece of work to the entire staff of Pride Microfinance Limited Hoima branch, the staff of Kampala International University especially the College of Economics and Management as well as students that gave me a platform which led to the success of this study.

ACKNOWLEDGEMENTS

First and foremost, I pass a word of thanks to the Heavenly Lord for being there for me always in my academic career for this success I count on today.

In especial way I thank my supervisor Dr. Eliab Byamukama, for the ideal and practical guidance he offered to me to conceptualize and analyze what the research owes me and what I owe to it.

My everlasting respect, love as well as my foremost gratitude goes to my parents Mr. Kato Anatolius and Mrs Katulinde Joan my brother, Simpson and sisters Emily, Clare, Holy trinity, Sophia who have always been by my side for emotional, moral, material, academic and financial support. Without you guys this will never be possible.

I also wish to express my especial gratitude to all my friends, Beatrice Rukanganga, Mr. Phelix usinge, Lukemark, Judith, Gerald, Aidah, Scovia relatives for all their continuous encouragement and helping to provide required materials for the study.

I thank all my friends in and outside studying circles who have always supported me towards the report evolvement and the entire course.

In this special regard I extend special gratitude to the staff of Kampala International University (KIU) specifically College of Economics and Management whose advice and support have been so much instrumental in my pursue of this course.

I extend my sincere gratitude to the staff of Pride Microfinance Limited Hoima branch for setting aside their valuable time to respond to the requirement of the research instruments, which has laid a basic ground for the report compilation.

LIST OF TABLES

| | |
|---|----|
| Table 1: 3.1: Number of respondents and the sample Sizes by each department | 22 |
| Table 2: 4.1: Response rate | 26 |
| Table 3: 4.2: Findings on the age of respondents..... | 26 |
| Table 4: 4.3: Education level of the Respondents | 27 |
| Table 5: 4.4: Shows marital status of the respondents | 28 |
| Table 6: 4.5 the effect of microfinance saving services on entrepreneurship development in in Pride microfinance Hoima branch. | 29 |
| Table 7: 4.6 Showing the effect of microfinance lending services on entrepreneurship development. | 32 |
| Table 8: 4.7: Shows the effect of microfinance client training and education services on entrepreneurship development. | 35 |
| Table 9: 4.8 Showing the Entrepreneurship development in pride microfinance Hoima branch. | 37 |

LIST OF FIGURES

| | |
|--|----|
| Figure 1: 1.1 Conceptual Frame work..... | 8 |
| Figure 2: 4.1 Response rate | 26 |

LIST OF ACRONYMS

| | |
|-------|--|
| CBN | Central Bank of Nigeria |
| EDC | Entrepreneurship Development Centre |
| GEM | Global Entrepreneurship Monitor |
| MDGs | Millennium Development Goals |
| MFIs | Microfinance Institutions |
| NGOs | Non-government organization |
| ML | Pride Microfinance limited |
| ACCOS | Savings and Credit Cooperative Society |
| ME | Small Medium Enterprises |
| WFT | Women Finance Trust |
| GDP | Gross Domestic Product |
| FIs | Financial Institutions |

TABLE OF CONTENTS

| | |
|--|------|
| DECLARATION..... | i |
| APPROVAL..... | ii |
| DEDICATION..... | iii |
| ACKNOWLEDGEMENTS..... | iv |
| LIST OF TABLES | v |
| LIST OF FIGURES | vi |
| LIST OF ACRONYMS..... | vii |
| TABLE OF CONTENTS..... | viii |
| ABSTRACT | xii |
| | |
| CHAPTER ONE..... | 1 |
| INTRODUCTION..... | 1 |
| 1.0 Introduction | 1 |
| 1.1 Background of the Study | 1 |
| 1.1.1 Historical Perspective | 1 |
| 1.1.2 Theoretical Perspective..... | 2 |
| 1.1.3 Conceptual Perspective..... | 3 |
| 1.1.4 Contextual Perspective | 4 |
| 1.2 Problem Statement..... | 5 |
| 1.3 Purpose of the study | 5 |
| 1.4 Specific Objectives of the Study | 6 |
| 1.5 Research Questions..... | 6 |
| 1.6 Research Hypothesis..... | 6 |
| 1.7 Scope of the study..... | 6 |
| 1.7.1 Content Scope..... | 6 |
| 1.7.2 Geographical Scope..... | 6 |
| 1.7.3 Time Scope | 7 |
| 1.8 Significance of the study | 7 |

| | |
|---|-----------|
| 1.9 Conceptual Frame work..... | 8 |
| 1.10 Operational definitions of the Key terms | 8 |
| CHAPTER TWO..... | 9 |
| LITERATURE REVIEW..... | 9 |
| 2.0 Introduction | 9 |
| 2.1Theoretical Review..... | 9 |
| 2.2.1 Review of related literature | 10 |
| 2.2.2 Empirical review of literature..... | 11 |
| 2.2.3 Research gaps | 13 |
| 2.3 Effect of Microfinance Institution | 13 |
| 2.2.1 The Problems of Microfinance Institutions in Uganda | 15 |
| 2.3. Effect of microfinance lending service..... | 17 |
| 2.4 Effect of microfinance client training and education services on entrepreneurship development | 18 |
| HAPTER THREE | 21 |
| METHODOLOGY..... | 21 |
| 3.0 Introduction | 21 |
| 3.1 Research Design | 21 |
| 3.2 Target Population | 21 |
| 3.2 Sampling technique and Sample Size..... | 21 |
| 3.4 Sources of data..... | 22 |
| 3.4.1 Primary sources | 22 |
| 3.4.2 Secondary sources | 22 |
| 3.5 Data collection methods/ instruments..... | 22 |
| 3.5.1 Questionnaires | 22 |
| 3.5.2 Response rate..... | 23 |
| 3.7 Validity and reliability of the instrument | 23 |

| | |
|---|-----------|
| 3.7.2 Pre-Testing..... | 23 |
| 3.7.3 Reliability of Instruments | 23 |
| 3.7.4 Data Validity..... | 23 |
| 3.6 Data processing, analysis and presentation | 24 |
| 3.6.1 Data processing..... | 24 |
| 3.8 Limitations of the study | 24 |
| CHAPTER FOUR..... | 25 |
| DATA PRESENTATION, INTERPRETATION, ANALYSIS | 25 |
| AND DISCUSSION OF FINDINGS..... | 25 |
| 4.0 Introduction | 25 |
| 4.1 Response rate | 25 |
| 4.1.2 Age of the respondents | 26 |
| 4.1.3 Response on the level of education of the respondents | 27 |
| 4.2 To examine the effect of microfinance saving services on entrepreneurship development in in Pride microfinance Hoima branch. | 28 |
| 4.3 To establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch. | 31 |
| 4.4 To determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch..... | 35 |
| 4.6 The dependent variable (Entrepreneurship development)..... | 37 |
| 4.7 Data analysis and findings | 39 |
| CHAPTER FIVE..... | 40 |
| SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS | 40 |
| 5.0 Introduction | 40 |
| 5.1 Summary of findings | 40 |
| 5.1.1 Microfinance saving services or entrepreneurship development | 40 |
| 5.1.2 Microfinance lending services on entrepreneurship development | 41 |

| | |
|--|-----------|
| 5.1.3 Effect of microfinance client training and education services on entrepreneurship development..... | 41 |
| 5.1.4 The dependent variable was entrepreneurship development..... | 41 |
| 5.2 Discussions | 41 |
| 5.3 Conclusions | 44 |
| 5.4 Recommendations | 45 |
| 5.5 Suggestions for Future Researches..... | 47 |
| REFERENCES | 48 |
| PPENDICES | 53 |
| PPENDIX I: QUESTIONNAIRE | 53 |

ABSTRACT

The purpose of the study was to investigate the effect of microfinance institutions services on entrepreneurship development in Pride Microfinance Hoima branch. The study was based on three specific objectives; to examine the effect of microfinance saving services on entrepreneurship development in in Pride microfinance Hoima branch, to establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch and to determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch.

It was based on a descriptive survey design basing on the use of qualitative and quantitative approaches that was adopted to investigate the effect of microfinance institutions services on entrepreneurship development in Pride Microfinance Hoima branch. Simple random sampling and purposive sampling techniques were used in the study. Questionnaires were used to collect primary and secondary sources of data from 52 out of 65 respondents, using simple random sampling. Data analysis was done using SPSS's frequencies.

Finally the report was looked at the study results and gave the discussion of each finding. Therefore, here, data analysis, procedures and response rate was being focused on. Then the findings conclusions and recommendations will be presented. The finding in the first objective was to examine the effect of microfinance saving services on entrepreneurship development in in Pride microfinance Hoima branch indicated that, the people of Hoima are aware of problems faced by microfinance saving services on entrepreneurship development which have a negative effect on the organizational performance of the PML in Hoima branch with 68% of respondents who strongly agreed and Microfinance saving services favourable to all people of Hoima with 56% of respondents who strongly agreed.

The finding on the second objective was to establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch indicated that, the people are aware of the problems faced by microfinance lending services on the entrepreneurship development with the response of 71% who strongly agreed and that, microfinance lending services are useful on entrepreneurship development with the response of 68% who strongly agreed.

The finding on the third objective was to determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch indicated that, PML, Hoima branch has a positive effect that Microfinance in the entrepreneurship has led to increase in returns of equity with the findings over 73% levels of agreement on the areas provided, how microfinance useful in the efficiency of the entrepreneurship development and how microfinance services helps in the growth of the entrepreneurship with the response of 58% who strongly agreed that these services are of benefit to people in Hoima district.

Therefore welcome you to have a humble time in reading this work. There are new and knowledge building findings in the work, a lot of inspirations. I therefore welcome you to have a humble time in reading this work.

There are new and knowledge building findings in the work, a lot of inspirations. The study recommends that for Microfinance Institutions Services to meet their potential for entrepreneurship development, more attention must be focused on Social capital, access to financial institutions and financial literacy.

CHAPTER ONE

INTRODUCTION

.0 Introduction

This chapter entails the historical background of the study, contextual, theoretical, conceptual, statement of the problem, purpose, objectives, research questions and hypothesis, scope significance and operational definitions of the key terms in the study.

.1 Background of the Study

.1.1 Historical Perspective

According to Atieno (2001), the concept of microfinance is not new. Savings and credit groups that have operated for centuries include the "susus" of Ghana, "chit funds" in India, "tandas" in Mexico, "arisan" in Indonesia, "cheetu" in Sri Lanka, "tontines" in West Africa, and "pasanaku" in Bolivia, as well as numerous savings clubs and burial societies found all over the world. Formal credit and savings institutions for the poor have also been around for decades, providing customers who were traditionally neglected by commercial banks a way to obtain financial services through cooperatives and development finance institutions. One of the earlier and longer-lived micro credit organizations providing small loans to rural poor with no collateral was the Irish Loan Fund system, initiated in the early 1700s by the author and nationalist Jonathan Swift. Swift's idea began slowly but by the 1840s had become a widespread institution of about 300 funds all over Ireland. Their principal purpose was making small loans with interest for short periods. At their peak they were making loans to 20% of all Irish households annually. In the 1800s, various types of larger and more formal savings and credit institutions began to emerge in Europe, organized primarily among the rural and urban poor. These institutions were known as People's Banks, Credit Unions, Savings and Credit Co-operatives.

Over 1,000 microfinance institutions are now operational in Uganda, with approximately 600,000 customers (Wright and Rippey, 2003). Despite a wide variation in practices and approaches the growth of this industry has been consistent, with larger PML operating in 40 of the 56 districts (Wright and Rippey, 2003). While the extent to which PML have impacted social empowerment and facilitated a transfer of power is unknown, microfinance has demonstrated an alternative form of governance for the progression of the poor. Traditional financial institutions within Uganda provided no opportunities or frameworks for the progression of the economically active poor; however interactions with PML and the broader private sector have encouraged the government to make changes. In contrast to countries such as Bolivia and Bangladesh, Uganda's institutionalisation of microfinance was slowly implemented. Traditionally, the private sector in Uganda has struggled with infrastructural failings, such as a weak commercial justice system, corruption, inadequate tax and

regulation management, as well as a lack of financial services (Phase I report., 2002; Wong 1999). Over the 1990's the closure of banks and a rise of inflexible banking practices by the Uganda Commercial Bank, segregated small businesses and low-income households from access to financial services (Carlton, et al. 2001). Furthermore, traditional banks during this time diminished Uganda's social capital and credit culture by mishandling credit schemes, having a profound impact on the civil populations trust of traditional financial institutions (Carlton et al., 2001).

However, more traditional forms of informal financial activities have encompassed many forms and had been used for decades (Carlton, A., et al. 2001). The first main microfinance institutions can be seen in FINCA and the Uganda's Women Finance Trust (UWFT) in the 1990's. Due to governmental failings in effective poverty and development policies during this time, there was a strong reliance on NGO's, community based organisations and local 'Resistance Councils'

Global Entrepreneurship Monitor (GEM) indicates that nations with higher levels of entrepreneurial activity enjoy strong economic growth. In short, entrepreneurs are the link between new ideas and economic development. Speaking at the conference with a theme "Improving Access to Microfinance", Soludo (2008) revealed that in order to sustain increase in participation of skilled entrepreneurs in the credit and other financial service delivery to the micro, small and medium enterprises in the microfinance sub-sector, Central Bank of Nigeria (CBN) is forging ahead in its determination to develop a pool of articulate and well-focused entrepreneurs through setting up one entrepreneurship Development Centre (EDC) in each of the six geo-political zones in the country. The three pilot entrepreneurship development centres created have commenced operation since January, 2008. The centres are in Kano (North West), Ota (Southwest) and Onitsha (Southeast). Since after that conference, many EDC has been set up by CBN in many states of the federation which is online with the achievement of the Millennium Development Goals (MDGs).

1.1.2 Theoretical Perspective

The study will be based on two theories that is; Innovation Theory of Entrepreneurship and economic theory; these theories are explained as below.

Innovation theory

The best exponent of the economic/sociological approach in all history is Joseph Schumpeter. Schumpeter's theory of entrepreneurship is a major part of his general theory of economic development espoused in his 'Theory of Economic Development' (1934). Schumpeter defined entrepreneurship as a creative activity. An innovator who brings new products or services into the economy is an entrepreneur. Schumpeter thought innovation is a function consistent with all entrepreneurs. The innovator is the entrepreneur and the entrepreneur is the innovator. He undertakes new combinations of the existing factors of production in any of the following ways (Meir

and Baldwin Idemobi, 2010). In line with a synthesis of Schumpeter's work by Mbaegbu (2008), the depression which follows a boom is caused by the entrepreneur when he/she initiates an innovation. The recession or depression comes through a process of "creative destruction" which is Schumpeter's way of expressing market saturation and decline. With innovation old firms find their markets being destroyed by the advent of new competing products and new firms market the old products at much lower prices taking competitive advantage. The process forces some established firms who cannot compete to go under or become bankrupt.

Economic Theory

The economic theory treats microfinance institutions (PML) as infant sector, while the psychological theory differentiates microfinance entrepreneurs from traditional money lenders by portraying them as social consciousness driven people.

This situation suggests that the PML will not become financially viable in the long run. One solution to this problem is to treat PML as infant industries, so that micro-lending businesses can be subsidized during their initial stages of operation. These skills should reduce the cost of transaction, disseminate information, and increase the micro entrepreneurs' ability to assess effectively available information to make sound business decisions. In this respect, society benefits from what is, in effect, a productive process leading to the creation of public goods as spin-offs from the growth of microfinance.

1.3 Conceptual Perspective

In this study, the independent variable is entrepreneurship development and the dependent variable is microfinance services' services. The study aims at examining the impact of microfinance services on the development of entrepreneurship. Below is the way how different authors conceptualises the variables in the study.

In almost all the definitions of entrepreneurship, it is agreed that it is about a kind of behaviour that includes initiative taking, organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical account and the acceptance of risk or failure. (Hisrich, Peters & Shepherd, 2008).

To the economist, an entrepreneur is one who brings resources, labor, materials and other assets into combinations that make their value greater than before and also one who introduces changes, innovations and a new order. Sulaimon & Adebayo (2000) sees entrepreneurship as the act or process of identifying business opportunities and organizing to initiate a successful business activity. They noted that the functions performed by entrepreneurs include: searching for and discovering new information; translating new information into new markets, techniques and goods; seeking and

leveling economic opportunities; marshalling the financial resources necessary for the enterprise; taking ultimate responsibility for management; and bearing the risk for the business.

Microfinance is an emerging tool for economic development. It provides technical support to group or individual in start-up of a business, development of manufacturing ideas and maturing the skills. It has gained a prominent role in some developed and developing countries. Although, most research on micro financing is based on the issue of poverty alleviation and empowering the poor, nonetheless, here is no way, this will not lead to entrepreneurship development. However, there are two types of microfinance borrowers: micro borrower and micro entrepreneur. Micro borrower possesses the characteristic of capitalist that is aimed to maximize profit in transaction. So micro borrower get loans from PML; after paying back, they will still get finances but with the motive of generating profit without any innovation (Oshitola, 2012). On the other hand, micro entrepreneur obtain loan to finance their business and brings innovation, creativity and doing different things from others.

Microfinance is a broad concept encompassing many commercial services, such as credit, savings, deposits and insurance to micro-entrepreneurs and disadvantaged households (Ciccaglione., 2014). Due to a strong domestic demand for these services, as well as significant international interest, the microfinance sector has become highly competitive with NGO's, cooperatives (SACCOs), informal and formal organisations and a resurgence of traditional commercial banks (Wright and Rippey,2003). This interest has sparked a contemporary debate into the effects of microfinance, focused on the dimension of poverty alleviation and socio-economic development and how this works to empower citizens. It is strongly argued that microfinance helps poverty mitigation and economic growth, as well as economic inclusion and the expansion of social capital NZU (27 February 2016).

1.1.4 Contextual Perspective

The study was carried out in Pride Microfinance Uganda Limited Hoima branch in Hoima district.

Pride Microfinance Limited (PMFL), is a microfinance deposit-taking institution (MDI) in Uganda. It is licensed by the Bank of Uganda, the central bank and national banking regulator. BOU (March 2014). PMFL provides financial services to that segment of the Ugandan population who are not served or are unable to access financial services through Ugandan commercial banks. PMFL's focus are the micro, small, and medium size entrepreneurs. As an MDI, PMFL is a Tier III Financial institution. It is therefore prohibited from dealing in foreign exchange and cannot issue checking accounts.

PMFL is located in Hoima district and it was founded in 1995 as a non-governmental organization with the support of the Norwegian Agency for Development Cooperation. Its major objective was to

offer credit to the poor, targeting those in the agricultural sector. In 1999, it was incorporated as a limited company and changed its name to Pride Africa Uganda Limited. In 2003, the Uganda government acquired 100 percent shareholding in the enterprise, changing the name to Pride Microfinance Limited Uganda. PMFL (2014). In 2005, it attained the status of an MDI according to the Banking Act of 2003. It is a member of the Association of Microfinance Institutions in Uganda. In February 2016, Ugandan media reported that the government was planning to merge PMFL with PostBank Uganda, to form an agricultural bank. As of December 2013, the institution's total assets were valued at approximately US\$56.84 million (UGX:147.4 billion), with shareholders' equity of approximately US\$18.1 million (UGX:46.97 billion). As of December 2013, Pride Microfinance employed 585 people and served 373,667 customers

.2 Problem Statement

Ideally, Microfinance is one of the practical development strategies and approaches that should be implemented and supported to resolve the failures of the credit markets and solidarity sentiments prevail amongst the members who constitute microfinance groups Madiha,A & Tanveer, A, J.(2013).

Currently, the governments realize that resource-poor rural households need affordable credit to enhance household incomes, the formal financial institutions failed to reach the poor because they adhere to stringent collateral requirements, and the credit disbursement and recovery procedures are not suitable for their economic environment Otieno et, al.(2011).

As a result, pride microfinance limited, Hoima branch experiences low output, and productivity because (1) Inadequate staff training to handle lending to small and medium enterprises. (2) Policy conflicts resulting from numerous alternative sources of credit with different interest rate. (3) Inability of borrowers to offer acceptable collateral for large loans which places a limit on their probable scale of operation. (4) Problems of illiteracy which affects record keeping and decision making ability of borrowers Allaladeet al. (2013).

This study therefore seeks to investigate the effect of microfinance services on entrepreneurship development in PML, Hoima branch.

.3 Purpose of the study

The purpose of the study was to investigate the effect of microfinance institutions services on entrepreneurship development in Pride Microfinance Hoima branch.

4 Specific Objectives of the Study

- i. To examine the effect of microfinance saving services on entrepreneurship development in in Pride microfinance Hoima branch.
- ii. To establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch.
- ii. To determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch.

5 Research Questions

- i. What is the effect of microfinance saving services on entrepreneurship development in in Pride microfinance Hoima branch?
- i. What is effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch?
- v. What is the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch?

6 Research Hypothesis

o: There is no relationship Microfinance services and entrepreneurship development in Pride microfinance Hoima branch.

7 Scope of the study

7.1 Content Scope

ie study contained the relationship between the dependent variable and the independent variable. this case, the dependent variable is entrepreneurship development and the independent variable is e Microfinance services' service. The study will also contain effect of microfinance lending vices on entrepreneurship development in Pride microfinance Hoima branch. Waiswa, Baz (25 arch 2013).

7.2 Geographical Scope

ide Microfinance Uganda limited Hoima branch is approximately 200 kilometres (124 miles), by ad, northwest of Kampala, Uganda's largest city, on an all-weather tarmac highway, the Kampala– oima Road. The coordinates of Hoima City are 1°25'55.0"N 31°21'09.0"E (Latitude:1.431944; ngitude:31.352500).

7.3 Time Scope

The research report took a period of 7 months and that is to say April to October 2019. This period is selected to enable the researcher come up with coherent information from the respondents as it enabled those (Respondents) to give responses that were typical of their opinion from the observations made over this period.

8 Significance of the study

To the student, the research was to help to attain the researcher's bachelor's degree of Business Administration since its part of the fulfilment in the college of economics and management.

The Microfinance institutions were to benefit from the study to improve on their market share as they gained knowledge on effects of microfinance services and best way clients can utilize it. This made the PML to be specific on what best entrepreneurship development would be of value to their clients.

The government also benefited as they were able to make policies that enabled her to educate MFI clients on the effect of microfinance services the study was justified as it laid a foundation for academicians who would like to carry out further research concerning issue of multiple borrowing.

This study added to knowledge on how Uganda policy makers can grow the economy through their support on entrepreneurship development in Hoima district which has been identified as the driver for economic growth.

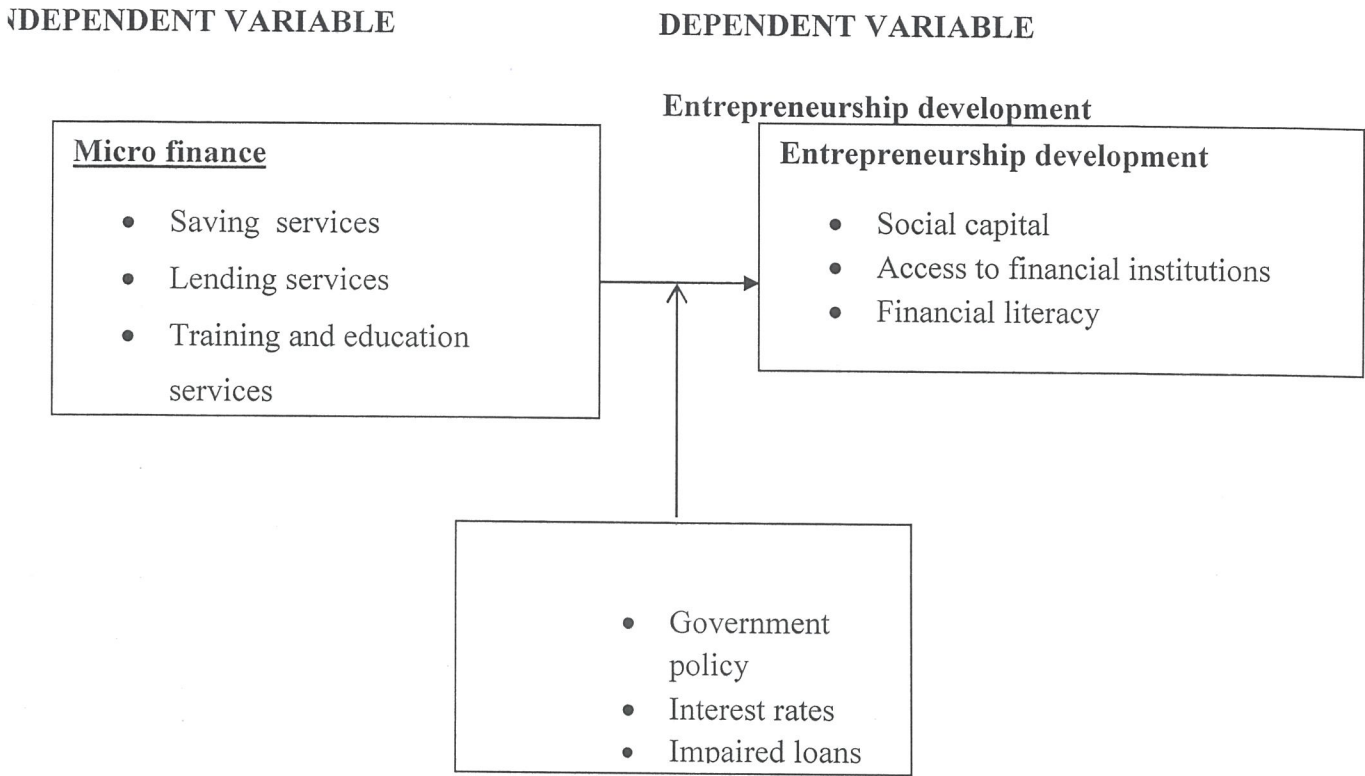
Banks and other financial institutions were to benefit from the study because it provided a veritable base for the effective functioning of financial institution to the development of entrepreneurial activities.

Moreover, students of institution of higher learning especially those in management benefited from this study because it served as an eye opener to the role microfinance bank play in financing young entrepreneurs.

9 Conceptual Frame work

his shows the diagrammatic depiction of the relationship between microfinance services with its indicators and the entrepreneurship development indicators.

Figure 1: 1.1 Conceptual Frame work



Source: Adopted by Rousseau, Jean-Marie. 2012.

10 Operational definitions of the Key terms

In this chapter, the researcher defines the concepts in the study using her own definitions according to her perception.

Microfinance services in this study refer to as group or individual in start- up of a business, development of manufacturing ideas and maturing the skills.

According to Caramela, Sammi (23 April, 2018), Microfinance is a category of financial services targeted at individuals and small businesses who lack access to conventional banking and related services.

Entrepreneurship in this study refers to as an individual who brings resources, labour, materials and other assets into combinations that make their value greater than before and also one who introduces changes, innovations and a new idea. According to AK Yetisen; (2015), Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs

CHAPTER TWO

LITERATURE REVIEW

0 Introduction

This chapter included a review of textbook, journal and relevant literature like presentations at conferences about microfinance services and entrepreneurship development. This chapter discussed studies conducted by other researchers, what they have said about the study and the gaps they have left in the scope.

1 Theoretical Review

The research was developed by three theories that were Innovation theory of Entrepreneurship, Economic theory and Micro Credit theory.

Innovation theory

The best exponent of the economic/sociological approach in all history is Joseph Schumpeter. Schumpeter's theory of entrepreneurship is a major part of his general theory of economic development espoused in his 'Theory of Economic Development' (1934). Schumpeter defined entrepreneurship as a creative activity. An innovator who brings new products or services into the economy is an entrepreneur. Schumpeter thought innovation is a function consistent with all entrepreneurs. The innovator is the entrepreneur and the entrepreneur is the innovator. He undertakes new combinations of the existing factors of production in any of the following ways (Meir and Baldwin Idemobi, 2010). In line with a synthesis of Schumpeter's work by Mbaegbu (2008), the depression which follows a boom is caused by the entrepreneur when he/she initiates an innovation. The recession or depression comes through a process of "creative destruction" which is Schumpeter's way of expressing market saturation and decline. With innovation old firms find their markets being destroyed by the advent of new competing products and new firms market the old products at much lower prices taking competitive advantage. The process forces some established firms who cannot compete to go under or become bankrupt.

2 Conceptual Review

DB,(2008), refers Microfinance to as the provision of a broad range of finances such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their microenterprises. These statements suggest that microfinance is a financial service but designed specifically for micro entrepreneurs to improve their business in a sustainable way.

Microfinance services in this study refer to as group or individual in start-up of a business, development of manufacturing ideas and maturing the skills.

According to Caramela, Sammi (23 April, 2018), Microfinance is a category of financial services targeted at individuals and small businesses who lack access to conventional banking and related services.

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According to AK Yetisen; (2015), Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs

This diversity of definitions has, in turn, significant implications for the measurement of entrepreneurship levels (Reynolds, 1992a). For instance, final counts can vary depending on the view adopted by researchers to determine who is an entrepreneur; in particular, whether a firm started for the purpose of self-employment is to be included in the measure of entrepreneurship or whether the baseline for inclusion is only value creation and the expectation of future growth.

Second, the measurement of entrepreneurial activity in a country depends on the level of analysis chosen by the researcher. In their review of longitudinal studies on entrepreneurship, Gartner and Hane (1995) identified two types of research: research focusing on individual level activity (e.g., self-employment) and that mostly concerned with firm-level activity (e.g., organisation creation). However, both approaches present inherent shortcomings; measures focusing on individuals not only ignore firms but might also undercount some specific kinds of entrepreneurs (e.g., self-employed who hire employees). By contrast, firm creation measures often fail to capture businesses started as proprietorships or partnerships.

A third issue raised by researcher's deals with the methodological approaches used to measure entrepreneurial activity. Scholars have expressed concerns regarding the undercounting of new firm entries and exits in the market, and the effect of this undercounting on the assessment of the impact of entrepreneurial activity (Bates, 2005; Birley, 1984; Davidsson, 2004; Dennis, 1997; Dennis, 1999; Williams, 1993). Moreover, many of the databases used by entrepreneurship scholars have been designed for purposes other than the study of entrepreneurship, making them a less than suitable tool for gauging the phenomenon from an academic point of view.

2.2.1 Review of related literature

Ugandan Business Environment Microfinance is not a new concept. Small micro-credit services have been provided since the 1700s but in Uganda it was not until the 1950s that agricultural micro-

ending was made available through the government-owned bank, Principal Bank for Development and Agriculture (PBDAC).

Since then, numerous other initiatives have been introduced such as the Productive Families project (PF), which was initiated by the Ministry of Social Affairs in 1977 to provide microcredit to low-income families, conditional on having a government employee guarantor. In 1982, the United Nations Children's Fund (UNICEF) launched a programme for rural women with a focus on female-headed households. The programme was implemented by the Ministry of Social Affairs while the Ford Foundation funded the Association for Garbage Collectors in Uganda in 1983 to provide credit and employment-related training (Barsoum, 2013).

SAID funds were earmarked for the development of the small and micro-enterprise sector. The fund was directed toward seed capital, institutional development financing, training and technical assistance, and research (USAID 2013). USAID designed two models for the delivery of credit in Uganda : the foundation model and the bank model.

The foundation model was to establish not-for-profit foundations to serve as intermediaries between individual borrowers and the lending banks where seed funds were deposited as a guarantee of a credit line for these borrowers (USAID, 2013).

EDO targets unemployed youth and new graduates with relatively larger loans (35,000 Ugandan shillings) following the business enhancement growth model. In 2000, more than LE 2.3 billion was committed to support small enterprises (USAID, 2013). Most of the credit recipients are males in urban areas.

Credit is provided through governmental and commercial banks and is subsidized at a differentiated interest rate structure depending on the loan size, the borrower's type of business, duration of the loan, and whether the loan is for a start-up or an existing business. The emphasis of these programs is on the informal sector and micro-entrepreneurs and the loan approval requirements of many of them include a work permit, economic activity licensing, social security registration, tax card, and commercial registry, which are documents unavailable among micro entrepreneurs working in the informal sector. CDP, on the other hand, provides revolving funds to grassroots organizations for the provision of microcredit for poverty alleviation and economic survival.

.2.2 Empirical review of literature

This chapter revisits different studies which were carried out by different authors, journals among others in different time periods, contexts and in various concepts as seen below.

Ojo (2017), carried out a research work on the 'Impact of Microfinance on Entrepreneurial Development, the researcher used questionnaire as an instrument of primary data collection. Tables and simple percentages were used in data presentation. For clear analysis, the study centres on two

road variables: the dependent variable which is entrepreneurial development and the independent variable which is microfinance institutions. Three different hypotheses were formulated and tested using various statistical tools such as chi square, analysis of variance and simple regression analysis. The study reveals that: there is a significant difference in the number of entrepreneurs who used microfinance institutions and those who do not; there is a significant effect of microfinance institutions activities in predicting entrepreneurial productivity; and that there is no significant effect of microfinance institution activities in predicting entrepreneurial development. The study therefore concludes that microfinance institutions world over, especially in Nigeria are identified to be one of the key

players in the financial industry that have positively affected individuals, business organizations, other financial institutions, the government and the economy at large through the services they offer and the functions they perform in the economy.

Akpe, Mat, & Razak (2016) focused their article on 'the Effect of Microfinance Factors on Women Entrepreneurial Performance in Nigeria'. They agreed that women play a crucial role in the economic development of their families and communities but certain obstacles such as poverty, unemployment, low household income and societal discrimination mostly in developing countries have hindered their effective performance of that role. They hypothesized that: credit, savings, training and social capital are positively related to women entrepreneurs' performance in Nigeria, credit; savings, training and social capital are positively related to opportunity for entrepreneurial activity of women entrepreneur in Nigeria; and that opportunity for entrepreneurial activity acts as a link between microfinance factors and women entrepreneurs' performance.

Aseun & Bewayo (2015) observed that a direct relationship exists between governmental privatization and entrepreneurship within a country and as a result, significant improvement has been made on the part of the Nigerian government to increase the participation of its citizens over the last two decades through privatization.

However, while the government's effort to spur entrepreneurship has been genuine, it has not achieved its goal of economic prosperity. The entrepreneurial spirit has been enjoyed by a relatively small group of people and there exists conditions that do not encourage but stifle the works of entrepreneurs.

According to AMFIU industry report 2016, carried a research which presents the performance of MFIs in Uganda and as the previous report, it aims at informing the PML and stakeholders about the performance trends of individual institutions and peer groups. The objective of the report is to clearly present the performance of the Microfinance industry in Uganda, identify the gaps and propose the

ay forward. The report shows the improvements in the microfinance sector, its regulation and the current status. The main objective of the report was to clearly present the performance of the microfinance industry in Uganda.

2.3 Research gaps

In the review of the literature developed by different researchers, gaps have been identified. The literature reviewed provides explanations microfinance services affect entrepreneurship development but most of the studies have not been carried out within Uganda and particularly in the rural settings of the country despite the fact that the country is among the African countries being affected with high poverty levels, unemployment rates and undeveloped small scale enterprises.

The current study therefore identifies gaps of limited research in rural development in Uganda and thus aims at examining the determinants of entrepreneurship development. The study employs a descriptive research design to examine the factors contributing entrepreneurship development. And the study will be in correlation to some of the studies in the literature for example Benfica and Oughton (2006). The current study will compare findings using descriptive, regressions and correlation analyses to come to conclusions. This study will serve to bridge the gap of limited literature about entrepreneurship development in Uganda and providing relationships between microfinance services and entrepreneurship development in Pride Microfinance limited Hoima branch in Hoima District.

2.3 Effect of Microfinance Institution

In developing countries there are nearly 90 percent of the people which have lack of access to financial services from the institutions, either for credit or saving purpose. Especially for the poor who already have lack assets this situation become more critical for them Guy, V (n.d). (2015),. In micro enterprises generally there is need for small capital but it is still difficult for the poor people to manage even that small quantity of capital. Resultantly, these lacks of capital hinder the growth of microenterprise Nader, Y., (2016).

Entrepreneurship is one of the commonly terms used in business, management, economics and other related fields. Entrepreneurship means innovation, creativity, leadership, profit maximization or start of a new business. Entrepreneurship helps in the process to increase economic growth, employment generation, increase national income and also creating innovation Anderson, L., Locker, L., Nugent, R., (2013).

Two schools of thought mainly discuss about entrepreneurship as: Schumpeter's theory of entrepreneurship and Austrian theory of entrepreneurial discovery. The Schumpeter theory explains entrepreneurship as innovation with a combination of tool and forces and the different methods to

produce new innovative products as for the Austrian theory of entrepreneurship, entrepreneur anticipating market and need of customers exactly and correctly and produce more cheaply than competitor and earn profit Engle, P. (2012).

In addition to that, microcredit program is based on unique mechanism such as group lending, social collateral and distinctive payment methods. It isn't based on checking credit history, income sources and bank balances but works on character based lending and thus managed to give loans to those who lacking credit histories. They are also denied of access to conventional finance. Formally establishes Grameen bank which is a milestone in the development of the microfinance industry. The objective of this bank is to give small loans at affordable rates to poor people, especially to women. The high number of clients and extremely high repayments rates is an impressive achievement for the bank (Davidsson, 2004).

Microfinance is one of better tools to reduce poverty, increase economic growth and development in the economy. Asian Development Bank (ADB) defines microfinance as the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low income households and, their microenterprises (ADB, 2000).

Microfinance has three types of sources formal institutions such as rural banks and cooperatives, semiformal institutions, such as nongovernment organizations (NGOs) and informal sources such as money lenders and shop keepers. Microfinance provides two types of services financial services and nonfinancial services. Financial services include saving, microcredit, money transfer, micro insurance etc. Nonfinancial services include training, counseling, education, health etc. In both microfinance and micro entrepreneurship the common object is the creation of employment opportunities for the poor people and also intends decrease poverty (Bradford,1993).

Microfinance institutions support two types of micro entrepreneurs: one is potential micro entrepreneur and the second is existing micro entrepreneur. The micro entrepreneurs mean the creation and the existing entrepreneurs mean the expansion of that entrepreneurship Salib, S., (2014).

Microfinance Institutions assist potential micro entrepreneurs by providing financing and training to enable them to start a business activity. This help to potential micro entrepreneurs is for pro poor mostly. The objective of targeting the poor is to make them able to start their own business and enabling them to increase their revenues and to reduce their level of poverty. Microfinance institutions also provide services to existing micro entrepreneurs Rahman, A. (2015).

Other financial services available to the existing micro entrepreneurs are money transfer using mobile banking to facilitate their transfers and other financial operations, micro insurance to insure their business operations and the unexpected that affect the smooth functioning of the business like the

ickness or the death of the micro entrepreneur. The microfinance institutions also offer nonfinancial services to existing micro entrepreneurs enabling them to expand and develop their activities, their skills and to empower them. The nonfinancial services supply to existing micro entrepreneurs is managerial training, technical assistance, and analysis of the sector of activity USAID (2013).

Micro finance is being promoted as a source of capital especially for small business owners. In developing countries, people from low income communities may have innovative idea for their business, even as shop keeper or house hold products manufacturer, however they have no financial resources to implant their ideas as a result they have remained in a state of economic inactivity or low activity. (Ledgerwood, 2013). This low economic activity in low income communities due to lack of financial resources lead them to ore poverty and poor standards of living.

Generally financial services cover savings and credit activities which are same concept about MFIs. However according ledgerwood, (2011) MFIs work for general financial services with this they provide insurance and payment services to their clients. The important aspect of MFIs is not only its role as financial intermediation and social services to their clients World Bank (2016). Social management development and financial literacy activities, Furthermore, many MFIs get together experienced people to guide others in many aspects of business such as offering useful suggestions, tips and other tactics for successful development and sustaining their business. Therefore microfinances providing financial services with social services, these social services are not applicable in general banking system. So, microfinance is not simply banking system but development tool, combining both financial and social intermediation (Ledgerwood,2013). The following subsections discuss different services provided by MFIs.

Economic activities are upon sellers and buyer and their capacity to keep the market vibrant. Sellers, before market their product, look at buyer intention and capacity. On the other hand, banking activities depend on both sellers and buyers because their revenue is generated through interest charged on loaned money. Leander's (financial institutions) finance both sellers and buyers for their activities. Commercial Banks invested in projects at large scale while with this, banks invested in consumer finance also. While MFIs usually don't invest in consumer finance, they however give finance only for micro enterprise. MFs encourage people to lift up their standards by doing businesses and earning from them and this is a consistent and sustainable way. According (Lidgerwood, 2013) there are many activities and characteristics of micro finances. Some terms are;

2.2.1 The Problems of Microfinance Institutions in Uganda

Microfinance institution is faced by several challenges in Pride Microfinance Limited Hoima branch. Olaitan (2006) highlighted the constraints and limitation to successful micro financing in PML Hoima branch as follows: (1) Inadequate staff training to handle lending to small and medium

enterprises. (2) Policy conflicts resulting from numerous alternative sources of credit with different interest rate. (3) Inability of borrowers to offer acceptable collateral for large loans which places a limit on their probable scale of operation. (4) Problems of illiteracy which affects record keeping and decision making ability of borrowers. Oshitola (2012), found the main problems of microfinance institutions as follows:

a) Non-productive loans and procedural delays for productive loans: Since most of the poor and needy are illiterate and prefer loans for consumption rather than productive purpose, majority of the poor find it hard to get loans sanctioned for taking up economic activities, even, if they want to. Sometimes, the borrowers are asked to furnish some documents and collateral security against the loan sanctioned, contrary to the directives of the government.

b) Inflexibility and delay: The rigid systems and procedures for sanctioning loans and disbursing them to the beneficiaries result in a lot of delay in time for the borrowers, which de-motivate them.

c) Social obligation, not a business opportunity: They believed that microfinance has been seen as a social obligation rather than a potential business opportunity.

d) Lack of training: In most of the cases, it has been found that members of a group take up a certain economic activities for their sustenance which are not preceded by relevant training. After the pioneering efforts of the last few years by the government, banks, NGOs, and so on, the microfinance scene is reaching the take-off point. However, Iganiga (2008), identified the problems of microfinance as follows:

a) Repayment problem: Loan delinquency is a major threat to institutional sustainability; it is the deadly "virus" which afflicts MFIs. Delinquency is a symptom of poor leadership. This has accounts for the failure of most MFIs and schemes in pride microfinance Hoima branch.

b) Inadequate experience credit staff: He believed that for microfinance institutions to be viable, it requires experienced and skilled personnel. He stressed that, as a young and growing industry, there is a dearth of experienced staff in planning, product development and effective engagement with clients. Most credit staff of are school leavers Godwin E (2005).

c) Internal control challenge: This is as a result of large transaction and informal operational procedures that could be breached at disbursement and collection points; high cash transaction which is a feature of micro financing is a source of temptation for fraudulent practices Akinboyo OL (2007).

Activities of Microfinance Institutions (MFI)

Microfinance institution covers various activities both directly and indirectly in an economy. Ahmed, R., C. Siwar, N. A. H. Idris, and R. A. Begum. (2011) opined that MFIs are dedicated only to poor and explicitly for business activities. They further stressed that MFIs usually do not invest in consumer finance, but give finance only for micro enterprises. Their belief is that microfinance

stitutions have indirect impacts on the micro borrower. Microfinance institution encourages people lift up their standards by doing business and also earning from these businesses. Ledgerwood (2013) found the activities and characteristics of MFIs in the following ways: (a) Supply of small and short term loans. (b) Social collateral rather than financial collateral. (c) Access to larger amount of loan if repayment performance is positive. (d) Continuous monitoring of business. (e) Loan on higher interest rate due to expensive financial and risk factor. (f) Easy way to access finance; therefore, not too much proper work, easy and short procedure. (g) Offering saving services to borrowers even for smallest amount. (h) Offer training services to borrower's business development. (i) Literacy training to borrowers so that they can come up with competent daily business problems and its solutions. (j) Health care, social services and other skill training services to provide borrower, a sustainable base for their business Aderibigbe J. O. (2013).

3. Effect of microfinance lending service

The Microfinance Institutions are growing with an incredible speed changing the lives of the poor. Besides the good things, below are some challenges faced by MFIs (Kirzner, 1997). Limited outreach particularly for women (Befekadu, 2007). Lack of adequate whole sale funding possibilities (guarantee facility), operating and financing expenses are high. Illegal government and NGO operations which spoiled the mark and high turnover of MFI staff consequently deteriorating the skills based in the industry, lack of knowledge about microfinance services. Microfinance is regarded as poverty alleviation among the most stricken led to the creativity of making small informal microfinance. When microfinance was started in the 1990s, the aim was to alleviate people against the effect of low income. Since then, they have either achieved their aim or are still working on it facing related challenges (Kirzner, 1997). The Microfinance institutions help the poor to start their own initiatives and to build assets for their economic security. Conventional financial institutions such as banks fail to lend money to the poor for many reasons. Hence, the poor rarely have a chance to get financial support from them. As a means of getting rid of poverty, Muhammad Yunus from Bangladesh created the formal microfinance concept in 1990s (Davidsson, 2004). Before the creation of the microfinance concept, there have been different microfinance institutions some of them very informal. Microfinance institutions have long existed in most developing countries but in a more additional way and under different names depending on the country (Davidsson, 2004).

The sources of fund for micro-enterprise are very important for their development and so accessibility is important. Poor people are not able to access loans from commercial banks normally because of lack in guarantee and collateral (Ledger, 1999). But there are many other reasons also involved for which commercial banks were not willing to finance micro-entrepreneurs. These reasons are included that micro-entrepreneur have less education, no proper experience and training, high

expenses on transactions of small loans and lower rate of profit. Therefore limited option to access an leads to push them in more poverty. This situation resulted in emerging the idea of micro nding and microfinance. Microfinance, therefore, a common way to finance people, those have no collateral or any property for guarantee. Microfinance is a way of financing poor their business, to alleviate their poverty, empowering them, giving social benefits on sustainable way.

According to Agion & Morduch,(2005),due to microfinance, many possibilities have emerged including extending markets, reducing poverty and fostering social change. However there is wide spread confusion that microfinance is just lending loan to poor but as we mentioned that microfinance is no more only loans but covering the issues of poverty alleviation, putting social impact on poor and educating poor to savings, therefore, MFIs, today, not only NGOs but searing as complete banking system.

According to Ledger wood,(2013) “Microfinance has evolved as an economic development approach tended to benefit low-income women and men. The term microfinance refers to the provision of financial services to low-income clients, including the self-employed.” While ADB,(2008) refers microfinance to as the provision of a broad range of finances such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their microenterprises. These statements suggest that microfinance is a financial service but designed specifically for micro entrepreneurs to improve their business in a sustainable way.

4 Effect of microfinance client training and education services on entrepreneurship

Development

The goal of the program is to teach entrepreneurial skills. However, if the entrepreneurial “spirit” is more about personality than skills, teaching an individual to engage in activities similar to a successful entrepreneur may not actually lead to improved business outcomes. The training aims to improve basic business practices such as how to treat clients, how to use profits, where to sell, the use of special discounts, credit sales, and the goods and services produced. These improvements should lead to more sales, more workers, and could eventually provide incentives to join the formal sector. aland, J.-M. and J. A. Robinson (2000).

We also examine the impact on two sets of household outcomes: household decision-making and child labor. The link to household decision-making is straightforward and one of the oft-cited motivations of such training: improved business success could empower female micro entrepreneurs with respect to their husbands/partners in business and family decisions by giving them more control of their finances. The link to child labor is ambiguous, however Copestake, J. (2002).

Since many children work in family enterprises, this is an important outcome to observe. The training may lead to changes in the business which increase or decrease the marginal product of labor, hence increase or decrease child labor through a substitution effect. If the training increases business income, then we expect increased wealth to lead to a decrease in child labor and an increase in schooling de Mel, S., D. McKenzie and C. Woodruff (2008a)..

Furthermore, an indirect effect may occur in which the training inspires the mother to value education more and thus invest more in schooling of her children Edmonds, E. (2006).. In addition to impact on the client's businesses and households, the training could impact important outcomes for the microfinance institution (MFI). If clients' businesses improve, they are more able to repay their loans. The training also may engender goodwill and sentiments of reciprocity, also leading to higher payment rates. Loan sizes and savings volumes are more ambiguous: if clients learn how to manage their cash flows better, they perhaps will need less debt Duflo, E., Rachel Glennerster, and Michael Kremer (2007)..

On the other hand, the business training may lead them to expand their business, and thus also demand more financial capital. Although much of the academic literature focuses on repayment rates for microfinance, many institutions (who typically have near perfect repayment) are more concerned with client retention (Copestake 2002). The expected effects here are ambiguous. If clients like the training, they may be more likely to remain in the program in order to receive the training, whereas obviously if they do not like the training (perhaps due to the additional 30-60 minutes per week required for the village bank meetings), they may be more likely to leave. The net effect is critical for the microfinance institution, since maintaining a stable client base is important for the sustainability of the organization.

The experimental design and the monitoring of the intervention We evaluate the effectiveness of integrating business training with microfinance services using a randomized control trial in which pre-existing lending groups of on average twenty women were assigned randomly to control and treatment groups Horowitz, J. L. and C. F. Manski (2000). In Hoima district, of the 140 village banks (3,265 clients), 55 were assigned to a mandatory treatment group (clients had to stay through the training at their weekly bank meeting, 34 were assigned to a voluntary treatment group (clients were allowed to leave after their loan payment was made, before the training began), and 51 were assigned to a control group which received no additional services beyond the credit and savings program.

First, some treatment banks put the trainings on hold if they were having problems such as high default and dropout rates. In these cases, they would often enter a restructuring phase that involved reinforcement of the traditional PMFL training about good repayment practices and discipline Kling, J. and J. Liebman (2004). The training session was also skipped at the first and last meeting of each

cycle, and when the meeting included a group activity such as the celebration of a birthday or regional and religious holidays. In these cases, the session would be postponed until the following meeting.

There were other cases in which the clients and credit officers decided that they needed more time to grasp fully the information offered in one session. In some cases, it became a normal practice for banks to agree to spend an extra meeting reviewing the material of the previous training session Lee, J. S. (2002).

These practices not only delayed the completion of the training materials, but also caused heterogeneity in treatment intensity across groups. In Lima, for example, the average bank advanced 5 sessions per loan cycle over the 12-meeting cycles. However, it was common for banks to complete five training sessions in the first loan cycle, and gradually slow to an average of 2.6 training sessions per cycle over time. As a result, after at least 24 months since the launch of the training, only half the banks had reached the 17th session out of a total of 22 programmed sessions. At the individual level, married, older and more educated individuals are more likely to have higher attendance rates.

The empirical analysis will compare the village banks assigned to treatment to those assigned to control, irrespective of how well PMFL adhered to the training program, irrespective of how well clients attended the training, and irrespective of how long clients continued participating in the lending program. This is important not only to avoid a selection bias from heterogeneous intensity of treatment, but also because the delays experienced here are normal for credit with education interventions. Thus, had the training been adhered to more strictly, we would be estimating the impact of a treatment that is different than is normally implemented Ehigiamouse G (2008)..

CHAPTER THREE

METHODOLOGY

0 Introduction

This chapter indicates how data was collected, processed and analyzed. It contains sampling design, data collection methods and instruments that will be used in data processing, analyzing and presentation. It also contains the problems that are likely to be faced in the study.

1 Research Design

This study employed a descriptive study design that seeks to gain an in-depth understanding of the effect of microfinance institutions services on entrepreneurship development in Pride Microfinance limited Hoima Branch in Hoima District. The purpose of this design was to collect detailed and actual information that describes an existing phenomenon. Data was collected based on the concepts defined in the research and hypotheses tested from the responses on Likert-type questionnaire was distributed amongst the selected sample of the study.

According to Cooper, D.R., & Schindler, P.S. (2008), a descriptive study describes the existing conditions and attitudes through observation and interpretation techniques. The study was therefore being able to generalize the findings to all SMEs in Pride Microfinance limited Hoima Branch in Hoima District.

2 Target Population

The target population of this study will be all the employees of Pride Microfinance limited Hoima Branch in Hoima District. Staff of microfinance bank will be interviewed to gain their opinion. PML has 54 employees from different departments that are; finance, marketing, accounting and Auditing department.

2 Sampling technique and Sample Size

In the study, a stratified random sampling technique was used to reach the respondents in all the four departments since all have different number of respondents. The sample size of the study was established using the solver's formula given a finite population and the degree of precision (reliability) desired by the study. The solver's formula states;

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n = the required sample size

N = the known population size

e = the level of significance, which is fixed at 0.05

$$n = 65$$

$$1 + 65 \times (0.05)^2$$

$$n = \frac{65}{1 + 60 \times 0.0025}$$

$$n = \frac{65}{1.25}$$

$$n = 52 \text{ respondents}$$

From the population of 65 respondents, a sample of 52 was used to conduct the study which accounted for the total population. The study therefore will employ the random sampling technique from different departments. The formula is stated as:

Table 1: 3.1: Number of respondents and the sample Sizes by each department

| Department | Number of respondents | respondents sampled |
|--------------|-----------------------|---------------------|
| Finance | 17 | 12 |
| Marketing | 20 | 18 |
| Accounting | 15 | 14 |
| Auditing | 13 | 8 |
| Total | 65 | 52 |

Source: Primary Data 2019

4 Sources of data

4.1 Primary sources

This was originally collected from the various categories of respondents using self-administered questionnaires and face to face interviews during the study.

4.2 Secondary sources

In this type of data collection method the researcher collected information from reports, textbooks, dissertations internet and publications from the main library of KIU.

5 Data collection methods/ instruments

5.1 Questionnaires

The researcher will use self-administered questionnaires consisting of questions which were both open and closed ended. This enabled respondents to provide adequate information required by the researcher in order to make the necessary findings and recommendations of the study.

5.2 Response rate

espondents were given two weeks to complete the questionnaires. The researcher submitted 52
questionnaires at Pride Microfinance Limited Hoima Branch. However, by the end of the data
ollection process, 41 questionnaires were returned posing a respondent rate of 79% and non-
spondent rate of 21% as shown in the table 2 below. It implied that more than half of the target
opulation participated in the process giving high level of precision to the findings.

7 Validity and reliability of the instrument

validity is the efficiency or the degree to which a method, a test or a research tool actually measures
hat is supposed to be measured. It refers to the accuracy of the research data. For this case, the
 validity of the questionnaires was tested using the content validity index test (CVI). Miller (2011)
is involved item analysis to be carried out by the supervisors and an expert who was knowledgeable
out the study. This process involved examining each item in the questionnaire to establish whether
e items bought out were the ones expected. Item analysis was conducted using the scale that runs
om relevant (R), Neutral (N), to irrelevant (I).The instrument is refined based on experts' advice.
he following formula will be used to test validity index.

VI =
$$\frac{\text{No. of items regarded relevant by judges}}{\text{Total No. of items}}$$

$$41/52 \times 100$$

$$79\%$$

7.2 Pre-Testing

efore administering the final questionnaire, the researcher carried out a pilot study to help do a test
hether the questionnaire met the standard set of collecting the right information.

7.3 Reliability of Instruments

eliability means the degree of consistency of the items, the instruments or the extent to which a test,
method, or a tool gives consistent results across a range of settings or when it is administered to the
ame group on different occasions.

7.4 Data Validity

efore the final data is analyzed, the collected data was to be re-tested as part of the pilot study to
nsure that the right data was made available. Any other missing data was corrected and made ready
or final analysis.

6 Data processing, analysis and presentation

6.1 Data processing

The data collected from the field was subject to processing for easy interpretation and understanding. Data collected was checked for completeness, categorized, coded, and entered into a computer where it was summarized into frequency tables edited and tabulation by use of percentages. The collected data was inputted in software (SPSS) for processing and analysis and interpretations of the results were made (2005).

8 Limitations of the study

Failure to answer questions because it was considered time consuming for the respondents. Lack of cooperation from respondents, especially those who consider the information confidential and thought the survey was for purposes of revenue collection. The researcher therefore was assured the respondents of confidentiality of their information that it is solely for academic purpose for which it was used.

Insufficient financial resources in terms of transport and stationery costs. However the researcher endeavoured to use personal resources to ensure the research is completed.

9 Ethical considerations

The following activities were being implemented by the researcher to ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in this study.

Research ethics play a central role in ensuring that research findings in a study is credible and reliable. It was pointed out that research upheld high degree of ethical considerations in this study was based on suggestions.

First, the participants have the right to participate where no attempt to force or coerce the participants was made a priority in this study. As such, the participants were reminded of their rights to withdraw from the study at any time during the study.

Further, the issue of confidentiality was also being considered in this study where the participants were being assured of the privacy of the data they provide in this study.

The completed questionnaires were treated with confidentiality where all the participants were considered anonymous.

In upholding these research ethics, the researcher ensured that findings in this study were reliable.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION, ANALYSIS AND DISCUSSION OF FINDINGS

0 Introduction

This chapter presents the findings of the study on. The findings serve to reinforce the existing knowledge proven about the effect of microfinance services on entrepreneurship development; a case study of Pride Microfinance Limited Hoima branch in Hoima District.

This chapter covers presentation, analysis and interpretation of the study findings.

The findings are presented in the gist of the three objectives that the study was set to achieve;

- i. To examine the effect of microfinance saving services on entrepreneurship development in in Pride microfinance Hoima branch.
- ii. To establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch.
- ii. To determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch.

The interpretation of the data is intended to enable the researcher make appropriate conclusions and recommendations for better understanding of the research problem. This chapter presents and discusses the findings to investigate the effect of microfinance institutions services on entrepreneurship development in Pride microfinance Hoima branch. A self-administered questionnaire (Appendix comprising of questions and observation guide were used to collect the data upon which this chapter was based. 65 questionnaire were distributed out of which (41%) were returned. Observation guides were used. Results discussed in this chapter were derived from questionnaire and observation guides. The analysis is based on the objectives of the study and the presentation and the interpretation done with the help of tables, pie charts and narrative text as follows;

1 Response rate

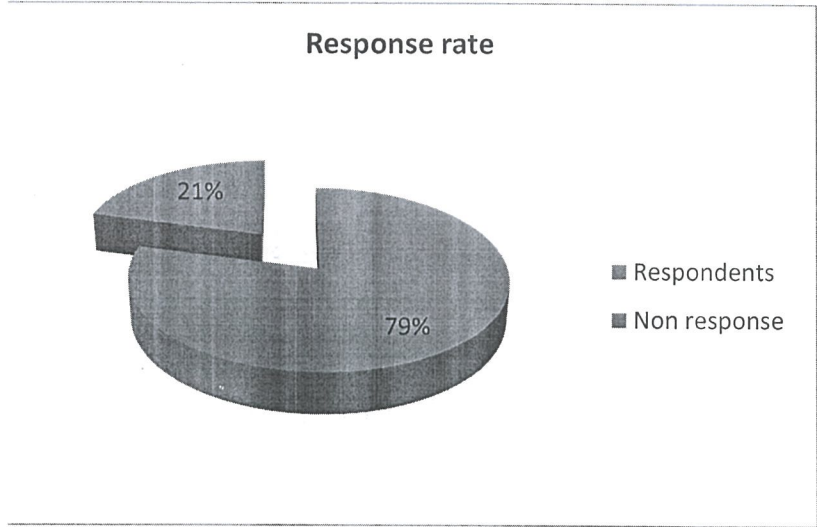
A total of 52 questionnaires were issued out. The completed questionnaires were edited for completeness and consistency. Out of 52 Questionnaires were used as the samples of 41 were returned. The remaining 9 were not returned. The returned questionnaires “represented a response rate of 82%, which the study considered adequate for analysis as shown in the table below. It implied that more than half the target population participated in the process giving high level of precision to the findings of the study as shown in table 4.1”.

able 2: 4.1: Response rate

| Questionnaires distributed | Frequency | Percentage |
|----------------------------|-----------|------------|
| Respondents | 41 | 79% |
| Non response | 11 | 21% |
| Total | 52 | 100 |

Source: Primary Data 2019

Figure 2: 4.1 Response rate



Source: Primary Data 2019

The feedback received from the pilot study showed that more respondents took time to fill in the questionnaires and the discrepancy of 11% could be caused by the respondents who failed to get time to fill the questionnaires.

1.2 Age of the respondents

Table 3: 4.2: Findings on the age of respondents

| Response | Frequency | Percentage |
|------------|-----------|------------|
| 18-29 | 4 | 9.7 |
| 30-39 | 17 | 41.5 |
| 40-49 | 12 | 29.3 |
| 49 & above | 8 | 19.5 |
| Total | 41 | 100 |

Source: Primary Data 2019

he results are shown in table 4.2. 9.8% of the respondents were of age 18-29 years, 41.5% were between 30-39 years of age, 29.3% were between 40-49 years old and the rest (19.5%) were over 49 years. On average the majority of the employees are between the age brackets of 30-50 years.

s far as age bracket is concerned, 4 (9.8%) of the respondents were between 18-29 years, 17 (41.5%) were between 30-39 years, 12 (29.3%) were between 40-49 years and 8(19.5%) of the respondents were 49 and above years.

most responders in the sample are between 30-50 years 17 (42%), and least were of the in the age bracket of 18-29 years 4 (10%). This implies that most managers and staff in the sample are in their middle adult age. This is so because, this age bracket has potential to make wise decisions hence prevention of barriers to education and promote employee performance in Pride microfinance Hoima branch.

1.3 Response on the level of education of the respondents

Table 4.3: Education level of the Respondents

| educational level | Frequency | Percentage |
|-------------------|-----------|------------|
| certificate | 17 | 41 |
| diploma | 10 | 24 |
| degree | 8 | 20 |
| masters | 6 | 15 |
| total | 41 | 100 |

Source; Primary Data 2019.

From table 4.3 above 17(41%), had not attained any level of formal education, 10(24%), had had diploma, 8(20%), had Degree, and 6(15%), had acquired masters. This means that the majority of respondents were had attained certificate who could understand and internalize the contents of the questionnaires distributed to them.

Table 5: 4.4: Shows marital status of the respondents

| Marital status | Frequency | Percentage |
|----------------|-----------|------------|
| Single | 4 | 10 |
| Separated | 11 | 27 |
| Married | 20 | 48 |
| Widow | 6 | 15 |
| Total | 41 | 100 |

Source; Primary Data 2019.

Table 4.4 above shows the following analysis as regard the marital status of the 41 respondents, 4 respondents representing 4(10%) of the sample were single, 11(27%)were separated, 20 (48%)were married while 6 (15%) were widows/widowers. 6 (15%) were widow.

This implies that most of the leadership style on organization performance in Pride microfinance Hoima branch was operated by married people, widows/widowers and separated.

2 To examine the effect of microfinance saving services on entrepreneurship development in Pride microfinance Hoima branch.

Table 6: 4.5 the effect of microfinance saving services on entrepreneurship development in pride microfinance Hoima branch.

| Microfinance saving services or entrepreneurship development | Strongly Agree | | Agree | | Not sure | | Disagree | | Strongly Disagree | | Total | |
|--|----------------|----|-------|----|----------|----|----------|----|-------------------|----|-------|-----|
| | F | % | F | % | F | % | F | % | F | % | F | % |
| How has microfinance saving services useful to the development of entrepreneurship. | 18 | 44 | 15 | 37 | 02 | 5 | 03 | 7 | 03 | 7 | 41 | 100 |
| Are the people of Hoima aware of the microfinance saving services? | 21 | 51 | 14 | 34 | 00 | 0 | 02 | 5 | 04 | 10 | 41 | 100 |
| How has microfinance saving services affected the entrepreneurship development in pride microfinance Hoima branch. | 20 | 49 | 10 | 24 | 00 | 0 | 05 | 12 | 06 | 15 | 41 | 100 |
| How to overcome challenge as which on the entrepreneurship development. | 18 | 44 | 7 | 17 | 01 | 2 | 6 | 15 | 9 | 22 | 41 | 100 |
| Do microfinance saving services favourable to all people of Hoima. | 23 | 56 | 9 | 22 | 04 | 10 | 02 | 5 | 03 | 7 | 41 | 100 |
| Are the people of Hoima aware of problems faced by microfinance saving services on entrepreneurship development? | 28 | 68 | 8 | 20 | 00 | 0 | 01 | 2 | 04 | 10 | 41 | 100 |

Source; Primary Data 2019.

Table 4.5 above presents the effect of microfinance saving services on entrepreneurship development in the Pride microfinance Hoima branch. The data collected was based on the Likert scale of strongly agreed, agreed, disagreed and strongly disagreed.

How useful has microfinance saving services been to the development of entrepreneurship according to the findings? The 44% of the respondents strongly agreed, 37% agreed, 7% of the respondents disagreed while 7% of the respondents strongly disagreed with the findings of the study?

The statement is in agreement with the views of Anderson, L., Locker, L., Nugent, and R., (2013). Entrepreneurship helps in the process to increase economic growth, employment generation, increase national income and also creating innovation.

The findings indicated that, the people of Hoima are aware of the microfinance saving services as indicated by responses 51% of the respondents who strongly agreed, 34% agreed, 5% disagreed and 10% of the respondents strongly disagreed.

According to Davidsson (2004), the objective of this bank is to give small loans at affordable rates to poor people, especially to women. The high number of clients and extremely high repayments rates is an impressive achievement for the bank.

The findings indicate that; Microfinance saving services have affected the entrepreneurship development in the Pride microfinance Hoima branch as indicated by responses 49% of the respondents strongly agreed, 24% agreed with the findings, 12% disagreed while 15% of the respondents strongly disagreed.

The statement is in agreement according to Salib, S., (2014). "The micro entrepreneurs mean the creation and the existing entrepreneurs mean the expansion of that entrepreneurship".

The findings indicated, how to overcome challenges as which on the entrepreneurship development face with as indicated by responses 44% of the respondents who strongly agreed, 17% of the respondents, 15% of the respondents disagreed, and 22% of the respondents strongly disagreed.

According to Oshitola (2012), found the main problems of microfinance institutions as follows:

a) Non-productive loans and procedural delays for productive loans: Since most of the poor and needy are illiterate and prefer loans for consumption rather than productive purpose, majority of the poor find it hard to get loans sanctioned for taking up economic activities, even, if they want to.

The study findings also indicated that, Microfinance saving services favourable to all people of Hoima with 56% of the respondents who strongly agreed, 22% of the respondents agreed, 2(5%) of the respondents disagreed and 7% of the respondents strongly disagreed.

According to Kirzner (1997) as it's revealed that, Microfinance Institutions are growing with an incredible speed changing the lives of the poor. Besides the good things to the people Hoima district boosting their businesses.

The study findings also indicated that, are the people of Hoima aware of problems faced by microfinance saving services on entrepreneurship development with 68% of the respondents who strongly agreed while 20% of the respondents agreed, 2% of the respondents disagreed and 10% of the respondents strongly disagreed.

According to Allaladeet al. (2013), as people in Hoima district are aware of problems faced by MFL, like inadequate staff training to handle lending to small and medium enterprises, banking institutions have left people's livelihood in danger that is to say many household's properties have been confiscated from people in Hoima district when people fail to pay back the money given to them and interests on that money and this is caused by failure of the banking institutions such as MFL to monitor programmes and businesses that people are going to invest in money or even failing to know what people are to use the money for.

Although majority of the respondents were well conversant with the findings that they are aware of the problems faced by PML and that the services favour all people in the area was not true according to minority respondents as discussed above.

The summary findings revealed that the people of Hoima are aware of problems faced by microfinance saving services on entrepreneurship development which have a negative effect on the organizational performance of the PML in Hoima branch with 68% of respondents who strongly agreed and Microfinance saving services favourable to all people of Hoima with 56% of respondents who strongly agreed.

3.3 To establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch.

The second research objective was to establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch. The data collected based on the four likert scale is presented and interpreted as provided below.

Table 7: 4.6 Showing the effect of microfinance lending services on entrepreneurship development.

| Microfinance lending services on entrepreneurship development | Strongly Agree | | Agree | | Disagree | | Strongly Disagree | | Total | |
|--|----------------|----|-------|----|----------|----|-------------------|----|-------|-----|
| | F | % | F | % | F | % | F | % | F | % |
| Are people aware of the problems faced by microfinance lending services in the entrepreneurship development? | 29 | 71 | 4 | 10 | 03 | 7 | 05 | 12 | 41 | 100 |
| How microfinance lending services useful on entrepreneurship development. | 28 | 68 | 8 | 20 | 01 | 2 | 04 | 10 | 41 | 100 |
| How microfinance lending services affect the entrepreneurship development. | 19 | 46 | 10 | 24 | 4 | 10 | 8 | 20 | 41 | 100 |
| How microfinance lending services favorable to entrepreneurship development in Pride Microfinance Hoima Branch. | 21 | 51 | 14 | 34 | 02 | 5 | 04 | 10 | 41 | 100 |
| Are customers aware of the microfinance lending services in Pride Microfinance of Hoima Branch? | 17 | 41 | 15 | 37 | 3 | 7 | 6 | 15 | 41 | 100 |
| How to overcome the challenges faced by microfinance lending services in the entrepreneurship development in Pride Microfinance of Hoima Branch. | 21 | 51 | 14 | 34 | 02 | 5 | 04 | 10 | 41 | 100 |

Source: Primary Data 2019.

the study findings in table 4.6 provided the effect of microfinance lending services on entrepreneurship development.

The findings indicated that, the people are aware of the problems faced by microfinance lending services on the entrepreneurship development as indicated by responses 71% of the respondents who strongly agreed, 10% agreed, 7% disagreed, and 12% strongly disagreed in that regard.

According to Otieno et, al.(2011), as people in Hoima area are aware of the problems facing microfinance institution, they have been able to clear the debts in time to avoid their properties to be confiscated from them.

The study findings also indicated Microfinance lending services are useful on entrepreneurship development as indicated by responses 68% of the respondents who strongly agreed while 20% of the respondents, 2% of the respondents and 10% of the respondents who strongly disagreed.

According to Ledger (1999), the sources of fund for micro-enterprise are very important for their development and so accessibility is important.

The findings revealed that, microfinance lending services affect the entrepreneurship development as indicated by responses 46% of the respondents strongly agreed, 24% of the respondents agreed, 10% and 20% disagreed respectively.

According to Agion & Morduch,(2005),due to microfinance, many possibilities have emerged including extending markets, reducing poverty and fostering social change.

The findings revealed that, Microfinance lending services favorable to entrepreneurship development in Pride Microfinance Hoima Branch.as indicated by responses 51% of the respondents strongly agreed while 34% disagreed, 5% of the respondents of disagreed and 10% of the respondents strongly agreed on the study provided.

According to While ADB,(2008) refers Microfinance to as the provision of a broad range of finances such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their microenterprises. These statements suggest that microfinance is a financial service but designed specifically for micro entrepreneurs to improve their business in a sustainable way.

The findings revealed that customers are aware of the microfinance lending services in Pride Microfinance of Hoima Branch as indicated by responses 41% of the respondents who strongly agreed, 37% agreed 7% disagreed and 15% strongly disagreed in that regard.

According to State House (2003). "Bonna Baggagawale Program" microfinance lending services in Hoima Microfinance of Hoima Branch are the mandate of the state house agenda everyone to get soft loans to fight poverty.

The findings revealed that, the way PML overcomes the challenges faced by microfinance lending services to the entrepreneurship development in Hoima Microfinance of Hoima Branch as indicated by responses 51% of the respondents who strongly agreed, 34% agreed 5% disagreed and 10% strongly disagreed in that regard.

According to Rajedom, R. (2010), many people's properties like land titles, houses, have been confiscated and it has left many people homeless and in acute poverty.

The negative effect of leadership styles on organization performance indicates that member's performance was limited by poor leadership of supervisor in the organization.

The summary findings indicated that, the people are aware of the problems faced by microfinance lending services on the entrepreneurship development with the response of 71% who strongly agreed and that, microfinance lending services are useful on entrepreneurship development with the response of 68% who strongly agreed. Though people in Hoima district are aware of the problems encountered by Microfinance institution, of confiscating their properties they still continue to get soft loans for their sustainability. This has a negative impact on the side of borrowers Rajedom, R. (2010).

4 To determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch.

Table 8: 4.7: Shows the effect of microfinance client training and education services on entrepreneurship development.

| Effect of microfinance client training and education services on entrepreneurship development | Strongly Agree | | Agree | | Not sure | | Disagree | | Strongly Disagree | | Total | |
|---|----------------|----|-------|----|----------|---|----------|----|-------------------|----|-------|-----|
| | F | % | F | % | F | % | F | % | F | % | F | % |
| Microfinance services are useful in profitability of the business. | 21 | 51 | 14 | 34 | 00 | 0 | 02 | 5 | 04 | 10 | 41 | 100 |
| Now microfinance services helps in the growth of the entrepreneurship. | 24 | 58 | 11 | 27 | 00 | 0 | 02 | 5 | 04 | 10 | 41 | 100 |
| Now microfinance helps the entrepreneurship development to be effective. | 20 | 49 | 10 | 24 | 00 | 0 | 05 | 12 | 06 | 15 | 41 | 100 |
| Now microfinance useful in the efficiency of the entrepreneurship development. | 24 | 58 | 11 | 27 | 00 | 0 | 02 | 5 | 04 | 10 | 41 | 35 |
| Now microfinance helps in management of the entrepreneurship. | 18 | 44 | 15 | 37 | 02 | 5 | 03 | 7 | 03 | 7 | 41 | 100 |
| Microfinance in the entrepreneurship has led to increase in returns of equity. | 30 | 73 | 6 | 15 | 00 | 0 | 02 | 5 | 03 | 7 | 41 | 100 |

Source: Primary Data 2019.

he study findings revealed that, Microfinance services are useful in profitability of the business as indicated by responses 51% of the respondents strongly agreed, 34% of the respondents agreed while 10% of the respondents disagreed and 10% of the respondents strongly agreed with the findings.

agree with the statement that Microfinance services are useful in profitability of the business because it offers loans to micro enterprise business to fight against poverty which is an acute in most rural areas of the country State House (2003).

he study findings indicated that, microfinance services helps in the growth of the entrepreneurship, which revealed that 58% of the respondents strongly agreed, 27% of the respondents agreed, 5% disagreed and 10% of the respondents strongly disagreed according to the respondents.

According to Ehigiamousoe G (2008), the training has been adhered to more strictly, we would be estimating the impact of a treatment that is different than is normally implemented.

he study findings revealed that, microfinance helps the entrepreneurship development to be effective which indicated 35% of the respondents strongly agreed, 49% of the respondents agreed, 10% of the respondents who disagreed, 15% who strongly disagreed were 12%.

agree with this statement in that microfinance helps the entrepreneurship development to be effective this is seen where it offers loans to clients so that they can fight against poverty State House (2003).

he findings indicates, how microfinance useful in the efficiency of the entrepreneurship development as indicated by the responses 24(58%) of the respondents strongly agreed while 27% of the respondents agreed, 5% disagreed and 4(10%) strongly disagreed.

According to Copestake (2002) as it's revealed that, the net effect is critical for the microfinance institution, since maintaining a stable client base is important for the sustainability of the organization.

he study findings revealed , how microfinance helps in management of the entrepreneurship as indicated by responses 44% of the respondents strongly agreed, 37% of the respondents agreed, 7% disagreed and 3(7%) strongly disagreed.

According to Ledger wood,(2013), Microfinance has evolved as an economic development approach intended to benefit low-income women and men.

he study findings revealed that, Microfinance in the entrepreneurship has led to increase in returns of equity as indicated by responses 73% with the response strongly agreed, 5% of the respondents agreed, 5% disagreed and 7% strongly disagreed.

According to Agion & Morduch,(2005),due to microfinance, many possibilities have emerged including extending markets, reducing poverty and fostering social change.

On average of the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch has a positive effect that Microfinance in the entrepreneurship has led to increase in returns of equity with the findings over 73% levels of agreement on the areas provided, how microfinance useful in the efficiency of the entrepreneurship development and how microfinance services helps in the growth of the entrepreneurship with the response of 58% who strongly agreed that these services are of benefit to people in Hoima district.

6 The dependent variable (Entrepreneurship development)

The dependent variable which is the Entrepreneurship development. The study was presented based on the findings from the field as presented in the values assessed below.

Table 9: 4.8 showing the Entrepreneurship development in pride microfinance Hoima branch.

| Entrepreneurship development | Strongly Agree | | Agree | | Disagree | | Strongly Disagree | | Total | |
|--|----------------|----|-------|----|----------|----|-------------------|----|-------|-----|
| | f | % | f | % | f | % | f | % | f | % |
| Economic growth has been improved through generation of employment in the country. | 29 | 71 | 4 | 10 | 03 | 7 | 05 | 12 | 41 | 100 |
| There is a reduction of non-performing loans in the credit institution. | 28 | 68 | 8 | 20 | 01 | 2 | 04 | 10 | 41 | 100 |
| There is increase in the number of interests paid back by customers. | 19 | 46 | 10 | 24 | 4 | 10 | 8 | 20 | 41 | 100 |
| There is increase in the number of accounts opened in pride microfinance limited compared to the previous periods. | 30 | 73 | 4 | 10 | 02 | 5 | 05 | 12 | 41 | 100 |
| The information of entrepreneur and the firm in pre start-up period or at the start-up, respectively. | 17 | 41 | 15 | 37 | 3 | 7 | 6 | 15 | 41 | 100 |

Source: Primary Data, 2019.

the study findings in table 8 show the effect of microfinance services on entrepreneurship development.

the findings indicated that Economic growth has been improved through generation of employment in the country as per the responses 71% of the respondents strongly agreed while 10% agreed while 19% of the respondents disagreed and 12% of the respondents strongly disagreed on the study findings.

According to Ledger (1999), poor people are now able to access loans from commercial banks normally using the in guarantee and collateral.

the study findings also indicated that, there is a reduction of non-performing loans in the credit institution as indicated by responses 68% of the respondents who strongly agreed while 20% of the respondents, 2% of the respondents while 10% of the respondents who strongly disagreed.

Robin (2008), argues that financial performance is straightforward task as it requires individual to change the behaviour by operating in an efficient economic system which creates opportunities for economic prosperity growth and happy people's life.

the findings revealed that there is increase in the number of interests paid back by customers by responses of 46% of the respondents strongly agreed, 24% of the respondents agreed while 10% disagreed and 20% strongly disagreed respectively.

According to Davidsson (2004), Microfinance institutions have long existed in most developing countries but in a more traditional way and under different names depending on the country. He argues that banking is a typical capitalist activity aimed to gain profits.

the findings revealed that there are increase in the number of accounts opened in pride microfinance limited compared to the previous periods by responses 73% of the respondents who strongly agreed, 19% agreed while 5% disagreed and 12% strongly disagreed in that regard.

Therefore, Chatterjee and Lefcovitch (2009), uncovered the importance of financial performance in a tenary bank, as every person achieves the targets through involving in predominantly oriented to maximizing profits, and behave totally ruthlessly in their operations against depositors, investors and general public interests.

the findings revealed that, the information of entrepreneur and the firm in pre start-up period or at a start-up, respectively as indicated by responses 41% of the respondents who strongly agreed, 37% agreed 7% disagreed while 15%.

According to Heffernan & Fu (2010), found that some financial ratios significantly influenced financial performance thus a larger bank asset to GDP ratio and a lower market concentration ratio lead to lower margins and profits.

Entrepreneurship development, Hoima branch indicated that, there is increase in the number of accounts opened in pride microfinance limited compared to the previous periods with the respondents who strongly agreed 73% and there was reduction of non-performing loans in the credit section with 8% as a result, experiences high output, and productivity hence leading to effectiveness of service delivery.

7 Data analysis and findings

With this observation therefore, it is evident that the current Entrepreneurship development policy employed by the SMEs are inadequate to militate against bank charges imposed on these SMEs business arising from the lending business.

Not overlooking the various challenges that affects microfinance operations, the current banking forms introduced by the regulatory authorities, that welcomes development as its employment is not to fortify the microfinance institutions operations in order to contribute meaningfully to entrepreneurship development in the country.

Microfinance institutions world over and especially in Uganda are identified to be one of the key players in the financial industry that have positively affected individuals, business organizations, other financial institutions, the government and the economy at large through the services they offer and the functions they perform in the economy.

It is expected that with the current reforms put in place by the Federal Government through its regulatory authorities, microfinance institutions in Uganda will be able to compete favorably in the global market and gainfully increase entrepreneurship development in Uganda.

From the observation, it is evident that the current Entrepreneurship development policies employed by the SSBs are inadequate to militate against bank charges arising from the lending business. This also means that there is very high demand for the SSBs loans as a result of increased membership in these institutions.

There has been no change in Entrepreneurship policy formulation strategy that would respond to the challenges of lending in a highly competitive lending environment by balancing between high interest income and bad loans.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

1 Introduction

This chapter presents the summary of the findings, conclusions and recommendations in line with specific objectives of the study and tested by research questions.

1.1 Summary of findings

The investigated role of microfinance on entrepreneurial development. The study was conducted in Pride Microfinance Limited Hoima Branch in Hoima District. The objectives of the study were: to examine the effect of microfinance saving services on entrepreneurship development in Pride Microfinance Hoima branch, to establish the effect of microfinance lending services on entrepreneurship development in Pride Microfinance Limited Hoima branch and to determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch. A sample of 52 respondents was taken from Pride Microfinance Limited Hoima Branch. Primary data were collected by using questionnaires and in depth interview. Data are presented by using tables and figures.

The purpose of this study was to investigate the effect of microfinance institutions services on entrepreneurship development in Pride Microfinance Hoima branch.

Microfinance is emerging tool for economic development. It provides technical support to group or individual in start-up of a business, development of manufacturing ideas and maturing the skills. It has gained a prominent role in some developed and developing countries. Although, most research on micro financing is based on the issue of poverty alleviation and empowering the poor, nonetheless, there is no way, this will not lead to entrepreneurship development.

1.1 Microfinance saving services or entrepreneurship development

The finding in the first objective was to examine the effect of microfinance saving services on entrepreneurship development in Pride Microfinance Hoima branch.

The summary findings revealed that the people of Hoima are aware of problems faced by microfinance saving services on entrepreneurship development which have a negative effect on the organizational performance of the PML in Hoima branch with 68% of respondents who strongly agreed and Microfinance saving services favourable to all people of Hoima with 56% of respondents who strongly agreed.

1.2 Microfinance lending services on entrepreneurship development

The finding on the second objective was to establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch.

The summary findings indicated that, the people are aware of the problems faced by microfinance lending services on the entrepreneurship development with the response of 71% who strongly agreed and that, microfinance lending services are useful on entrepreneurship development with the response of 68% who strongly agreed. Though people in Hoima district are aware of the problems encountered by Microfinance institution, of confiscating their properties they still continue to get soft loans for their sustainability. This has a negative impact on the side of borrowers Rajedom, R. (2010).

1.3 Effect of microfinance client training and education services on entrepreneurship development.

The finding on the third objective was to determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch.

On average of the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch has a positive effect that Microfinance in the entrepreneurship has led to increase in returns of equity with the findings over 73% levels of agreement on the areas provided, how microfinance useful in the efficiency of the entrepreneurship development and how microfinance services helps in the growth of the entrepreneurship with the response of 58% who strongly agreed that these services are of benefit to people in Hoima district.

1.4 The dependent variable was entrepreneurship development

On entrepreneurship development, Hoima branch indicated that, there is increase in the number of accounts opened in pride microfinance limited compared to the previous periods with the respondents who strongly agreed 73% and there was reduction of non-performing loans in the credit section with 83% as a result, experiences high output, and productivity hence leading to effectiveness of service delivery.

At the moment, new micro entrepreneurs should not have much hope of getting finance sufficient assistance from most of the microfinance institutions.

2 Discussions

According to the descriptive research carried out it was found out that, the effect of microfinance services on entrepreneurship development of Pride Microfinance Limited Hoima branch in Hoima District influences performance of people who get loans. The discussion are from summary findings of chapter four as discussed below:

According to objective one to examine the effect of microfinance saving services on entrepreneurship development in in Pride microfinance Hoima branch.

The statement is in agreed according to Salib, S., (2014). "The micro entrepreneurs mean the creation and the existing entrepreneurs mean the expansion of that entrepreneurship".

According to Oshitola (2012), found the main problems of microfinance institutions as follows:

1) Non-productive loans and procedural delays for productive loans: Since most of the poor and needy are illiterate and prefer loans for consumption rather than productive purpose, majority of the poor find it hard to get loans sanctioned for taking up economic activities, even, if they want to.

According to Kirzner (1997) as it's revealed that, Microfinance Institutions are growing with an incredible speed changing the lives of the poor. Besides the good things to the people Hoima district boosting their businesses.

Although majority of the respondents were well conversant with the findings that they are aware of the problems faced by PML and that the services favour all people in the area was not true according to minority respondents as discussed above.

The finding on the second objective was to establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch.

According to Otieno et, al.(2011), as people in Hoima area are aware of the problems facing microfinance institution, they have been able to clear the debts in time to avoid their properties to be confiscated from them.

According to Ledger (1999), the sources of fund for micro-enterprise are very important for their development and so accessibility is important.

According to Agion & Morduch,(2005), due to microfinance, many possibilities have emerged including extending markets, reducing poverty and fostering social change.

According to While ADB,(2008) refers Microfinance to as the provision of a broad range of finances such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their microenterprises. These statements suggest that microfinance is a financial service but designed specifically for micro entrepreneurs to improve their business in a sustainable way.

According to State House (2003). "Bonna Bagagawale Program" microfinance lending services in Pride Microfinance of Hoima Branch are the a mandate of the state house agenda everyone to get home loans to fight poverty.

According to Rajedom, R. (2010), many people's properties like land titles, houses, have been rumpled and it has left many people homeless and in acute poverty.

The finding on the third objective was to determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch.

I agree with the statement that Microfinance services are useful in profitability of the business because it offers loans to micro enterprise business to fight against poverty which is an acute in most rural areas of the country State House (2003).

According to Ehigiamousoe G (2008), the training has been adhered to more strictly, we would be estimating the impact of a treatment that is different than is normally implemented.

I agree with this statement in that microfinance helps the entrepreneurship development to be effective this is seen where it offers loans to clients so that they can fight against poverty State House (2003).

According to Copestake (2002) as it's revealed that, the net effect is critical for the microfinance institution, since maintaining a stable client base is important for the sustainability of the organization.

According to Ledger wood,(2013), Microfinance has evolved as an economic development approach tended to benefit low-income women and men.

According to Agion & Morduch,(2005),due to microfinance, many possibilities have emerged including extending markets, reducing poverty and fostering social change.

The dependent variable which is the Entrepreneurship development.

According to Ledger (1999), poor people are now able to access loans from commercial banks normally using the in guarantee and collateral.

Robin (2008), argues that financial performance is straightforward task as it requires individual to change the behaviour by operating in an efficient economic system which creates opportunities for economic prosperity growth and happy people's life.

According to Davidsson (2004), Microfinance institutions have long existed in most developing countries but in a more traditional way and under different names depending on the country. He argues that banking is a typical capitalist activity aimed to gain profits.

Therefore, Chatterjee and Lefcovitch (2009), uncovered the importance of financial performance in unitary bank, as every person achieves the targets through involving in predominantly oriented to

maximizing profits, and behave totally ruthlessly in their operations against depositors, investors and general public interests.

According to Heffernan & Fu (2010), found that some financial ratios significantly influenced financial performance thus a larger bank asset to GDP ratio and a lower market concentration ratio lead to lower margins and profits.

3 Conclusions

The study concluded that there are various barriers impede entrepreneurs' development. The major challenges involve, lack of collateral, high loan interest rate and lack of registration. Also, the study included that, micro entrepreneurs face a number of challenges. These include business risk, lack of education, family problems, high interest rate and lack of support.

The review of several literature shows that the microfinance institutions are evident tools for entrepreneurship development due to the various services they offer and the role they perform towards the development of the economy. Despite the existence barriers for micro entrepreneurs in accessing microfinance services, among others, several Micro entrepreneurs have got their businesses growing.

Objective one

The finding in the first objective was to examine the effect of microfinance saving services on entrepreneurship development in in Pride microfinance Hoima branch.

Not overlooking the various challenges that affect microfinance operations. Microfinance institutions world over and especially Pride Microfinance Hoima branch are identified to be one of the key players in the financial industry that have positively affected individuals, business organizations, other financial institutions, the government and the economy at large through the services they offer and the functions they perform in the economy.

This suggests that there might be some factors or opportunities that have enabled some micro entrepreneurs to overcome the above mentioned constraints and make their businesses prosperous.

Second objective

The finding on the second objective was to establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch.

Microfinance institutions have positive relationship with the Ugandan economy represented by expanded GDP. Although, interest rate is not significantly influential, the results of findings of this study can still be summarized that the microfinance institutions and their activities go a long way in

e determination of the pattern and level of economic activities and development in the Ugandan onomy.

is could be because of their hardworking spirits, having understanding and supportive family embers and skills and know how obtained by being persistent in the business.

hird objective

ie finding on the third objective was to determine the effect of microfinance client training and ucation services on entrepreneurship development in PML, Hoima branch.

ie findings of this study show that microfinance institutions go a long way in the determination of e level of entrepreneurial productivity and development in the Ugandan economy.

order to enable the beneficiaries of micro finance schemes to fully appreciate the utility of the cility, the monetary authority must continue to appraise the credit delivery channels and formulate licies that would facilitate the delivery of the facilities to the rural communities.

nally the study conclude that lowering interest rate will improve loan provision to micro trepreneurs in Tanzania, It was established that microfinance institutions are skeptical in giving ans to not only very risky businesses but also new businesses. They are keen when assessing the editworthiness of businesses while dealing with asymmetric information problems.

4 Recommendations

ased on the findings of the study, the following recommendations are made;-

ecording to the first objective which was to examine the effect of microfinance saving services on trepreneurship development in in Pride microfinance Hoima branch.

icrofinance institutions in Uganda also need to review their policies on the maximum amount of ans to micro entrepreneurs to reflect the market demands. At the moment, new micro entrepreneurs ould not have much hope of getting finance sufficient assistance from most of the microfinance stitutions.

ie financial institutions are argued to promote micro entrepreneur by giving them loans and setting w (affordable) interest rates.

is will help to encourage more micro entrepreneur to get involved in entrepreneurial activities and ose who are already doing business will get the chance to expand their businesses further.

the government will provide seed capital and other financial resources for women. Finally, training institutions should continue educating micro entrepreneurs relevant aspects that are of importance to lenders and.

The financial institution needs to put more effort in financing SMEs, their role needs to be felt by the SMEs in terms of growth and development.

The financial institution whose role needs to be visible in promoting SMEs growth and development microfinance.

Second objective

According to the second objective which was to establish the effect of microfinance lending services on entrepreneurship development in Pride microfinance Hoima branch.

The government of Uganda in collaboration with the higher learning institutions should work towards the provision of entrepreneurial skills and knowledge on business management. Entrepreneurial skills and knowledge on business management are important in making business organization a success.

The efforts of Ugandan microfinance institutions should be streamlined to meet the set standard.

A critical look at the interest rate of these Financial Institutions (FIs) generally shows a high rate and this does not augur well for effective expansion and job creation. Also the high interest rate is serving as a disincentive to micro entrepreneurs.

It should be noted that, extending credit alone is not sufficient condition to reduce micro entrepreneurs' challenges and improve productivity and income for small business owners in Hoima district.

SMEs themselves should be more receptive to new ideas and prepared to make financial commitments to ensure growth.

Third objective

The finding on the third objective was to determine the effect of microfinance client training and education services on entrepreneurship development in PML, Hoima branch.

It is therefore recommended that entrepreneurs be encouraged to attend the open trainings on entrepreneurial skills and to be informed on the available opportunities particularly on trainings on entrepreneurship matters. The government on the other hand should intervene to promote entrepreneurial culture amongst women.

he government of Uganda should establish a coordinating office for outreach services for micro entrepreneurs.

is recommended that a coordinating office be established to facilitate access to financial resources and education for entrepreneurs.

This could take the form of a network of women's enterprise centers in various regions across the country, or the appointment of a dedicated women's officer in government regional offices.

Therefore, additional intervention that goes hand in hand with micro financing should be implemented.

By this the reference is on securing work place for informal operators, markets for their products, health and educational services, training and skill development, how to develop effective and efficient businesses are all needed and should be given a thought.

This study recommends that guidelines by microfinance institutions to finance SMEs need to be flexible to accommodate the SMEs only when financial institutions appreciate and give technical assistance to the SME would be contributing to the SMEEIS to ensure success in the SME sector.

It is the researcher's hope that microfinance institutions in Uganda will develop more interest in supporting the growth of SMEs.

Lastly, the Government should consider providing guarantee to those micro entrepreneurs perceived too risky by Banks just like the on-going initiatives in the agriculture sector.

5 Suggestions for Future Researches

This present study has assessed the impact of microfinance on entrepreneurial development and suggests that microfinance can be a beneficial strategy especially as regards its potential to contribute to entrepreneurial development, there are many acclaimed benefits of microfinance that are yet to be examined empirically.

One of such areas which require empirical investigation is the relationship between the level of microfinance commitment and the level of entrepreneurs' satisfaction.

Second, this study focuses exclusively on the industrial sector. There is a need to carry out empirical studies to determine the extent to which microfinance contributes to other sectors of the Ugandan economy.

Thus, there is a compelling need for future research efforts to focus on these sectors in order to determine the attitude of the operators of these sectors to microfinance as well as its efficacy in the management of organizations that are prevalent in our society.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Dear respondent,

Akonyera Julian Reg. No. **1163-05014-06532** a student of Kampala International University undertaking a Bachelor's Degree of Business Administration. Currently am carrying out a research study on the effect of microfinance services on entrepreneurship development; A case study of Pride Microfinance Limited Hoima branch in Hoima district as part of the requirements for a ward of Bachelor's Degree of Business Administration. This questionnaire is therefore intended to seek information on the above subject matter. The information is purely for academic purposes and all the answers will be handled with utmost confidentiality. I therefore humbly request that you complete this questionnaire correctly in the spaces provided or options given. (Please, tick the appropriate answers where options are given).

SECTION A

Demographic characteristics of respondents

Sex of respondents

Male ☐

Female ☐

Age of respondent

Age

18-29 years ☐

30-39 years ☐

40-49 years ☐

50 & above years ☐

Highest Level of education

Certificate ☐

Diploma ☐

Degree ☐

Postgraduate ☐

Marital Status.

Married ☐

Single ☐

Divorced ☐

Widow ☐

Widower ☐

SECTION B: Microfinance saving services or entrepreneurship development

| Code | 1 | 2 | 3 | 4 | 5 | | | | | |
|--------|--|----------|----------|-------|----------------|---|---|---|---|---|
| Status | Strongly disagree | Disagree | Not sure | Agree | Strongly agree | 1 | 2 | 3 | 4 | 5 |
| | | | | | | | | | | |
| | Microfinance saving services or entrepreneurship development | | | | | | | | | |
| | How has microfinance saving services useful to the development of entrepreneurship. | | | | | | | | | |
| | Are the people of Hoima aware of the microfinance saving services? | | | | | | | | | |
| | How has microfinance saving services affected the entrepreneurship development in pride microfinance Hoima branch? | | | | | | | | | |
| | How to overcome challenge as which on the entrepreneurship development. | | | | | | | | | |
| | Do microfinance saving services favourable to all people of Hoima. | | | | | | | | | |
| | Are the people of Hoima aware of problems faced by microfinance saving services on entrepreneurship development? | | | | | | | | | |

SECTION C: MICROFINANCE LENDING SERVICES ON ENTREPRENEURSHIP DEVELOPMENT.

valuate the following statement by circling the appropriate response basing on the scale below.
 ease do not leave any item unanswered.

| ode | 1 | 2 | 3 | 4 | 5 | | | | | |
|------|--|----------|----------|-------|----------------|---|---|---|---|---|
| atus | Strongly disagree | Disagree | Not sure | Agree | Strongly agree | 1 | 2 | 3 | 4 | 5 |
| | Microfinance lending services on entrepreneurship development | | | | | | | | | |
| | Are people aware of the problems faced by microfinance lending services on the entrepreneurship development? | | | | | | | | | |
| | How microfinance lending services useful on entrepreneurship development. | | | | | | | | | |
| | How microfinance lending services affect the entrepreneurship development. | | | | | | | | | |
| | Do microfinance lending services favorable to entrepreneurship development in Pride Microfinance Hoima Branch. | | | | | | | | | |
| | Are customers aware of the microfinance lending services in Pride Microfinance of Hoima Branch. | | | | | | | | | |
| | How to overcome the challenges faced by microfinance lending services to the entrepreneurship development in Pride Microfinance of Hoima Branch. | | | | | | | | | |

ECTION D: Effect of microfinance client training and education services on entrepreneurship development

valuate the following statement by circling the appropriate response basing on the scale below.

lease do not leave any item unanswered.

| Code | 1 | 2 | 3 | 4 | 5 | | | | | |
|--------|--|----------|----------|-------|----------------|---|---|---|---|---|
| Status | Strongly disagree | Disagree | Not sure | Agree | Strongly agree | 1 | 2 | 3 | 4 | 5 |
| | | | | | | | | | | |
| 1. | Effect of microfinance client training and education services on entrepreneurship development | | | | | | | | | |
| 2. | Microfinance services are useful in profitability of the business. | | | | | | | | | |
| 3. | How microfinance services helps in the growth of the entrepreneurship. | | | | | | | | | |
| 4. | How microfinance helps the entrepreneurship development to be effective. | | | | | | | | | |
| 5. | How microfinance useful in the efficiency of the entrepreneurship development. | | | | | | | | | |
| 6. | How microfinance helps in management of the entrepreneurship. | | | | | | | | | |
| 7. | Microfinance in the entrepreneurship has led to increase in returns of equity. | | | | | | | | | |

Thank you for your valuable time

SECTION C (DEPENDENT VARIABLE)
(Entrepreneurship development)

| /N | Lending | 1 | 2 | 3 | 4 | 5 |
|----|--|---|---|---|---|---|
| 1 | Economic growth has been improved through generation of employment in the country. | | | | | |
| 2 | There is a reduction of non-performing loans in the credit section. | | | | | |
| 3 | There is increase in the number of interests paid back by customers. | | | | | |
| 4 | There is increase in the number of accounts opened in pride microfinance limited compared to the previous periods. | | | | | |
| 5 | The information of entrepreneur and the firm in pre start-up period or at the start-up, respectively. | | | | | |



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*

**COLLEGE OF ECONOMICS AND MANAGEMENT
DEPARTMENT OF ACCOUNTING AND FINANCE**

18th/09/2019

To whom it may concern

Dear Sir/Madam,

RE: INTRODUCTORY LETTER FOR AKONYERA JULIAN 1163-05014-06532

This is to introduce to you the above named student, who is a bonafide student of Kampala International University pursuing a Bachelor's Degree in Business Administration Accounting and Finance, Third year Second semester.

The purpose of this letter is to request you avail her with all the necessary assistance regarding her research.

**TOPIC: - THE EFFECT OF MICROFINANCE SERVICES ON
ENTREPRENEURSHIP DEVELOPMENT**

CASE STUDY: - PRIDE MICROFINANCE LTD HOIMA BRANCH

Any information shared with her from your organization shall be treated with utmost confidentiality.

We shall be grateful for your positive response.

Yours truly

DR. JOSEPH B.K. KIRABO
HOD – ACCOUNTING AND FINANCE
0772323344

