MICROFINANCE INSTITUTIONS AND PERFORMANCE OF SMALL AND
MEDIUM ENTERPRISES IN NGORA DISTRICT: A CASE STUDY

OF MUKURA SUBCOUNTY

BY

AMODING ESTHER

1163-05014-07389

RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS
AND MANAGEMENT IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF A BACHELOR
OF BUSINESS ADMINISTRATION OF
KAMPALA INTERNATIONAL
UNIVERSITY

AUGUST 2019

DECLARATION

I Amoding Esther, hereby declare that the work contained in this research report is my original work and it has never been submitted to any institution or university for academic purposes.

Signature……………………………………………………

AMODING ESTHER.
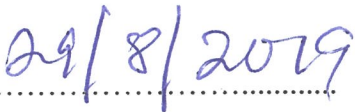
Date……29/08/2019………………………………………

APPROVAL

This is to certify that this research report has been under my supervision and is now ready for submission to the college of Economics and Management of Kampala International University, with my approval.

Signature ....

Dr. Joseph Bounty Kyeyune Kirabo

(SUPERVISOR)

Date........29/ 8/ 2019

ACKNOWLEDGEMENT

I sincerely acknowledge my supervisor whose commitment, relentless support and guidance helped me to compile my research report. Your constant encouragement showed me that by believing passionately in something that does not yet exist, we create it. So, to you I am forever grateful. I equally thank all my lecturers, who beyond their core duty of teaching, overwhelmingly imparted wisdom that has remained a guiding stick in my life and my studies at the University.

Most importantly, I praise and thank God for the love, grace, strength and providence during my report compilation.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ACRONYMS

GDP   Gross Domestic Product

GOU   Government of Uganda

MFI   Microfinance Institutions

NGO   Non Governmental Organization

SACCO   Saving and Credit Cooperative Organization

SME   Small and Medium enterprises

SMEDA   Small and Medium Enterprise Development Authority

UBOS   Uganda Bureau of Statistics

UNDP   United Nations Development Program

ABSTRACT

The purpose of the study was to determine the effect of microfinance institution services on the performance of small and medium enterprises and the specific objectives of the study were; to examine effect of microfinance loan services on the performance of small and medium enterprises in Uganda, to determine the effect of microfinance investment training services on the performance of SMEs in Mukura sub county and to establish the effect of microfinance saving services on the performance of SMEs in Mukura Sub county. A cross section survey design was used and data was collected from 50 respondents. The findings of the study revealed that loan services enhance the performance of small and medium enterprises as respondents agreed to most of the statements that were used to measure this objective except that it was revealed that the interest charged on loans is not favorable and also that the collateral security is a problem in obtaining the loan. The findings of the study also revealed that training services improve the performance of small and medium enterprises as respondents agreed to all the statements that were used to measure this objective of the study. The findings of the study further revealed that saving services improve the performance of small and medium enterprises in Ngora district as most of the respondents positively answered to the statements that were used to measure this objective. The study found out that Microfinance institutions charge ledger fees on the accounts of the respondents and that they earn low interest on their savings. The study recommended that, the central bank should regulate the interest charged by microfinance institutions in order to favor the borrowers, Low or no collateral security loans should be introduced among the products and services of microfinance institutions as the study revealed that collateral security is the biggest hindrance in attaining a loan from MFIs, owners of small and medium enterprises should endeavor to take part in the trainings offered by microfinance institutions as the findings of the study revealed that trainings greatly enhance business performance of SMEs, Microfinance institutions should not charge ledger fees on the accounts of the customers in order to encourage them to delight in serving services and that MFIs should increase on the interest earned on the savings of customers in order to boost their morale for saving.

x

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

This chapter covers the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study and the significance of the study and operation definition of key terms

1.1 Background to the study

1.1.1 Historical Perspective

The practice of microfinance dates back to the early 1700 and can be traced to the Irish loan fund system which provided small loans to rural poor with no collateral. Over the years, the concept of microfinance spread to Latin America, then to Asia and later to Africa. Today, use of the expression micro financing has its roots in the 1970s when organizations such as Grameen Bank of Bangladesh with the microfinance Pioneer Mohammed Yunus, were starting and shaping the modern industry of micro financing Mwangi (2011).

In the early 1990s with the opening up of the political space and disturbances, the need for the credit by individual, micro, small and medium enterprises increased and this led to the recognition of the microfinance institution globally. Microfinance as pioneered in Bangladesh by Mohammed Yunus was to assist low-income women and men through micro-enterprises for their economic development. Growing concerns about poverty stands out in political agendas all over the world, as stubbornness of poverty even in the richest nations is being met with increasing impatience (Mwangi et al,1993).

Governments and international aid donors have been subsidizing credit to small farmers in rural areas of many developing countries. These subsidized credit from donor Non-Governmental Organizations (NGOs) made it possible for large numbers of low-income people to have access to financial services (mwangi 1998).

According to Chossudovsky (1998), the World Bank Sustainable Banking with the Poor project (SBP) in mid-1996 estimated that there were more than 1,000 microfinance institutions in over 100 countries, each having a minimum of 1,000 members and with 3 years of experience. In a survey of 2006 of such institutions, 73 per cent were NGOs, 13.6per cent credit unions, 7.8 per cent banks and the rest savings unions and inferred that an overwhelming majority of the world's poor live in the third world countries thereby desiring

to improve on microfinance institutions in such countries. Most of the finances available to the rural areas in Africa are through Microfinance, this method was known as traditional savings in most of the communities across the continent.

According to Aghion and Morduch, 2009, the African experience suggests that Microfinance institutions (MFIs) have built on pre-existing informal sector mechanisms to create viable channels for capital infusions from formal sector banks, donors, and governments. As a result, deposit taken MFIs, informal microfinance institutions and credit only MFIs have all developed increasingly close ties with full-fledged commercial banks and other non-bank financial institutions in the formal sector. Banks and MFIs complement each other well by servicing substantially different client bases. Banks lend and collect deposits mostly from a limited formal private sector in Africa and to the government, while MFIs service poor and rural households, and small entrepreneurs often in the informal sector to start small businesses .

In Uganda micro finance industry started thriving in the early 1990s after the closure of failed commercial banks and co-operative banks, due to the gap that existed in the provision of financial services in the rural and urban areas, lack of industrial coordination and other challenges. This forced the micro finance practitioners to come together under the guidance of the Ministry of finance, planning and economic development to form micro finance committee in 1997.

This committee was later named the Micro Finance Forum (MFF). Broadly, the committee aims at enhancing effective coordination, and mechanism to the professionalization of micro finance institution in Uganda (MFPED; 2004).

Micro finance institutions in Uganda currently work under a joint vision to develop the industry and this was defined in 2000 general meeting where micro finance stakeholder met to discuss strategies to develop the industry. Their vision has three main aspects and these relate to: Users ('the demand community'), providers of services ('the supply community') and the environment. International organizations are coming to the realization that MFIs are veritable and effective channels to ensure programme implementation effectiveness, particularly in establishing small and medium enterprises and firsthand knowledge of the needs and interest of the poor (Chakravarty & Shahriar;2010.).

2

Performance of Small and Medium Enterprises (SMEs) has been recognized as important contributors in the economy of many countries; with new opportunities opening for them in domestic and international markets. SMEs comprise of over 90% of African business operations and contributing to over 50% of African employment and GDP (Okafor, 2006). This gives a clear indication of their importance to the economy. In Africa the Entrepreneurship looks into the local resources hence playing a major role in their countries growth. They are considered the lifeblood of modern economies creating as far more jobs than with large organizations.

Etemad and Wright (2004) confirm the importance of SMEs for their potential for job creation and distribution of wealth which results in a multiplier effect in the social economic activities of a country. They at times act as subcontractors of the large organizations in an economy ultimately leading to equitable distribution of wealth.

According to UBOS (2017) ,the small and medium enterprises (SMEs) sector has continued to play an important role in the economy of Uganda. The sector's contribution to the gross domestic product (GDP) increased from 13.8% in 1993 to about 20% in 2007. The (SME) or informal sector provided 78% of total employment and contributed over 57% of the new jobs created in 2005/2006 according to the economic survey of 2007. The Economic Survey of 2012 estimated that the contribution to the GDP by this sector currently stands at over 25%. The sector therefore plays a key role in employment creation, income generation and is the bed rock for industrializing the country in the near future. There are about 2.2million micro, small and medium enterprises of which 88% are none registered.

MFIs have the following characteristics: Loans are usually relatively short – less than 12 months in most instances and are generally for working capital with immediate regular weekly or monthly repayments. They are also disbursed quickly after approval, particularly for those seeking repeat loan. The traditional lenders requirements for physical collateral such as property are usually replaced by a system of collective guarantee where members are mutually responsible for ensuring that their loans arerepaid. Khan (2008)

1.1.2 Theoretical Perspective

The study was guided by the empowerment theory by Cheston and Kuhn (2002).The theory was based on the financial self sustainability paradigm whose main consideration in programme design is provision of financially self sustainable microfinance services to large numbers of people particularly micro and small entrepreneurs. The focus is on setting of interest rates right to cover costs, to separate microfinance from other interventions, to

3

enhance separate accounting, to expand programmes so as to capture economies of scale to use group to decrease cost of delivery. Gender lobbies argue that targeting women on grounds of high women repayment rate, it is assumed that increasing access to microfinance services will in itself lead to individual economic empowerment, well being and social and political empowerment.

The theory also embodies the Poverty alleviation paradigm: The main considerations are poverty reduction among the poorest, increased well being and community development. The focus is on small savings and loans, provision for consumption and production, group formation, etc. This paradigm justifies some level of subsidy for programs working with particular clients group or in particular context. Some programs have developed effective methodologies for poverty targeting and or operating in remote areas through micro financing (Kuh,2002).

1.1.3 Conceptual Perspective

According to Mugisha (2005) an SME is defined as an enterprise running with 1-50 employees .Bank of Uganda defines an SME as a formerly registered business with an annual turnover of between 1-100 Million Ugandan Shillings and with an asset base of at least 4 Million Uganda Shillings with 5-150 employees.

Yacob (2010), opines that microfinance is the supply of loans, savings and other basic financial services to the poor. According to this study, Microfinance is a facility that makes it possible for the focused poor people to get a small loan to start their own businesses business.

According to Hofer (2014), Performance measurement is the evaluation of the outcomes of an organization as a result of management decisions on resources of an organization and execution of the decisions made by the organization's members

1.1.4 Contextual perspective

The study was carried out in Mukura sub county, Ngora district located in the eastern part of Uganda as the recent reports show that most of the people in such areas are poor and need microfinance services but the biggest number of them are illiterate and unable to undertake the use of microfinance services as the performance of MFIs in this areas is generally poor (Mukura SACCO, 2018)

4

1.2 Problem statement

Microfinance is a development tool that grants or provides financial services and products such as small loans, savings opportunities, micro leasing, micro insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. Micro finance is popular in developing economies where majority of the population does not have access to affordable sources of financial assistance (Robinson, 1998). Access to microfinance credit is considered to be an important factor in determining the performance of SMEs. Microfinance credit is one of the financial services that are expected to promote SMEs financial performance.

Despite the above, Small and medium enterprises in Uganda are still performing poorly due to Lack of access to credit as it has been rated as a major challenging factor facing SMEs due to their informal nature and their lack of collateral, (GOU Survey, 2016. According to Aleke, 2011), many SMEs use savings and loans by family members and friends because they cannot access funds from the country's financial system besides several financial infrastructure limitations which include inconsistent government policy on interest rate and unmet credit needs among others. Wanjohi and Mugure (2008) observed that many SMEs use affordable inappropriate technologies as they lack collateral to access credit to advance their technology.

Therefore, this study sought to determine the effect of microfinance institution services on the performance of small and medium enterprises using a case study of mukula subcounty in Ngora district.

1.3 Purpose of the study

The purpose of the study was to determine the effect of microfinance institution services on the performance of small and medium enterprises in Mukura Sub county

1.4. Specific Objectives

i) To examine effect of microfinance loan services on the performance of small and medium enterprises in Uganda

ii) To determine the effect of microfinance investment training services on the performance of SMEs in Mukura sub county

iii) To establish the effect of microfinance saving services on the performance of SMEs in Mukura Sub county.

1.5 Research Questions

i) What is the effect of microfinance loan services on the performance of small and medium enterprises in Mukura subcounty?

ii) What is the effect of microfinance training services on the performance of SMEs in Mukura sub county?

iii) What is the effect of microfinance saving services on the performance of SMEs in Mukura Subcounty?

1.6 Research Hypothesis

HO_1:There is no significant effect of loan services on the performance of small and medium enterprises in mukura sub county

HO_2:There is no significant effect of microfinance training services on the performance of SMEs in Mukura sub county

HO_3:There is no significant effect of effect of microfinance saving services on the performance of SMEs in Mukura Sub county

17 Scope of Study

1.7.1 Subject Scope

This study was limited to microfinance services and performance of small and medium enterprises in Ngora District. Microfinance services was the independent variable and performance of Small and medium enterprises was the dependent variable of the study.

1.7.2 Geographical Scope

The study was carried out in Mukura sub county, Ngora district located in the eastern part of Uganda.

1.7.3 Time scope

The study considered small and medium enterprises in Mukura sub county that have existed for the at least one year while using the microfinance services since they are expected to provide the relevant data for this study. The study was carried out in a period of 3 months that is May to July 2019.

1.8 Significance of the Study

The study will help the researcher to improve her knowledge about the microfinance services and performance of small and medium enterprises

The study will help the researcher to gain more knowledge concerning business management through interaction with business owners.

The study will help the researcher to attain a bachelors' Degree of Business Administration since its part of the requirements for attaining that award.

The study will add to the existing literature on microfinance services and performance of small and medium enterprises in Uganda.

The findings of the study will enable policy makers to come up with measures and policies that can enhance performance of financial institutions

The findings of the study will enable future investors to make decisions about microfinance services from an informed position

1.9 Operational definition of key terms

Microfinance services

Microfinance services refers to the services, like loans, training, insurance and saving services offered by a microfinance institution to an individual or business entity to increase on their capital needed for operation.

Loan services

Loan services refer to the micro credit extended to the borrower from the microfinance institution or a lending institution.

Training services:

Training is the act of imparting and acquiring of skills by an individual, business entity through the criteria of following instructions.

Saving services

Saving refers to putting aside part of the income received especially in banks and other financial institutions to avoid taking it as disposable income.

Performance

Performance measurement is the evaluation of the outcomes of an organization as a result of management decisions on resources of an organization and execution of the decisions made by the organization's members.

Profitability

Profitability refers to the ability of a firm to attain profits from the sale of the product or extending the services to the beneficiaries.

Liquidity

Liquidity refers to the availability of a liquid asset (money) to the market.

Return on Investment

Return on investment refers to the ratio between the net investment and the cost of investment resulting from investment of some resources. A high return on investment implies an improvement in performance.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter includes the theoretical review, conceptual and related literature regarding microfinance services and performance of small and medium enterprises

2.1 Theoretical Review

2.1.1 Empowerment theory

The study was guided by the empowerment theory by Cheston and Kuhn (2002).The theory was based on the Financial self sustainability paradigm whose main consideration in programme design is provision of financially self sustainable microfinance services to large numbers of people particularly micro and small entrepreneurs. The focus is on setting of interest rates right to cover costs, to separate microfinance from other interventions, to enhance separate accounting, to expand programs so as to capture economies of scale to use group to decrease cost of delivery. Gender lobbies argue that targeting women on grounds of high women repayment rate, it is assumed that increasing access to microfinance services will in itself lead to individual economic empowerment, well being and social and political empowerment(Clerkson, 2006).

The theory also embodies the Poverty alleviation paradigm: The main considerations are poverty reduction among the poorest, increased well being and community development. The focus is on small savings and loans, provision for consumption and production, group formation, etc. This paradigm justifies some level of subsidy for programs working with particular clients group or in particular context. Some programs have developed effective methodologies for poverty targeting and or operating in remote areas through micro financing (Hamson, 2014).

The theory emphasizes on joint liability. Ghatak and Guinnane (1999) reviewed the key mechanisms proposed by various theories through which joint liability could improve repayment rates and the welfare of credit constrained borrowers. They established that all the theories have in common the idea that joint liability can help alleviate the major problems facing lenders i.e. screening, monitoring, auditing and enforcement by utilizing the local information and social capital that exists among borrowers under explicit joint liability, when one borrower cannot repay a loan, group members are contractually required to repay instead. Such repayments can be enforced through the threat of common punishment typically the

denial of future credit to all members of the defaulting group or by drawing on group savings funds that serves as collateral. Second, the perception of joint liability can be implicit. That is borrowers believe that if a group member defaults, the whole group will become ineligible for future loan even if the lending contract does not specify this punishment.

2.2 Conceptual Review

Fig 2. 1: The Relationship between microfinance services and performance of SMEs

Microfinance services   **Performance of SMES**

(Independent variable)   **(Dependent variable)**

Loan services	Profitability
Training services	Liquidity
Saving services	Return on Investiments
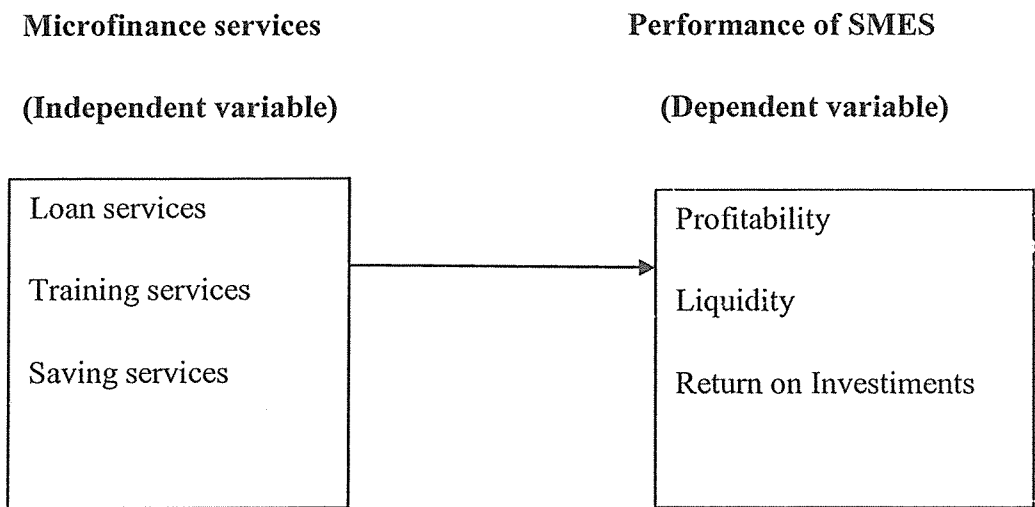
Source: Adapted and modified from Cohen (2002).

The figure above clearly explains how the independent variable, intermediate variable and the dependent variable were measured in this study. The dependent variable was measured in form of profitability, business expansion and return on investment and the independent variable was measured in terms of loan services, training services and saving services.

11

2.2.1 Microfinance Institutions services

The concept of microfinance dates back in the 19th Century when money lenders were informally performing the role currently performed by financial institutions. The informal financial institutions constitute; village bank, co-operate credit unions, state owned banks, and social venture capital funds to help the poor. These institutions are those that provide savings and credit services for small and medium size enterprises (Floebel, 2010).

They mobilize rural savings and have simple and straight forward procedures that originate from local cultures and are easily understood by the 'population. Germidis et..al (2011). These funds are to finance the informal sector (Small and medium size businesses) in developing countries and it is known that these small and medium size businesses are more likely to fail.

According to Maloney (2003). The creation of small and medium size businesses generate employment but these enterprises are short lived and consequently are bound to die after a short while causing those who gain job position to lose them and even go poorer than how they were. The services provided by nonfinancial MFIs are marketing and technology services, business training, production training and subsector analysis and interventions.

Ledgerwood (2009) said that enterprise development services can be sorted out into two categories. The first is enterprise formation which is the offering of training to persons to acquire skills in a specific sector such as weaving as well as persons who want to start up their businesses. The second category of enterprise development services rendered to its clients is the enterprises transformation program which is the provision of technical assistance training and technology in order to enable existing SMESs to advance in terms of production and marketing.

According to Yunus (2007), the main approach used by lenders in the past has been the promotion of such system through training in group formation constitution development, record keeping etc. Getting groups off to a good start is certainly important but problems that later arise are often still difficult for groups to resolve for theselves, and ongoing systems of support and supervision are usually lacking. The sustainability of these services has not been a focus. Johnson et. al(2005).

Grameen Bank is known for successfully implementing the system of group-lending though there have been organization concentrating on offering loans and saving opportunities to needy people before. Counts,(2008). Yunu (2007) argued that global poverty does not emerge from market failure, but from capitalism as a theoretical concept which does not fully model real economic structures in general and economic behavior of each individual in particular.

Access to capital is indeed crucial for development, and the concept of free markets has also the capacity to contribute to poverty reduction but the idea missing is to incorporate a social component into economic systems to meet observed behavior. The idea of microfinance meets both requirements. They provide access to capital on smaller scale and ideally act as social business realizing economic behavior augmented by social preferences. Armendariz de Aglion &Morduch (2005).They enable poor people to engage in productive economic activities and thus contribute to development in low income population strata.

Morduch (1999) and standard financial systems note that microfinance is not a panacea but it is a main tool that fosters development in developing countries. MFI provide small scale financial services to poor people who are otherwise "excluded from the formal banking sector." Operating merely in developing and emerging countries, they have specialized in offering loans of minor scale to enable individuals to start small productive businesses and enhance entrepreneurship which generally includes SMEs on very large scale especially in rural areas of developing countries, the development of financial systems is often poor, and sometimes they have not fully emerged at all. In this case microfinance institutions often represent a first opportunity for the local population to participate in financial systems and to benefit from access to business and capital.

Over 90% of the SMEs in Uganda are exposed to many risks in life, many of which are insurable and the poor are the most exposed. Currently, MFIs are offering micro-insurance products on a 'window' basis as part of their portfolio (Cooper,2012)

2.2.2 Performance of Small and medium enterprises

Firm performance is arguably the most important construct in management research. Barney, (2007) refers performance as how efficiently and effectively a firm utilizes its resources in generating economic outcomes. In the business strategy literature there are two major streams of thought on the determinants of firm performance. One is based on factors that exist in the firm's external environment, and the other is based on internal organizational factors. Performance can be determined in various ways. It might stand for financial performance, market performance, customer performance or overall performance (Smith et al, 2001).

Most firms measure performance based on monetary success which is measured by sales turn over and profitability. Hofstrand (2009) posit that profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. Businesses who gain profit are destined for success. The harsh environment however limits the ability of SMEs to constantly earn these profits hence the need to adjust to operations that allow them perform at a limited cost. The use of microfinance services allows them to maintain customer loyalty while expanding their niches hence improving their chances of sales turn over and profitability. The firm's ability to gain profit is established after returns are made on investment. Return on Investment is important to firms for continuity for their ability to return that which was borrowed. Hofstrand (2009) explains expansion is subject to the firm's ability to sustain itself on initial capital; for expansion businesses require to borrow further and their ability to return previously acts as a guarantee to the financier.

According to mwanga (2008), other measures are based on the market share established in an industry by these firms with market leaders gaining most favor from the shared clientele. A market share is the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. The growth share matrix explains the market share and market growth rate of a firm where the Boston Consulting group (1970) analyzes a firm's business units, and their product. This helps the company allocate resources and is used as an analytical tool in brand management, product management, strategic management, and portfolio analysis. Customer loyalty is a key contributor in ensuring success which is a measure of performance in SMEs. Loyalty guarantees sales for certain periods a concept that has allowed firms major on loyalty schemes like in SMEs in Uganda. The loyalty business model used in strategic management in which company resources are employed so as to increase the loyalty of customers and other stakeholders in the expectation that corporate objectives will be met or surpassed. A typical example of this type of model is: quality of

product or service leads to customer satisfaction, which leads to customer loyalty, which leads to profitability (Joseph 2015).

Performance is both measurable and perceptive which allows firms a competitive advantage over their counter parts in the industry. Use of microfinance services by SMEs can enhance their performance as firms can easily have access to the necessary money to manufacture all the products needed to serve customers' needs in the market (Hofstrand ,2009).

2.3 Related Literature Review

2.3.1 Effects of Loan Services on the Performance of SMEs

Daou et al. (2014) said that that there is considerable heterogeneity in the socioeconomic background of borrowers as well as in the sources for start-up capital employed by micro enterprises in Mexico.

Moreover, there is clear evidence of liquidity constraints in the market for start-up capital that could hinder the creation and growth of small enterprises. Daou et al. (2014) observed that the process of application for loans starts with small amounts and it is only after repayment that the client can apply for the next higher amount. This process is a limiting factor for those customers who need a large amount right from the beginning. This is true because it takes an unnecessarily long time for those seeking a large loan to obtain enough funds to meet their needs. In addition to the time taken to receive large loans, the clients also raised concerns about the time frame from the receipt of the loan to the time of starting repayment, which was just one week after the disbursement of funds in most cases.

Ofori et al. (2014) analyzed the impact of microfinance loans on productivity and growth in Ghana and highlighted that the clients put the MFI loans to good use and clients with a higher number and a higher average size of MFI loans were found to have higher growth rates than other enterprises. A cross sectional analysis of sales revenue showed that SMEs with MFI loans generated higher sales revenue.

Kisaka and Mwewa (2014) concur that SMEs make significant growth after accessing loans and recommend that other SMEs should follow suit, if the country is to achieve its vision 2030. Lack of finance is one of the main reasons for SMEs poor performance in most developing countries (Terungwa,2012).

Cooper (2012) established that SMEs largely depend on micro financing for growth. A significant percentage of SMEs were found to seek and have access to micro credit for their businesses. The researcher also established that microfinance services have assisted

enterprises to change their status through growth in sales level from micro to small and from small to medium.

Access to credit enabled the SMEs to cover some or all of the cost of capital, expansion, or renovation of buildings. Though SMEs have easy access to micro finance services, the study indicated that they have no exemption from strict requirements when applying for loans. UWFT (2010) found that majority of SMEs that accessed adequate funds from microfinance institutions increased their volume of sales and consequently, the profits. SMEs also acquired assets using MFIs loans (UWFT, 2010).

According to UNDP report (2012), SMEs in Kenya were able to acquire fixed assets and technologies using MFIs. This revealed a positive significant relationship between amount of loan and SMEs' achievement of goals.

Wanambisi and Bwisa (2013) argue that inadequacy of capital hinders the expansion of businesses. Larger loans enable SMEs to graduate to medium enterprises. Osoro and Muturi (2013) also support this argument and concur that those SMEs that receive large loans, most often have a larger labour force than those SMEs that received smaller loans.

Kairaria (2014) agrees that most SMEs borrow investment capital, with few inheriting their businesses from their parents or guardians. He argued that loan had the largest significant effect on the financial performance of micro and small enterprises with a beta coefficient of 0.309, followed by savings mobilization with a beta coefficient of 0.210 and training having the least but significant effect with a beta coefficient of 0.048.

Provision of microfinance to the youths to engage in micro and small enterprises will therefore spur economic development and keep our Kenyan youth busy, thus avoiding disasters like what the country experienced in the post-election violence in 2008. Sifunjo et al. (2014) indicate that the objective of every micro-entrepreneur is to grow their businesses into large enterprises. To achieve this, most of the micro-entrepreneurs make use of microfinance services and training to improve their productivity and profitability. The results of the study showed that micro-credit, micro-savings and training, jointly contribute positively to SMEs growth. Lack of access to credit is a major constraint inhibiting the growth of the SMEs sector (Sifunjo et al, 2014).

The World Bank report (2013) also agrees with these sentiments. The issues and problems limiting SMEs access to financial services include lack of tangible security, coupled with inappropriate legal and regulatory framework that does not recognize innovative strategies for lending to SMEs. Limited access to formal finance due to poor and insufficient capacity to deliver financial services to SMEs continues to be a constraint in the sector's growth.

Formal financial institutions perceived SMEs as high risk and commercially unviable. As a result, only a few SMEs accessed credit from formal financial institutions in the country. Mwangi et al. (2013) reckoned that inadequacies in access to finance are key obstacles to SMEs growth. Mwobobia (2012)) also agrees positive and significant relationships exist between MFIs loans and SMEs performance.

2.3.2 Effects of Training Services on the Performance of SMEs

Storey (2013) argues that training services on business skills enhance performance. He concluded that the most important factors of business success among entrepreneurs were: a successful record of previous work history; strong analytical skills acquired in a broad humanistic education; early investment in personal reputation and broad biographical experience outside the narrow field of the profession; early socialization experiences functioning as biographical resources in the discovery of successful business ideas; and a training on how to communicate effectively with customers in an increasingly global and knowledge - based economy.

Kisaka and Mwewa (2014) established that Small and Medium Enterprise Development Authority (SMEDA) organizes training programs, seminars, workshops and conferences of short duration in major cities across the country for raising awareness and capacity building of SMEs. These need based training programs are affordable, appropriate and innovative. These programs are aimed at improving knowledge, skills and competencies in the technical, marketing, financial, compliance, regulatory, legal and commercial functions. They help to improve major performance indicators such as productivity, quality, competitiveness and sustainability etc.

The training thus aids improvement in areas such as export potential, investment promotion, business transparency, human resource development, managerial capacity building etc. These programs help decreasing the level of SME mortality and increasing efficiency. Osoro and Muturi (2014) agree that training offered by DTMs to SMEs is important for the successful performance of these enterprises. The study divides factors affecting the performance of a business into two categories: (a) management competence and (b) environmental factors.

Management competence encompasses functional knowledge, management skills and managerial behaviour. Thus, training of competencies such as marketing, financial control and networking among others (Kisaka&Mwewa, 2014). Njoroge et al. (2013) recon that the quality of goods and services produced without training is much lower than those produced

where there is training. Other than the lack of relevant or sufficient skills, however, this can also be attributed to desire to maintain unreasonably low-costs and the use of low quality materials.

This is evident from the fact that most entrepreneurs in Uganda have come up through apprenticeship, and as such, lack sufficient knowledge, skills and technical training that is necessary to undertake businesses in the modern and highly competitive markets.

Njoroge (2015) established that it is the management's responsibility to formulate the necessary financial controls in the business, so as to have all necessary financial records kept.

Decisions of what style and type of marketing to adopt, size of the marketing budget, what and when to advertise, pricing policy, staffing and employee training and skill development are all management functions in the entrepreneur's docket. There is therefore need of training for managers in manufacturing SMEs.

Working capital management is vital for SME growth and profitability. In his study, Garcia-Teruel et al, (2007) found out that there is a negative relationship between working capital management and SME profitability. In their study on the effects of working capital management on the profitability of a sample of small and medium-sized Spanish firms, Garcia-Teruel and Martinez-Solano (2007) found out that managers can create value and improve business profitability through various ways among them: - inventory reduction, also through reduction of the number of days for their accounts outstanding and shortening of the cash conversion cycle .

Microfinance institutions train risk management. Risk refers to the possibility of economic or financial losses or gains, as a consequence of the uncertainty associated with pursuing a course of action (Chapman & Cooper, 1983).

Microfinance train SMEs to manage their business risks well thus, resulting in a positive impact on their growth in terms of sales level and profitability.

Waring & Glendon (2008),says that in the modern organization's survival and development, risk management has become a strategic component as it has the task of identifying risks, measuring the probability and the possible impact of events, and treating risks, eliminating or reducing their effect with the minimum investment of resources. SMEs play a very vital role in the growth of any economy. Due to their size and other characteristics, SMEs are

vulnerable to various risks among them business risks thus their adoption of risk management strategy and methodology is vital due to their limited resources to respond promptly to threats facing them, leading to potentially huge losses that can adversely affect or deter their growth and survival.

According to Alpa, et al. (2005), In cases of high labor turnover and low expertise, this can result to manpower wastage and high training costs. As a human factor, in the long term it lowers the productivity and affects the brand image of the small enterprise as an employer. Thus training on management is relevant to ensure improvement in SME performance

2.3.3 Effects of Savings Services on the Performance of SMEs

Ishengoma and Kappel (2011) established that access to safe and flexible savings services can play a critical role in poor people's strategies for minimizing risks, mitigating income fluctuations, facing unexpected expenditures and emergencies, and building a small asset base over time.

This is particularly important for the very poor living in rural areas, who may lack investment opportunities and safe ways of keeping their savings.

Most poor families do save and often in a non-financial form because they frequently lack access to good formal savings facilities. These in-kind savings are subject to fluctuations in commodity prices, and destruction by pests, fire and theft. While micro-finance institutions offer both good loan services and good voluntary savings services, worldwide experience shows that there is usually more demand for savings than for loans. Better availability of safe savings facilities increases self-financing capacity and thus reduces the need to borrow, with its inherent risks. Saving is thus a less risky way to obtain Investment capital than taking on a debt with a fixed repayment obligation (Rajesh &Mahapatra, 2009).

Ishengoma and Kappel (2011) indicate that traditionally, micro-finance mobilization of savings has taken place in the form of compulsory savings under group or individual lending methodologies. Often a percentage of the loan amount is required as mandatory savings and is meant to guarantee group loan repayment. Compulsory savings were also seen as a way to instill savings habits in poorer households. Experience has shown, however, that compulsory saving is not conducive to encouraging clients' saving habits, but rather is considered as one of the requirements for accessing loans.

It is the mobilization of voluntary savings, ensuring safety, flexibility and accessibility, which can have the strongest impact on the performance of SMEs. Ensuring the existence of safe and accessible savings services for micro and small size enterprises should be a priority for all microfinance development programmes. Possible ways for microfinance institutions to make the service available at lower costs include mobile banking, microfinance officers visiting rural communities on market days, and facilitating groups in collecting and depositing individual voluntary savings (Kalu&Nenbee, 2013).

Nanyama (2014) points out that mobilizing savings of small-scale enterprises implies risk and microfinance institutions allowed to do so, should clearly show their capacity to mobilize savings safely. Accordingly, they should demonstrate strong governance and professional management, strength and reliability, adequate internal controls, financial management and information systems, the guarantee that deposits and savings are not used to cover their operating expenses and records of strong loan portfolio quality management.

In most countries, mobilization of public savings is restricted to banks, where regulations should be in place for effective supervision. MFI infrastructure increases the scope for mobilizing domestic savings even in rural areas which can be done in various ways including savings clubs, mobile savings banks, and formal Microfinance institutions such as Postal office savings banks, building societies, cooperative societies, informal saving groups, and money lenders (Shaheen&Batool, 2013).

Saving can be described as the setting aside of resources from being used today to creating future benefits (Sullivan & Sheffrin, 2003). This can also be seen as making use of assets to earn income because instead of keeping assets idle, they should be invested so that investments can grow to fight against inflation and future uncertainties. SMEs must be competitive and productive thus effective business support systems must be incorporated to achieve this and are a condition for success of investment capacity building. Customer–oriented business support agencies which include financial institutions have demonstrated a great capability of penetrating the SME sector.

MFIs provide saving services to Multinational enterprises seeking out new markets and investments offer Capable SMEs great opportunities to enter into global value chains through subcontracting linkages while on the other hand, the SMEs which are unable to do so, face the risk of losing their existing markets this generally improves their performance(Robin, 2009).

Within the developing world, there is an intensifying competition for export markets, foreign investment and resources thus SMEs Associations, support institutions and governments in transition and developing countries need to adjust and adopt new approaches and invent new ways of working together to foster SMEs competitiveness by encouraging saving and investment (Laban, 2015).

2.4 Empirical Review

A number of studies have been conducted on microfinance services. Copstake, et.al(2000) did a study on the impact of microcredit on poverty in Zambia. The programme was not directed towards the poorest business operators but one third of the clients who were below national poverty line. Those who graduated from their first to a second loan on average experienced significant higher growth in their profit and household income, as compared with otherwise similar business operators. The borrowers also diversified their business activities more rapidly. However some borrowers were worse off especially among the 50% or so who left the programme after receiving only one loan.

Alarape (2007) did a study to examine the impact of owners/managers of small business participating in entrepreneurship programs on operational efficiency and growth of small enterprises in Nigeria. The study was a cross-sectional analysis of impact of exposure of owners managers of small businesses on their performance of operational efficiency and growth rate. The data was collected from primary and secondary sources. Both descriptive and inferential statistics were employed for the analysis. The findings were that small business whose owners, managers had experience of participating in entrepreneurship programs exhibited superior managerial practice, had higher gross margin rate of growth than small businesses whose owner managers did not have superior experimental learning. This had a practical implication that there is need to improve managerial practice of small businesses through exposure of owners/managers to entrepreneurship programs in order to enhance their performance and transition to medium and large business.

Nilsson (2010) conducted a study to investigate the impact of micro finance institutions (MFIs) on the development of small and medium size businesses (SMEs) in Cameroon.

The study adopted a case study approach that involved CAMCCUL – (Cameroon Cooperative Credit Union League). The study concluded that microfinance is an important

asset to developing countries since it is able to cater for financing needs of the very poor in the society.

Memba et. al, (2012) conducted a study to establish the impact of venture capital on growth of SMEs in Uganda. The study used 200 SMEs that have been financed by Venture capital as the target population. The SMEs were drawn from various major urban centers in Uganda. The SMEs were stratified according to their locality and a random sampling was carried out by assigning numbers to each stratum. A sample of 100 firms was picked at random from which data was collected using a semi-structured questionnaire as the main tool for data collection. Data was analyzed using descriptive statistics with the help of SPSS computer software. The variables used to measure growth were sales per annum, net assets, profit per annum, and number of workers among others. They were analyzed before and after use of venture capital. The study established that SMEs made significant growth after accessing the financing and recommended that other SMEs should follow suit if the country has to achieve its vision 2030. It was argued that lack of finance has been stated as one of the main reasons for SMEs poor performance in most developing countries.

Cooper (2012) conducted a study on the impact of micro-finance services on the growth of SMEs in Uganda. The study targeted 50 SMEs in Nairobi. The researcher used self - developed questionnaire as an instrument of data collection and analyzed the data using quantitative analysis. The study established that SMEs largely depend on micro financing for growth. A significant percentage of SMEs was found to have access and do seek micro credit for their businesses. The study also established that microfinance services have assisted enterprises to change their status through growth in sales level from micro to small and from small to medium.

Koech (2011) conducted a study to find out the financial constraints that hinder growth of SMEs in Kenya. The researcher adapted the case study approach and targeted SMEs in Kamukunji District. The study used structured questionnaires as the main tool for data collection. Data was analyzed by exploratory factor analysis and descriptive analysis with the help of SPSS to obtain percentages and frequency distribution tables. The factors hindering growth of SMEs were identified as capital access, cost, capital market collateral requirements information access, capital management and cost of registration. The study recommended that business financiers through loans consider reducing collateral requirements to facilitate SMEs easy access to loans.

2.5 Research Gaps

According to Odell (2010). Most studies have linked microfinance with positive impact on performance of SMEs. This explains the reason why it is gaining popularity in most countries as one of the strategies of SMEs as they contribute the GDP of the country. However, there are also negative effects of the same. Some recipients of microfinance loans have indicated that the loans were used for consumption instead of directing the funds to income generating activities. Loans are also taken from one lender to repay another thus creating a vicious circle. The loans have also left most SMEs in abject poverty especially where they have been used as conduits by some family members especially wives who run away with the funds leaving the owner of the business to pay. Microfinance institutions should train the borrowers on how to utilize the borrowed funds .Finally; more research should be carried out on how the borrowed loans are used and their effect the performance of SMEs

CHAPTER THREE

METHODOLOGY

3.0   Introduction

This chapter describes the research methodology that was used in the study. The research design, population and sample were described. The instrument used to collect the data, including methods implemented to maintain validity and reliability of the instrument, ethical consideration and anticipated limitations to the study.

3.1 Research Design

Research design is the plan and structure of investigation conceived so as to obtain answers to the research questions. A descriptive survey design will also be used. A survey is used to collect original data for describing a population too large to observe directly (Mouton, 1996). A survey obtains information from a sample of people by means of self-report, that is, the people respond to a series of questions posed by the investigator (Polit and Hungler, 1993). In this study the information was collected by using a self-administered questionnaire that was distributed personally to the subjects by the researcher. A descriptive survey was selected because it provides an accurate portrayal or account of the characteristics, for example behavior, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group. This design was chosen to meet the objectives of the study.

Table 3.1: Research approach and relevance of the approach

Research Approach	Relevance of the approach
Quantitative approach	Numeric data
Qualitative approach	Descriptive data like sex

3.2   Population of the study

According to Burns and Grove (1993), a population is defined as all elements (individuals, objects and events) that meet the sample criteria for inclusion in a study. The study population of this study consisted of 50 Owners and employees of small and medium enterprises in Mukura Sub County.

3.3 Sampling techniques and Sample Size

Sampling is a key component of any investigation and involves several considerations. The aim of most investigations is to obtain information about a population.

In the study, simple random sampling was used to obtain the sample size of the study and also purposive sampling was used to select the respondents with the relevant information of the study. The sample size of the study was established using the Slovene's (1967) formula given a finite population and the degree of precision (reliability) desired by the study.

The Slovene's formula states;

$$n = \frac{N}{1+Ne2}$$

Where; n is the sample size,

N is the known population of the study and

e is the permissible error.

$$n = \frac{57}{1 + 57(0.05)^2}$$

n=50

Table 3.2: population and the sample selected.

Category	Population	Sample	Sampling technique
Owners of SMEs	20	15	Purposive sampling
Employees	37	35	Simple random sampling
Total	57	50	

Source: Ngora district local government abstracts

3.4 Data Collection Method

The study relied on both primary and secondary data. Primary data was collected with the use of questionnaires and secondary data was obtained from external sources such as the

internet, Journals of change and other documentations. The purpose of sourcing for secondary data was to help in the formation of problems, literature review and construction of questionnaire.

3.4.1 Primary Sources

Primary data refers to data collected by the researcher for a particular need as is encapsulated in the research objectives. The study was conducted using the case study method of research where Self-administered questionnaire was used in gathering data.

3.4.3 Data Collection Instrument

A questionnaire was chosen as the main data collection instrument. A questionnaire is a printed self-report form designed to elicit information that can be obtained through the written responses of the respondents. The obtained through a questionnaire is similar to that obtained by an interview, but the questions tend to have less depth (Burns and Grove, 1993). Data was collected with the aid of questionnaires to evaluate the customers and SME owners' knowledge and views about the subject matter and how it affects financial performance of SMEs in general. The questionnaire was designed to meet the objectives of the study. It was adopted from previous works (Obailah et al, 2015) but the researcher designed it to suit the objectives of the study in order to solicit answers that meet the objectives.

3.5 Reliability and Validity of the Instruments
Reliability

Reliability means the degree of consistency of the items, the instruments or the extent to which a test, a method, or a tool gives consistent results across a range of setting or when it is administered to the same group on different occasions. The reliability of research questionnaire was tested using Cronbach's alpha coefficient test for its internal consistency to measure the research variables. Data was analyzed and the correlation results were taken and after a period of one week, the researcher administered the same questionnaire to the selected group from the previous respondents and the results were also correlated to find whether they related with the first results.

Validity

Validity in qualitative interviews is only achieved through the relaxed conservational approach when gathering information. In contrast to strict survey interviews in which interaction is sometimes restricted, qualitative interviewing allows opportunity for both parties to clarify what is being said. To establish validity, the designed instruments were availed to the supervisor for review and he gave an approval for administration in a pilot survey. The study employed content validity whereby the researcher specified the indicators which were relevant to the concept which was measured. A representative sample of indicators was selected from the domain of indicators of the concepts of microfinance services and performance of SMEs

Content Validity Index (CVI) = the number of relevant questions.

Total number of questions

3.6 Data Processing and Analysis

Collected data was edited, coded, and entered into the computer using the Statistical Package for Social Scientists (SPSS). The analysis involved the use of tables and figures to present the finding of the study in a meaningful way.

3.7 Ethical Considerations of the Study

The researcher formed a questionnaire which was approved by the supervisor and she obtained an introductory letter from the head of department which was presented to the respondents during the process of data collection. The researcher administered the research tool to the respondents while making all the necessary introductions and assuring the respondents that the data collected would be treated with utmost confidentiality and used only for academic purposes and she collected the filled questionnaires after two days and started report compilation.

CHAPTER FOUR

PRESENTATION, DATA ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This Chapter presents data analysis, tables and figures, and interpretations made in accordance with the research objectives of the study. The chapter was divided into sub-chapters namely: Demographic characteristics of respondents and findings on objectives of the study.

The respondents demographic characteristics include; age, gender, level of education, level of experience and marital status

4.1.1 Age

Table 4.1: gender of respondents

Age	frequency	Percentage
Male	32	64.3
Female	18	35.7
Total	50	100

Source: Primary data, 2019

According to the results for gender of the respondents in table 4.1, of the 50 respondents, the majority were males (32) with 64.3% while the females were 18 representing 35.7% of the entire sample.

This therefore implies that the most dominant people in running small and medium enterprises are males

4.1.2 Age of respondents

Table 4.2: Age of respondents

Age	Frequency	Percentage
25 and below	5	10.7
16-36	14	28.6
37-47	18	35.7
48-58	9	17.9
59 and above	4	7.1
Total	50	100

Source: Primary data, 2019

Table 4.2 revealed that most of the respondents were in the age group of 37-47 years (18) contributing 35.7 % and were followed by those in the age- group of 26-36 years (14) representing 28.6% of the sample, those in the range of 48-58 were 9 contributing 17.9%.The minority were in the age-group of 25 years and below (5) and the age-group of 59 and above (4) contributing 10.7% and 7.1% respectively of the sample.

4.1.3 Marital status of the respondents

Table 4.3: Marital status of the respondents

Marital status	Frequency	Percentage
Single	14	28.6
Married	27	53.6
Widowed	0	
Separated	9	17.8
Total	50	100

Source: Primary data, 2019

From table 4.3, majority of the respondents were married 27 (53.6%), followed by the single who were 14 (28.6%). Those who had separated were 9 (17.8%) and none of the respondents was widowed.

4.1.4 Time spent in Business

Table 4.4: Time spent in business by respondents

Working experience	Frequency	percentage
Below 1 year	4	7
1-2 years	11	21
3 and above years	35	72
Total	28	100

Source: Primary data, 2019

The findings in table 4.4 indicated that out of the 50 respondents, the majority had spent 3 years and above years running their businesses (36)72%, they were followed by those who had spent 1-2 years running their businesses (11)21%and the least number of respondents had spent less than 1 year running their businesses and were only (4)7%.This implies that

most of the respondents had relevant experience and knowledge about the variables of the study as they had spent relevant time running their businesses .

4.1.5 Level of education of respondents

Table 4.5: Level of education of respondents

Level of education	Frequency	Percentage
Primary	9	18.75
Secondary	15	31.25
Certificate	11	21.25
Diploma	2	3.75
Degree	13	25
Total	50	100

Source: Primary data. 2019

The findings in figure 4.5 show that majority of the respondents had attained secondary level 15(31.25%) followed by those who had degrees 13(25%) and those with certificates were 11(21.25%).The minority had attained primary and Diploma levels of education and were 9 (18.75%) and 2(3.75%) respectively. This implies that most of the respondents were educated and had enough knowledge to answer the questionnaires perfectly.

4.2 Loan services and performance of SMEs

Table 4.6: Response on loan services and performance of SMEs

Statements	Strongly Disagree (%)	Disagree %	Not Sure (%)	Agree(%)	Strongly Agree (%)	Mean
Microfinance credit facilities are easily accessible	5	10	15	50	20	3.7
The interest charges on loans is favorable	52	23	10	10	5	1.93
There is no limit on the amount of loans to be given		7.5	7.5	60	25	4.025
The collateral security is not a problem in obtaining the loan	37	28	15	10	10	2.28
The repayment procedures are friendly	5	5	5	75	10	3.8
Loan services have increased my operational capital			.	70	30	4.3
Loan services have generally improved performance of my business	15.8	10		35	39.2	3.72
I am satisfied with microfinance loan services	10.3	20		30.7	39	3.48

Source: primary Data, 2019

The likert scale is 1 –strongly Disagree 2- Disagree 3- not sure 4- agree 5-Strongly agree.

The response mean is 1-1.8- strongly Disagree, 1.81-2.6- Disagree, 2.61-3.4 Not sure, 3.41-4.2- Agree,4.21- 5 –Strongly Agree.

The findings in table 4.6 show that loan services have improved the performance of Small and medium enterprises in Ngora sub county. This is from the fact that 70% of the respondents agreed that Microfinance credit facilities are easily accessible with a mean of 3.7, 85% agreed that there is no limit on the amount of loans to be given with a mean of 4.025, 85% agree that the repayment procedures are friendly with a mean of 3.8, all the respondents agree that Loan services have increased their operational capital with a mean of 4.3,74.2% agreed that Loan services have generally improved performance of their businesses with a mean of 3.72 and also 69.7% of the respondents agreed that they are satisfied with microfinance loan services whereas 75% of the respondents revealed the interest charges on loans is not favorable with a rejection mean of 1.93 and also 65% rejected the statement that the collateral security is not a problem in obtaining the loan with a mean of 2.28.

4.3 Training services and performance of Small and medium enterprises.

Table 4.7: Response on Training services and performance of Small and medium enterprises.

Statements	Strongly Disagree (%)	Disagree (%)	Not Sure (%)	Agree(%)	Strongly Agree (%)	Mean
Microfinance institutions have training services	10	3.0		50	37.2	4.02
I have attained training services from microfinance institutions	10	1.4		50	38.3	4.04
I have improved business planning skills from trainings	5	4.24		44	40.8	4.37
I have gained capital investment decision making skills through trainings	28.4			21	50.6	3.65
Trainings have equipped me with more knowledge of risk management	10	8.6		60.4	21	3.73
Trainings have improved my innovation skills	6.2	10		53.8	30	3.88
Trainings have improved my financial literacy	11.6	4		40	44.4	4.02
Trainings general improve the performance of SMEs	20.4	4.4		50	25.2	3.55

Source: Primary data ,2019

The likert scale is 1 –strongly Disagree 2- Disagree 3- not sure 4- agree 5-Strongly agree.

The response mean is 1-1.8- strongly Disagree, 1.81-2.6- Disagree, 2.61-3.4 Not sure, 3.41-4.2- Agree, 4.21- 5 –Strongly Agree.

From table 4.7, results show that most of the respondents agreed that training services improve the performance of SMES. This is backed by the fact that 87.2% of the respondents agreed that microfinance institutions have training services with a mean of 4.02, 88.3% agreed that they have attained training services from microfinance institutions with a mean of 4.04 and 84.4% agreed that they have improved business planning skills from trainings with a mean of 4.37, 71.6% of the respondents agreed that they have gained capital investment decision making skills through trainings with a mean of 3.65 , 81.4% agreed that Trainings have equipped them with more knowledge of risk management with a mean of 3.73, 83.8% agreed that trainings have improved their innovation skills with a mean of 3.88, 84.4% that trainings have improved their financial literacy with a mean of 4.02 and 75.2% of the respondents accepted that Trainings generally improve the performance of SMEs with a mean of 3.55. All of the statements used to measure this objective gave positive results thus this implies that to a great extent training services have improved that performance of Small and medium enterprises in Ngora District.

4.4 Saving services and performance of Small and medium enterprises.

Table 4.8: Response on Saving services and performance of Small and medium enterprises.

Statements	Strongly Disagree (%)	Disagree (%)	Not Sure (%)	Agree (%)	Strongly Agree (%)	Mean
We use microfinance saving services	3.6	12		44.4	40	4.05
Microfinance saving services increase liquidity	2.2	7		62	30.8	4.18
MFI encourage me to save for my business	20	8.4		50	21.6	3.58
I find it easy and convenient to make deposit on my account	9.8	10		50.2	30	3.81
MFI does not charge ledger fees on my account	40.4	43	6	4	6.6	1.99
My savings earn good interest	50.6	33		11	4	1.81
I make regular deposits on my account	6	10	9	30	45	3.98
Saving services generally improve the performance of SMEs	10	7.5	7.5	50	25	3.72

Source: Primary Data,2019

The likert scale is 1 –strongly Disagree 2- Disagree 3- not sure 4- agree 5-Strongly agree.

The response mean is 1-1.8- strongly Disagree, 1.81-2.6- Disagree, 2.61-3.4 Not sure, 3.41-4.2- Agree, 4.21- 5 –Strongly Agree.

The findings in table 8 show that saving services improve the performance of Small and medium enterprises. This is from the fact that 84.4% of the respondents agreed that they use microfinance saving services with a mean of 4.05, 92.8% of the respondents agreed that

Microfinance saving services increase liquidity with a mean of 4.18,71.6 agreed that MFI encourage me to save for my business with a mean of 3.58,80.2% agreed that they find it easy and convenient to make deposit on their account with a mean of 3.81,75% agreed that they make regular deposits on their account with a mean of 3.98 and also 75% agreed that Saving services generally improve the performance of SMEs with a mean of 3.72 where as 84.4% of the respondents rejected the statement that MFIs do not charge ledger fees on their account with a rejection mean of 1.99 and also 83.6% of the respondents revealed that their savings do not earn good interest with a mean of 1.81. Since the respondents accepted most of the statements, it implies that saving services improve the performance of microfinance institutions.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter discusses the findings on each objective of the study and it further gives conclusions and recommendations.

5.1 Discussion of the findings

5.1.1 Loan services and performance of SMEs

The findings of the study revealed that loan services have improved the performance of Small and medium enterprises in Ngora sub county. This is from the fact that 70% of the respondents agreed that Microfinance credit facilities are easily accessible with a mean of 3.7, 85% agreed that there is no limit on the amount of loans to be given with a mean of 4.025, 85% agree that the repayment procedures are friendly with a mean of 3.8, all the respondents agree that Loan services have increased their operational capital with a mean of 4.3,74.2% agreed that Loan services have generally improved performance of their businesses with a mean of 3.72 and also 69.7% of the respondents agreed that they are satisfied with microfinance loan services whereas 75% of the respondents revealed the interest charged on loans is not favorable with a rejection mean of 1.93 and also 65% rejected the statement that the collateral security is not a problem in obtaining the loan with a mean of 2.28.

5.1.2 Training services and performance of Small and medium enterprises.

The findings of the study show that most of the respondents agreed that training services improve the performance of SMES. This is backed by the fact that 87.2% of the respondents agreed that microfinance institutions have training services with a mean of 4.02, 88.3% agreed that they have attained training services from microfinance institutions with a mean of 4.04 and 84.4% agreed that they have improved business planning skills from trainings with a mean of 4.37, 71.6% of the respondents agreed that they have gained capital investment decision making skills through trainings with a mean of 3.65 , 81.4% agreed that Trainings have equipped them with more knowledge of risk management with a mean of 3.73, 83.8% agreed that trainings have improved their innovation skills with a mean of 3.88, 84.4% that trainings have improved their financial literacy with a mean of 4.02 and 75.2% of the respondents accepted that Trainings generally improve the performance of SMEs with a

mean of 3.55. All of the statements used to measure this objective gave positive results thus this implies that to a great extent training services have improved that performance of Small and medium enterprises in Ngora District.

5.1.3 Saving services and performance of Small and medium enterprises.

The findings of the study show that saving services improve the performance of Small and medium enterprises. This is from the fact that 84.4% of the respondents agreed that they use microfinance saving services with a mean of 4.05, 92.8% of the respondents agreed that Microfinance saving services increase liquidity with a mean of 4.18,71.6 agreed that MFI encourage me to save for my business with a mean of 3.58,80.2% agreed that they find it easy and convenient to make deposit on their account with a mean of 3.81,75% agreed that they make regular deposits on their account with a mean of 3.98 and also 75% agreed that Saving services generally improve the performance of SMEs with a mean of 3.72 where as 84.4% of the respondents rejected the statement that MFIs do not charge ledger fees on their account with a rejection mean of 1.99 and also 83.6% of the respondents revealed that their savings do not earn good interest with a mean of 1.81. Since the respondents accepted most of the statements, it implies that saving services improve the performance of microfinance institutions.

5.2 Conclusions

5.2.1 Loan services and performance of SMEs

The findings of the study revealed that loan services enhance the performance of small and medium enterprises as respondents agreed to most of the statements that were used to measure this objective except that it was revealed that the interest charged on loans is not favorable and also that the collateral security is a problem in obtaining the loan.

5.2.2 Training services and performance of Small and medium enterprises.

The findings of the study revealed that training services improve the performance of small and medium enterprises as respondents agreed to all the statements that were used to measure this objective of the study.

5.2.3 Saving services and performance of Small and medium enterprises.

The findings of the study revealed that saving services improve the performance of small and medium enterprises in Ngora district as most of the respondents positively answered to the

statements that were used to measure this objective. The study found out that Microfinance institutions charge ledger fees on the accounts of the respondents and that they earn low interest on their savings.

5.3 Recommendations to the study

5.3.1 Loan services and performance of SMEs

The central bank should regulate the interest charged by microfinance institutions in order to favor the borrowers.

Low or no collateral security loans should be introduced among the products and services of microfinance institutions as the study revealed that collateral security is the biggest hindrance in attaining a loan from MFIs.

5.2.2 Training services and performance of Small and medium enterprises

Owners of small and medium enterprises should endeavor to take part in the trainings offered by microfinance institutions as the findings of the study revealed that trainings greatly enhance business performance of SMEs.

5.2.3 Saving services and performance of Small and medium enterprises.

Microfinance institutions should not charge ledger fees on the accounts of the customers in order to encourage them to delight in serving services.

MFIs should increase on the interest earned on the savings of customers in order to boos their morale for saving.

5.4 Limitations of the study

Cost of the research/study: just like any other research, costs are normally unavoidable and these may include, transport costs, airtime costs, typing, printing and binding costs among others that may come up unpredicted. However, as far as costs are concerned, the researcher had to acquire soft loans from friends and relatives so as to meet the costs of the research. Uncooperative respondents: as usual, not every respondent during research is completely willing to cooperate positively towards the demands of the researcher, some are even hostile. Some respondents deliberately refused to answer the questionnaires.

5.5 Areas for further studies

- Assessment of other factors that affect performance of small and medium enterprises in Uganda

- Relationship between microfinance services and performance of Small and medium enterprises.

REFERENCES

Aghiont, H. Morduch, A. 2009. Corporate entrepreneurship, the marketing mix, and business performance. In Proceedings of the 1997 Academy of Marketing Science (AMS) Annual Conference (pp. 144-150). Springer International Publishing.

Aglion, P. E.Moduch, P. C. 2005.The role of knowledge and trust in SMEs.Journal of the Knowledge Economy, 6(1), 105-124.

Alarape, M. L., Gibson, S. G., & McDowell, W. C. 2010. The Impact of Strategic Focus and Previous Business Experience on Small Business Performance.Journal of Small Business Strategy, 24(1), 29.

Alpha, G. K. Cobbinah, P. B., & Manu , J. K. (2005). Sustainability of Small and Medium Scale Enterprises in Rural Ghana: The Role of Microfinance Institutions. Asian Economic and Financial Review, 3(8), 1003-1017.

Barney, S. N., &Mahapatra, M. K. 2007. Growth and productivity performance of small manufacturing enterprises (SMEs) Insights from major states in India. Journal of Indian

Burns,A. Grove,G.(1993).Interpretation of research design and modeling research variables .london printing press. Business Research, 1(1), 39-56.

Chakravarty, G.Shahriar B. 2010. An Assessment of The Contributions of Microfinance on the Growth of Small and Medium Enterprises (SMEs) in Nigeria. International journal of Innovative Research in Management, 2(8), 16 – 23.

Chapman, C. J. and Cooper, M. G 2010). Impact of Microfinance – an empirical study on the attitude of SHG leaders in Vellore District. Journal of Finance and management, volume 2 pg 59.

Cheston, E.Kuhn, Z. 2002. Towards a better understanding of intellectual capital in Mexican SMEs.Journal of Intellectual Capital, 15(2), 316-332.

Chossudovsky, J.B.1998, Firm Resources and Sustained Competitive Advantage.Journal of Management; 17, (1), 99–120.

Clerkson,k. McGrath, S. 2006. Globalisation, Enterprise and Knowledge: Education Training and Development in Africa. Wallingford, UK: Symposium Books.

Cohen, M. 2002. Effects of Micro-credit, Micro-savings and Training on the Growth of Small and Medium Enterprises in Machakos County in Kenya. Research Journal of Finance and Accounting, 5(7), 43-49.

Cooper, J. N. 2012. The impact of microfinance services on the growth of small and medium enterprises in Kenya (Doctoral dissertation, University of Nairobi, Kenya).

Counts,k. 2008. The Theory of the Growth of the Firm. New York: John Wiley and Sons.

Daou, A., Karuranga, E., & Su, Z. (2014). Towards a better understanding of intellectual capital in Mexican MSEs.Journal of Intellectual Capital, 15(2), 316-332.

Ernst & Young Global Limited. 2014. Challenges in microfinance: An EY perspective. Ernst & Young Global Limited.

Etend,J.Wright , N. (2004). Agent Banking Operations as a Competitive Strategy of Commercial Banks in Kisumu City. International Journal of Business and Social Science, 3(13), 306 - 324.

Floebel, J., &Okeyo, H. N.2010. An Evaluation of Financing and Development of Small and Medium Enterprises in Mombasa County, Kenya. European Journal of Business and Management , 5(14), 16-25.

Garcia, C,Martinez,S. (2007) small business challenges. The perception problem: size doesn't matter Washington business Journal.

Germidis, J., Woldie, A., &Saidimu, J. 2011. Challenges of microfinance accessibility by SMEs in Tanzania. Thunderbird International Business Review, 54(4), 567- 579.

Ghatak,l.Guinnane, M. 1999.Improving quality and performance with the Public Sector Scorecard.

GOU. 2016. Economic Survey. Nairobi: Government Printers.

Hamson, G. 2014.Enhancing market access in Kenyan SMEs using ICT.Global Business and Economics Research Journal , 2(9), 29-46.

Hofer, E. 2014. The Goal: A Process of Ongoing Improvement. Great Barrington, MA.: North River Press.

Hofstrand, K. 2009 Microfinance and Poverty Reduction in India: A Comparative Study with other Asian Countries, African Journal of Business Management Vol. 3 No 4 Pp 136-140.

Ishengoma, E. K., &Kappel, R. 2011. Business environment and growth potential of micro and small manufacturing enterprises in Uganda. African Development Review, 23(3), 352-365.

Johnson, A.D., Adams, C. and Kennerley, M. 2005, The Performance Prism: The Scorecard for Measuring and Managing Stakeholder Relationships, Financial Times/Prentice Hall, London.

Joseph, A., Leighton, P., & Adesua, A.(2015). Factors influencing small and medium enterprises (SMEs): an exploratory study of owner/manager and firm characteristics. Banks and Bank Systems, 3(3), 1 - 13.

Journal of Finance and Accounting, 5(7), 43-49.

Kairaria (2014), The effects of access to microfinance on the financial performance of small and medium enterprises owned by youths in Nairobi Kenya

Kuh, A. 2002. An overview of the microfinance industry In Kenya. Nairobi. Epstein.

Khan, M. S. A., Azam, M. K. G., & Islam, S. 2008. Problems and Prospects of SME Financing in Bangladesh.Asian Business Review, 2(2), 51-58.

Kisaka, S. E., &Mwewa, N. M. (2014). Effects of Micro-credit, Micro-savings and Training on the Growth of Small and Medium Enterprises in Machakos County in

Koech. "Managing Credit for the Rural Poor" in *Journal of Lessons from the Grameen Bank, World Development.* Volume 24, No 1. pp 7889 ,

Kopstake,D. E.Mugure, S. G. 2008. Micro-savings and poverty reduction in Nigeria: Some field observations from Gokana Local Government Area of Rivers State.European Journal of Business and Management, 5(17), 84-91.

Kulu, &Nembe, M. K. 2013. Growth and productivity performance of small manufacturing enterprises (SMEs) Insights from major states in India. Journal of Indian Business Research, 1(1), 39-56.

Laban, D and Mosley, P. 2015. *Finance Against Poverty*. London: Routledge Hulme, D. and Mosley. P. 1997. Finance for the Poor or Poorest? Financial Innovation, Poverty, and Vulnerability". in G.D Wood and Isharif (Eds). 1997. *Who Needs Credit? Poverty and Finance in Bangladesh*. Dhaka: Dhaka University Press Limited.

Ledgewood, W. K., Ajanga, M., Omeke, M., Nasinyama, M., & Tumwine , N. 2009. The Impact of Microfinance Service Delivery on the Growth of SMEs in Uganda. Dakar: Investment Climate and Business Environment Research Fund.

Maloney, F. M. 2003. The challenges facing small-scale women entrepreneurs: A case of

Mera, M and, Feder, G. 1990 "The Role of Groups and Credit Cooperatives in Rural Lending". World Bank Research Observer.

Ministry of finance planning and economic development report.20014

Moduch, I. 1999. Assessing Alternative Sources of Financing for Small & Medium Scale Enterprises in Ghana: A Case Study of Savings and Loans Companies in the Greater Accra Region of Ghana. International Journal of Advancements in Research & Technology, 3 (7), 123 - 136.

Moloney, William F (2003) *"Informal self employment poverty trap or decent alternative?"* In fields, Gary and Guy pfeffernman (eds) pathways out of poverty.

Mounton.Y.paul.(1996).Determining the rational population, sample size and research design for the study. Chicago printing press.

Mugisha, A.Yuthas, K.2005. Managing social, environmental and financial performance simultaneously. Long Range Planning.

Mukura SACCO. 2018. Rural Women's Access to Financial Services Credit, Savings and Insurance. Rome: Food and Agriculture Organization.

Muturi, G. (2014). Influence of microfinance institutions on growth of small business enterprises in Kenya: a case of Webuye Division, Bungoma county (Doctoral dissertation, University of Nairobi).

Mwanga M. 2008 "Effects of Micro-credit, Micro-savings and Training on the Growth of Small and Medium Enterprises in Machakos County in Kenya" ISSN (Paper) 2222-1697 ISSN (Online) 2222-2847

Mwangi, G. K., Cobbinah, P. B., & Manu , J. K. 2011. Sustainability of Small and Medium Scale Enterprises in Rural Ghana: The Role of Microfinance Institutions. Asian Economic and Financial Review, 3(8), 1003-1017.

Mwangi, G., Leutner, F., & Chamorro-Premuzic, T. 1998.EQ-nomics: Understanding the relationship between individual differences in trait emotional intelligence and entrepreneurship. Personality and Individual Differences , 51(8), 1028-1033.

Mwangi, M., George, G. E., Mindila, R., Nyakwara, S., Ongeri, J., &Okeyo, H. N. (2013). An Evaluation of Financing and Development of Small and Medium Enterprises in Mombasa County, Kenya. European Journal of Business and Management , 5(14), 16-25.

Mwobobia, F. M. (2012). The Challenges Facing Small-Scale Women Entrepreneurs: A Case of Kenya. International Journal of Business Administration, 3(2), 112 - 121.

Nanyama, O. (2009). Impact of microfinance on entrepreneurial development. The case of

Nigeria Development of business administration, OSUN STATE University,Nigeria.

NIlson, R. 2011. Business environment and growth potential of micro and small manufacturing enterprises in Uganda. African Development Review, 23(3), 352-365.

Njoroge, C. W., &Gatungu, J. M. (2013). The Effect of Entrepreneurial Education and Training on Development of Small and Medium Size Enterprises in Githunguri District Kenya. International Journal of Education and Research , 1(8), 1-22.

Njoroge, L. W. (2015). The Influence of Strategic Planning on Performance of Small and Medium Enterprises (MSEs) in Kenya.Strategic Journal of Business & Change Management, 2(1).

Oballah.Anichebe.Agu.(2015). Tips for designing a reasech instrument. *Journal of management information system.*20 (30), 13-39.

Odel. 2010. The effects of access to microfinance on the financial performance of small and medium enterprises owned by youths in Nairobi Kenya

Ofori, K. S., Fianu, E., Omoregie, K., Odai, N. A., &Oduro-Gyimah, F. (2014).Predicting Credit Default among Micro Borrowers in Ghana.Research Journal of Finance and Accounting, 5(12), 96-104.

Okafor, J. C., & Woller, G. M. 2006. Microfinance: A Comprehensive Review of the Existing Literature. The Journal of Entrepreneurial Finance, 9(1), 1 -27.

Osoro&Muturi (2013) "The Role of Micro Financial Institutions on the Growth of

performance: A survey of micro and small enterprises in Kitale Municipality, Kenya.

Polit.Hungler,R.(1993).sampling Methods. *International Journal of Multidisciplinary and Current Research*.Vol. 3. PP. 976-984.

Rajesh,M, Mahapatra (2010). "The impact of microfinance institutions (MFIs) on the development of small and medium size business (SMEs) in Cameroon." Swedish University of Agricultural Sciences.

Robin.2009. S.M. "Those Left Behind. A Note on Targeting the Hardcore Poor" in Wood,G.D and Sharif. I (Eds). 1997. *Who Needs Credit? Poverty and Finance in Bangladesh*. Dhaka: Dhaka University Press Ltd.

Robinson, M. A., Khan, M. A., Obaidullah, A. Z. M., &Alam, M. S. 1998. Effect of entrepreneur and firm characteristics on the business success of small and medium enterprises (SMEs) in Bangladesh. International Journal of Business and Management , 6(3), p289.

Shaheen,S,Batool.G,Graham, A.N. W. 2000. *Micro Finance System: Designing Quality Financial Services for the Poor*. London: Zed Books Ltd, New York: The University Press Limited.

Sifunjo E., Kisaka N. and Mwewa M. (2014) "Effects of Micro-credit, Micro-savings and Training on the Growth of Small and Medium Enterprises in Machakos County in Kenya" ISSN (Paper) 2222-1697 ISSN (Online)2222-2847.

SMEsin Kenya: A Case Study of Micro Financial Institutions InKisii Town". Journal of

Smith, I. Sajid, M. A., &Batool, Q. 2001. Micro enterprises and economic empowerment of women. International Journal of Management, IT and Engineering , 3(9), 473-484.

Storey, J., &Malhotra, M. (2013). Incorporation of Six-Sigma in Organizations and Its Role and Impact Upon Operational Performance: A Review of Existing Literature. In 1st National Conference on Global Advancements and Futuristic Trends in vManagement- Srijan (Vol. 14).

Sullivan, F. Sheffirin, J. K. (2013). Factors Influencing Sustainability of Microfinance Institutions in Kenya: A Case of Kenya Women Finance Trust. International Journal of Innovative Research and Development , 1(11), 519-537.

Teruel, A (2007). Entrepreneurship programmes' operational efficiencies and growth of Small Businesses. Journal of enterprising communities: people and places in global economy,1(3).

Terungwa, A.2012. Assessing Alternative Sources of Financing for Small & Medium Scale Enterprises in Ghana: A Case Study of Savings and Loans Companies in the Greater Accra Region of Ghana. International Journal of Advancements in Research & Technology, 3 (7), 123 - 136. the Growth of Small and Medium Enterprises in Machakos County in Kenya. Research

UFT. 2010. Problems and Prospects of SME Financing in Bangladesh.Asian Business Review, 2(2), 51-58.

Uganda Beaural of Statistics Report .2017.

United Nations Development Program .2012

Wanambisi, A. N., &Bwisa, H. M. (2013). Effects of microfinance landing on business

Wanjohi, I. E.Mugure, S. G. 2008. Micro-savings and poverty reduction in Nigeria: Some field observations from Gokana Local Government Area of Rivers State. European Journal of Business and Management, 5(17), 84-91.

Waring,D.Glendon,J. Ahmetoglu.Understanding the relationship between individual differences in trait emotional intelligence and entrepreneurship. Personality and Individual Differences , 51(8), 1028-1033.

World Bank, 2013.Scaling-Up SME Access to Financial Services. Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/12515 License: CC BY 3.0 Unported.

Yacob, M. L., Gibson, S. G., & McDowell, W. C. 2010. The Impact of Strategic Focus and Previous Business Experience on Small Business Performance.Journal of Small Business Strategy, 24(1), 29.

Yunus, G. 2007. Influence of microfinance institutions on growth of small business enterprises in Kenya: a case of Webuye Division, Bungoma county (Doctoral dissertation, University of Nairobi).

APPENDIX 1: RESEARCH QUESTIONNAIRE

MICROFINANCE INSTITUTIONS AND PERFORMANCE OF SMEs

Dear respondent,

I am **Amoding Esther** a final year student at Kampala International University conducting a purely academic study as a partial requirement that leads to the award of the degree of Bachelor of Business Administration.

The research is about the stated topic above. The answers provided will be treated with utmost confidentiality and only for academic purposes. I therefore kindly request you to respond appropriately to the following questions.

Thank you.

SECTION A: PERSONAL BIODATA

1. Gender

(a) Male ☐   (b) Female ☐

2. Age

(a) 25 and below ☐   (b) 26-36 ☐

(c) 37-47 ☐   (d) 48-58 ☐   (e) Above 58 ☐

3. Marital Status

Single ☐   Married ☐   Widow ☐   Separated ☐

4. How long have you been running your business?

(a) Below 1 year ☐   (b) 1-2 years ☐   (d) above 3 years ☐

5. Educational level

(a) Primary   (b) secondary ☐   (c) Certificate ☐   Diploma ☐

(d) Degree

SECTION C: loan services and performance of SMEs

In the table below, the respondent is required to tick any one option for each statement:

Apply a tick where applicable using the following key.

SA – Strongly Agree,   A – Agree , NS – Not Sure, D – Disagree   SD – Strongly disagree

Statement	SA	A	NS	D	SD
Microfinance credit facilities are easily accessible					
The interest charges on loans is favorable					
There is no limit on the amount of loans to be given					
The collateral security is not a problem in obtaining the loan					
The repayment procedures are friendly					
Loan services have increased my operational capital					
Loan services have generally improved performance of my business					
I am satisfied with microfinance loan services					

Section C: Training services and performance of Small and medium enterprises.

In the table below, the respondent is required to tick any one option for each statement:

Apply a tick where applicable using the following key.

SA – Strongly Agree,   A – Agree   , NS – Not Sure, D – Disagree   SD – Strongly disagree

Statement	SA	A	NS	D	SD
Microfinance institutions have training services					
I have attained training services from microfinance institutions					
I have improved business planning skills from trainings					
I have gained capital investment decision making skills through trainings					
Trainings have equipped me with more knowledge of risk management					
Trainings have improved my innovation skills					
Trainings have improved my financial literacy					
Trainings general improve the performance of SMEs					

Section C: Saving services and performance of Small and medium enterprises.

In the table below, the respondent is required to tick any one option for each statement:

Apply a tick where applicable using the following key.

SA – Strongly Agree, A – Agree , NS – Not Sure, D – Disagree SD – Strongly disagree

Statement	SA	A	NS	D	SD
We use microfinance saving services					
Microfinance saving services enable more to increase liquidity					
MFI encourage me to save for my business					
I find it easy and convenient to make deposit on my account					
MFI does not charge ledger fees on my account					
My savings earn good interest					
I make regular deposits on my account					
Saving services generally improve the performance of SMEs					

Thank you for your time.

APPENDIX II: Time and Budget Frame

Activity	Jan	Feb	Mar	Apri	May	Jun	Jul
Topic formulation	▓						
Doing library and internet research		▓					
Compiling report			▓				
Data collection				▓			
Data editing and entry				▓			
Data anlysis				▓			
Report compilation					▓		
Report editing						▓	
Report submission							▓

APENDIX III: Estimated budget

Activity	Cost/amount(UGX)
Stationary, typing and printing	150,000
Internet bundles and air time	100,000
Transport	100,000
Others	30,000
Total amount	380,000

KAMPALA
INTERNATIONAL
UNIVERSITY

Ggaba Road, Kansanga· PO BOX 20000 Kampala, Uganda
Tel: +256 777 295 599, Fax: +256 (0) 41   501 974
E-mail: josephk@gmail.com,

COLLEGE OF ECONOMICS AND MANAGEMENT
DEPARTMENT OF ACCOUNTING AND FINANCE

25th/07/2019

<div align="center">

To whom it may concern

</div>

Dear Sir/Madam,

RE: INTRODUCTORY LETTER FOR AMODING ESTHER 1163-05014-07389

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: -   **MICROFINANCE INSTITUTIONS AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NGORA DISTRICT**
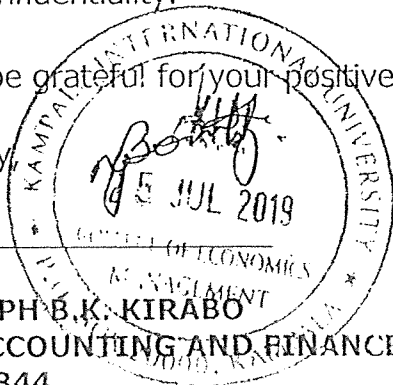
CASE STUDY: -   MUKURA SUB-COUNTY

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

MUKURA SUB-COUNTY LOCAL GOVERNMENT

Our Ref: ....
Your Ref:....................

The Republic of Uganda

Office of the Senior Assistant Secretary,

Mukura Sub-County Local Government,

P.O. Box 31,

Tel: 0771023742

Date 09th August 2019
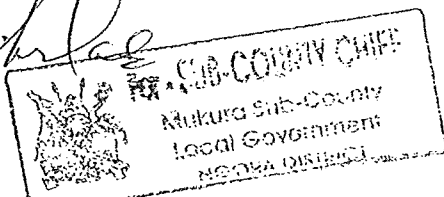
The College of Economics and Management

Kampala International University

RE: ACCEPTANCE LETTER

This communication serves to inform you that Ms. Amoding Esther pursuing a Bachelor of Business Administration under index Number **1163-05014-07389** has been accepted to carry out Research in this Sub-County from **5th – 09th August, 2019** as stipulated in the field work placement letter from your institution. The student will be directly supervised by the Senior Assistant Secretary under the department of Accounting and Finance

She is expected to follow the organization policies and regulations

Okodan Alex

Ag: Senior Assistant Secretary

Mukura Sub-County Local Government