FINANCIAL INCLUSION AND GROWTH OF SMALL AND MEDIUM ENTERPRISES OF MAKINDYE URBAN DIVISION, KAMPALA UGANDA

BY

TURINAWE ABDUL-SALAMU
MBA/FA
REGNO. 2021-01-03194.

A RESEARCH DISSERTATION SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER'S DEGREE IN BUSINESS ADMINISTRATION FINANCE AND ACCOUNTING OF KAMPALA INTERNATIONAL UNIVERSITY.

JUNE, 2023

DECLARATION

This dissertation is my original work and has not been presented for any award in this or any other learning institution.

Signature: ________________________ **Date: 07th/06/2023**

TURINAWE ABDULSALAMU

APPROVAL

This research dissertation has been submitted for examination with my approval as the University's supervisor.

Signature________________________________ **Date: 07th/06/2023**

DR. OMWENO ECNOCK

SUPERVISOR

DEDICATION

I would like to dedicate this piece of work to the Almighty God who has enabled me to carry out this research successfully and to my beloved parents Mr. Ali Kanyomozi and Mrs. Jalia Kanyomozi without forgetting my dear siblings. May the Almighty God bless you all.

ACKNOWLEDGEMENTS

I thank Almighty Allah who has given me the strength, wisdom, protection and provision in all situations. I give him all the glory.

Formulating a research topic, coming up with literature review, compiling the information gathered with a research proposal and finally writing a dissertation involves a lot of consultations. There are special people who have greatly assisted me in the production of this report. It is practically impossible to individually thank everyone. However, a few of them deserve special mention.

I humbly express my gratitude to my main supervisor **Dr. Omweno Enock** and my compliance overseers **Dr. Maina Enock and Dr. Tukundane Benison** for their invaluable advice and guidance, patience, effective guidance and understanding in the course of writing this research, I am grateful to Kampala International University for admitting me to their Master's program. Special thanks to my dear friends and fellow MBA students of Kampala International University for their total support.

I am grateful to my beloved parents, my brothers and my sisters and other relatives who contributed tremendously and for their patience, prayers and support throughout the long journey of sacking knowledge towards completion of this report.

Finally, I will love to give a Special thanks to all my family, friends and relatives who have come to love me for who I am and fight with me throughout this journey, thank you and may Allah bless you All.

I once again thank all, including the categories not mentioned above, who encouraged and contributed to the completion of this work.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ABBREVIATIONS

AMFIU	:	Association of Microfinance Institutions of Uganda
BDS	:	Business Development Services
GDP	:	Gross Domestic Product
IFC	:	International Finance Corporation
MFIs	:	Microfinance Institutions
MSMEs	:	Micro, Small, Medium, Enterprises
OECD	:	Organisation for Co-operation and Development
SIDP	:	Sustainable Industrial Development Policy
SPSS	:	Statistical Package for Social Scientists
SSA	:	Sub-Saharan Africa
SMEs	:	Small and medium enterprises
UGX	:	Uganda Shillings
UIA	:	Uganda Investment Authority
UNBS	:	Uganda National Bureau of Standards
USA	:	United States of America

ABSTRACT

The study examined financial inclusion and growth of small and medium enterprises in Makindye urban division, Kampala Uganda. The study was based on three objectives which included; financial accessibility and growth of small and medium enterprises, financial technology and growth of small and medium enterprises, financial literacy and growth of small and medium enterprises. The study was guided by three theories which include; the resource-based theory, neoclassic theory and finance growth theory. The study employed a correlation design, adopted a quantitative paradigm and a cross sectional survey was used and a sample size of 186 respondents was used from a target population of 360 SMEs operating in Makindye urban division. Data was collected using questionnaires and analysed using descriptive statistics (mean and standard deviation) and inferential with the aid of SPSS. The findings of the study from the correlation analysis reveal that Financial Accessibility had a positive and significant relationship with growth of small and medium enterprise in Makindye division at 0.001 level of significance (r=0.203, P-Value (0.007) <0.01) hence rejecting the null hypothesis. Also, Financial Technology had a positive significant relationship with growth of small and medium enterprise in Makindye division at 0.001 level of significance (r=0.208, P-Value (0.006) <0.01). and finally Financial Literacy had a positive significant relationship with growth of small-scale enterprise in Makindye division at 0.001 level of significance (r=.405, P-Value (0.008) <0.01). in conclusion, all the study finding from the above objectives indicate that there was a relationship between financial inclusion and growth of SMEs, hence rejecting the null hypothesis. The study recommended to Promote financial inclusion by encouraging SMEs to open bank accounts through targeted campaigns, financial literacy programs, and simplified account opening processes. Enhance access to business loans by developing tailored products with flexible options and reasonable interest rates, facilitated through collaborations between financial institutions and SME associations. Explore alternative financing options, such as microfinance institutions, venture capital firms, and crowdfunding platforms, to provide additional funding avenues and reduce reliance on collateral security. Strengthen information dissemination through partnerships with local government authorities, business associations, and technology platforms, ensuring SMEs have access to relevant and timely financial information, enhancing digital literacy and awareness through training programs and workshops, educating entrepreneurs on effectively using financial technology tools. Collaborate between financial institutions and mobile network operators to improve the accessibility and usability of mobile financial services, simplifying processes for opening mobile money accounts and ensuring reliable and secure mobile banking platforms, conducting education and awareness programs, with a focus on effective utilization of financial services and mobile banking, will enhance financial literacy.

CHAPTER ONE
INTRODUCTION

1.0 Introduction

This study is about Financial Inclusion and growth of small and medium enterprises in Makindye urban division. In this chapter, the background of the study, problem statement, and purpose, objectives of the study, research questions, hypothesis, scope and significance of the study, conceptual frame work are presented.

1.1 Background to the Study

The background comprises of the historical perspective, the contextual perspective, the theoretical perspective and the conceptual perspective.

1.1.1 Historical perspective

The current global investment climate indicates that financial inclusion is critical to growth of enterprises especially in developing countries where markets and institutional infrastructure are less developed (Aterido, et al., 2009). (IMF, 2017), Financial inclusion (FI) now gains immense recognition as a policy in developing economies as well as at the international level. (Nwanko & Nwanko, 2014). Defines Financial Inclusion (FI) as the process of access to and usage of diverse, convenient, affordable financial services. Financial inclusion covers sustainable, relevant, cost effective and meaningful financial services for the financially underserved population especially rural dwellers (Ibor, et al., 2017). Ene and Inemesit (2015) see the essence of financial inclusion to be in trying to ensure that a range of appropriate financial services is available to every individual, and enabling them to understand and access those services. Olawale and Garwe (2010) assert that lack of finance is a key factor constraining growth small and medium enterprises (SMEs) in Sub-Saharan Africa (SSA). Beck and Demirguc-Kunt (2006) asserts that financial inclusion helps alleviate growth constraints of SMEs and increases their access to external finance, thus leveling the operations between firms of different sizes. For instance, Djankov, et al., (2002) established that those sub-Saharan countries tend to have heavier regulation of entry due to higher corruption, informality, and poor infrastructure and hence concluded that growth of small and medium enterprises is hindered by non-financial constraint of a regulatory nature. However, this phenomenon is not unique to sub-Saharan countries.

Klapper, et al., (2004) find that costly regulations constrain the entry of new enterprises in Europe, especially in sectors that should normally have high entry.

Entrepreneurs all over the world start ventures with high hopes of growth (Morse et al. 2007), despite the liability of newness (Kennedy, 1985). Each year firms go out of business, although not all firms that close are failures (Bates, 2005). Thus, the odds of forming a profitable venture are a critical issue for those weighing the risk of starting a business (Dennis and Fernald, 2001), an understanding of why growth of firms is crucial to the stability and health of every economy (Corman et al., 1996; Pompe & Bilderbeek, 2005). The death rate of SMEs in Uganda is very high (Tushabomwe-Kazooba, 2006). The mortality rate of the new and existing SMEs is also very high (Lois & Annette, 2005), inciting a question why? Despite these challenges, Lussier and Pfeifer (2000) have tried to explore factors causing their failure. Research has indicated that micro and small enterprises substantially contribute to the development of economies worldwide (Ali et al., 2019). In developing countries such as Uganda, they make up about 75% of the national gross domestic product (GDP) and use the country's largest population of workers (Uganda Business Impact Survey, 2020).

In Uganda, small and medium enterprises (SMEs) employ more than 2.5m people, SMEs contribute over 75% of gross domestic product (GDP) and play a crucial role in income generation, especially for the poor (World bank, 2021). According to (UIA 2022), SMEs refers to an enterprise employing between 5 and not more than 49 and have total assets between UGX 10m but not exceeding 100 million. (UIA 2022)

Garikai (2011) defines SMEs by capital invested, number of workers employed, and sales turnover. Small and medium enterprises (SMEs) are the back bone of the private sector, contributing approximately 90 per cent of Uganda's private sector and contribute two-thirds of national income.

Agyapong & Attram (2019) established that in developing countries small enterprises are the main source of employment, they generate and make use of innovations and contribute significantly to economic growth.

Kisaame, (2002). SMEs as the key drivers of economic development (Ariyo, 1999, and Ihua, 2005). SMEs create jobs, value addition, and this brings in foreign exchange and investment, improves labour skills, and has connections with large organizations (Sarapaivanich, 2003). A study in 2007 revealed that SMEs account for 90 percent of the private sector and employ over 1.5 million people (Common Wealth Secretariat, 2007).

Several studies have been conducted on the problem of growth among SMEs the world over. For example, Eton et al.., (2018) established that SMEs should receive full backing legal protection and stimulus from all stake holders so that it can sustain economic growth and development as well as generate revenue to government through taxation. According to Murrithi, (2017) established that inadequate information is an obstacle facing SMEs in Africa and this challenge affects Uganda as well. Turyahikayo, (2015) noted the cost of electricity is abnormally higher in Uganda as compared to other countries in the region which affects the SMEs. Egesa, (2010) finds a correlation between technological uptake and a higher SMEs failure rate in Uganda. According to (Sok, et al., 2017), the constraints faced with SMEs could also include weak operational capabilities and limited resources. According to Akeyewale, (2018), noted that Africa is face with higher challenges such as technology, innovation, and human capital are a big obstacle to business enterprises. Sempala and Mukoki, (2018) established the need to train enterprise owners, managers and other operators in order to equip them with the relevant skills and knowledge. Eton, et al., (2019) notes that training institutions should strengthen the information and communication technology training programs by aligning them to the required job demands as dictated in the field of business. While all these studies and many others were on growth of SMEs, none of them related it to financial inclusion in Makindye urban division a gap this study intends to fill.

1.1.2 Theoretical perspective

The study reviewed several theories to explain factors affecting growth of small and medium enterprises for The Robert Solow (1956) neoclassical growth theory stressed the importance of savings and capital formation for economic development. The Neoclassical Growth Theory established that savings and capital formation towards productive, SMEs and real sectors in an economy serve as measures for economic growth and development. The Pecking Order Theory (POT) by Myers and Majluf (1984) relates to the capital structure of a business, it states that managers display the following preference of sources to fund investment opportunities; first through the company’s retained earnings, followed by debt and choosing equity financing as a last resort and the Finance Growth Theory this theory was propounded by Bagehot (1873), who stressed that financial mediators establish a productive atmosphere for economic growth and sustainability through the supply and demand leading effect. In this study, the researcher adopted two theories the The Robert Solow (1956) neoclassical growth theory and The Pecking Order Theory (POT) 1984, as theories supporting this study.

1.1.3 Conceptual perspective

This study conceptualizes financial inclusion as (independent variable), which is the process of ensuring access to and usage of diverse, convenient, affordable financial services by mainstream financial players to the vulnerable (Rajan, 2009, Nwanko & Nwanko, 2014). It was be further conceptualized as financial accessibility, financial technology and financial literacy. (Charlie Gluckman, 2009) Financial inclusion was regressed against growth of SMEs (dependent variable), which is the internal or personal and external growth factors of an enterprise. Growth of small and medium enterprises was conceptualized as profitability, sales growth and market share.

Growth is habitually over a period of time taken as an indicator of a firm's economic fitness. There are various ways to measure the growth of a firm which arrests a slightly dissimilar aspect of presentation such as cash inflows and expected returns. Productivity of the firms is also measured in terms of transactions and the market jurisdiction (Fatoki, 2014). These different measures rate the Growth of SMEs by use of profitability (return on investment, return on equity), liquidity (quick ratio, current ratio), and solvency (gearing). Such growth measures are indicators of commercial success (growth, market share) while others are indicators of financial success (profitability) (Miller, 2013).

SMEs growth was measured by both internal and external factors as indicated by some studies. They cited sales proceeds, quality of administration and capability to attend to daily commitments of the firm (Pisa, 2013). Nevertheless, there are only few studies based on growth measurement of the SMEs in developing countries (Muthoni, 2015). SMEs are the catalysts of the economic growth which are the engines to most economies. Researcher suggests that, businesses and SMEs account for 95% of firms in most countries. They satisfy industrial growth, support jobs creation, embraces innovation which contributes to GDP.

Financial inclusion is the process of bringing unbanked adults into the formal financial sector so that they can have access to basic formal financial services (Dev, 2006; Ozili, 2021a). Over the years, financial inclusion has been a top policy priority in many developing countries such as India, the Philippines, Rwanda, Brazil, Argentina, Nigeria and Cambodia. Financial inclusion is desirable because higher levels of financial inclusion in an economy means greater access to finance and higher level of business activities for everyone which leads to increase in people's income and makes it possible for more people to live better lives. The financial inclusion literature has shown that financial inclusion can be increased through microfinance institutions.

Financial inclusion is the provision of access to financial services to all members of population particularly the poor and the other excluded members of the population (Ozili, 2018). Financial inclusion can also be defined as the delivery of banking services at an afford able cost to the vast sections of the disadvantaged and low-income groups (Dev, 2006). Financial inclusion is also defined as the use of, and access to, formal financial services (Sahay et al, 2015).

Some studies argue that poor people are the ultimate beneficiaries of financial inclusion (Bhandari, 2018), others think that women are the beneficiaries of financial inclusion outcomes (Ghosh & Vinod, 2017; Demirguc-Kunt et al, 2013b; Swamy, 2014) while some think that the economy and the financial system are beneficiaries of financial inclusion (Mehrotra & Yetman, 2015; Kim et al, 2018; Swamy, 2014: Ozili, 2018).

1.1.4 Contextual perspective

Small and medium enterprises (SMEs) in Uganda play a crucial role in the national economy, contributing significantly 75% to the country's gross domestic product (GDP) and employing a large portion of the workforce (Uganda Business Impact Survey, 2020). However, despite their contributions, the failure rate of SMEs remains alarming (Aketch et al., 2017). Indicators of the problem include the prevalence of informal and low-productivity activities among MSMEs, with over 50% of firms employing five or fewer people and generating limited annual turnovers (UIA, 2008; Gou, 2014). Furthermore, SMEs face challenges in accessing financing, relying on personal savings, informal sources, and limited formal loan options (Anditi, 2014; Moscalu et al., 2019; Kamunge et al., 2014). The high mortality rate of SMEs in Uganda, despite a high entrepreneurial index, has been insufficiently explored (Eton et al., 2019; Kiwanuka, 2019; Moscalu et al., 2019). Additionally, SMEs in Kampala and Makindye Urban Division are influenced by political, economic, and social factors, creating a favorable growth environment

(Nyakaisiki, 2017; Kanyenze et al., 2011; Adibangi & Wamala, 2020). This study was conducted in Makindye urban division, Kampala, the abode of most SMEs, in fields like welding, metal works, sole shops, schools, restaurants and other professional firms. Most of these have very small-scale startup capital limited to their personal savings and friends and relatives, others acquire financing informally through community SACCOS, self-help groups, limited to certain amount. (300,000), so this problem limits the capacity to run their ventures successfully Moscalu et al., (2019) and Kamunge et al. (2014). Although Uganda had the highest entrepreneurial index in the world in 2019, global entrepreneurship index for Uganda was 14.8 index. Though Uganda global entrepreneurship index fluctuated substantially in recent years, it tended to decrease through 2015 - 2019 period ending at 14.8 index in 2019, the mortality rate of the new and SME is also very high (Eton et al, 2019), inciting a question why? Despite these challenges, including limited access to formal financing options, reliance on informal sources, a high failure rate, and a predominance of low-productivity activities, hinder the growth and sustainability of SMEs in Makindye Urban Division, necessitating a closer examination of the role of financial exclusion in contributing to their high failure rate. few researchers such as Kiwanuka (2019), (Kamunge et al., 2014). and (Moscalu et al. 2019) have bothered to explore factors causing their failure. Therefore, researcher in this study proposed that financial exclusion is responsible for high rate of failure of these small and medium enterprises.

1.2 Statement of the Problem

Small and medium enterprises have important significant contributions to economic growth and employment in Uganda, as evidenced by the Uganda Business Impact Survey (2020), SMEs contribute 75% to the country's gross domestic product (GDP) and employ a large portion of the workforce in Makindye Urban Division and Uganda in particular. However, there was an alarming redundance and poor growth rate among SMEs in Makindye urban division, suggesting that there is existence of challenges and barriers to their growth, as highlighted by various researchers (Aketch, Namatovu, and Odeke 2017). Furthermore, the Adcorp (2014) noted that there is high mortality rate of SMEs in Africa, including Uganda with a majority of starting firms failing within their first year, underscoring the urgency to understand the rationale behind these failures and take appropriate actions. The study by Eton, Babalola, and Beizitere (2017) revealed that SMEs in Uganda and Makindye Urban Division, employ a small number of workers and contribute less than 20% to GDP, indicating limited growth potential. In addition, the research conducted by Abanis, Fowowe, and Batance (2013) highlighted the poor working conditions experienced by many SMEs in Uganda, Makindye urban division, emphasizing the need for support and financing to improve their operations. These therefore, necessitated the researcher to investigate if the financial inclusion had an effect on the performance of SMEs in Makindye Urban Division.

1.3 Purpose of the study

This study is intended to establish the relationship between financial inclusion and growth of small and medium enterprises growth in Makindye urban Division.

1.4 Specific objectives

i. To examine the relationship between financial accessibility and growth of SMEs in Makindye Division.
ii. To examine the relationship between financial technology and growth of SMEs in Makindye Division.
iii. To examine the relationship between financial literacy and growth of SMEs in Makindye Division.

1.5 Research Questions

i. What is the relationship between financial accessibility and growth of SMEs in Makindye Urban Division?
ii. What is the relationship between financial technology and growth of SMEs in Makindye Urban Division?
iii. What is the relationship between financial literacy and growth of SMEs in Makindye Urban Division?

1.6 Research hypotheses

Ho_1. There is no relationship between financial accessibility and growth of SMEs in Makindye Urban Division.

Ho_2. There is no relationship between financial technology and growth of SMEs in Makindye Urban Division.

Ho_3. There is no relationship between financial literacy and growth of SMEs in Makindye Urban Division.

1.7 Scope of the study

The scope of the study will cover the geographical scope, content scope, time scope and the theoretical scope as it shows below;

1.7.1 Geographical Scope

This research was carried out in Makindye Urban Division, which cover areas of Nsambya, Kansanga, Bunga, Buziga, Ggaba, Kibuye, Salaama, Munyonyo, and Kibuli. as the content was collected in those selected areas in Makindye urban division. Because these are the areas with the highest number of SMEs faced with high mortality rate, limited growth potential, poor working conditions, and insufficient access to financing options.

1.7.2 Content Scope

The study was confined to financial inclusion (independent variable), that was measured as financial accessibility, financial technology and financial literacy as attributes presumed to enhance growth of SMEs, (dependent variable), that was measured with consideration of internal and external factors which include profitability, sales growth and market share.

1.7.3 Time Scope

The study covered a period of two years, between 2020 to 2022.

1.7.4 Theoretical Scope

The study was based on two theories which include; The Robert Solow (1956) neoclassical growth theory that stressed the importance of savings and capital formation for economic development, and The Pecking Order Theory (POT) by Myers and Majluf (1984) this relates to the capital structure of a business. The study will examine the factors responsible for the failure of SMEs growth in Makindye Urban Division, with the above two theories assumptions and see if they apply here or not.

1.8 Significance of the Study

It is useful to students and future researchers, since it contributes to literature concerning financial inclusion particularly relevant for growth of SMEs the world over.

The study provides information to financial institutions about perceptions of their services by small and medium enterprises which will help them improve service delivery.

The information obtained in this study is aimed mainly to assist owners of SMEs in determining procedures and policies adopted by financial institutions from which they obtain financing. It will help small entrepreneurs in tackling the stringent terms and conditions required by the financing institution. financial institutions will also use the information obtained from this study to determine in depth the various challenges SMEs face in their access to financing from inception through all stages of development.

A broader information obtained about financial inclusion will help the country as a whole in achieving its objective of improving income distribution while expanding opportunities through enhancement of entrepreneurial capabilities in the SME sector.

The findings of this study are also helpful to policy makers and other agencies (like NGOs and international agencies, KCCA, URA, UIA) that intend to promote growth of SMEs, by unearthing factors of financial inclusion that enhance growth, so as to standardize effort and policies accordingly.

Theoretically, the study contributes to testing several hypotheses on how financial inclusion influences small scale growth in a developing country like Uganda.

1.9 Definition of key terms

Small and medium enterprises; refers to an enterprise employing between 50 and not more than 100 and have total assets between UGX 100m but not exceeding 360 million. (UIA 2022)

Enterprise growth; refers to a stage where the business reaches the point for expansion and seeks additional options to generate more profit.

Financial inclusion; refers to the process of ensuring access to and usage of diverse, convenient, affordable financial services needed by vulnerable groups by mainstream financial players, (Rajan 2009, Nwanko & Nwanko, 2014).

Financial literacy; refers to as the ability of an individual to compacts facts in order to make sound financial decisions by use of financial resources available. (Atkinson and Messy (2005)

Financial technology; more commonly referred to as Fintech, is a modern technology that seeks to develop, automate, and streamline financial services. or is a means by which opportunities are provided, through the reduction of costs of providing financial services to promote financial inclusion. (Demirgüç-Kunt et al., 2015).

Financial accessibility; refers to the ability of individuals or enterprises to attain financial services including credit, deposit, payment, insurance and other management services (Waithanji, 2014).

Profitability; refers to the profit-earning capability of a business, product, project or programme. When all expenses and taxes have been paid, the revenue that is left is the profit (Odongo, 2014).

Liquidity; refers to the ease with which an asset, or security, can be converted into ready cash without affecting its market price.

Sales growth; refers to an increase of a company's sales when compared to a previous period's revenue performance (Scott, et al., 20 12).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction.

This chapter presents the literature review from different sources like textbooks, magazines, newspapers, financial reports, newsletters and previous research dissertations among others. The literature is reviewed according to study objectives.

2.1 Theoretical Review.

This study is based on the neo-classical and pecking order theories (Solow & Swan, 1956; Myers & Majluf, 1984; Donaldson, 1961; 1969).

2.1.1 The neo-classical theory

The neo-classical theory by Solow & Swan, (1956), sometimes referred to as the Solow-Swan model posits that there are certain factors necessary for the growth of an economy. It points out the factors to be capital, availability of labor and the presence of technology. The theory states that temporary equilibrium can be achieved when capital size, labor and technology is appropriately adjusted. The theory maintains that there is a difference between temporary and long-term equilibrium and does not require any of the three factors mentioned for the temporary equilibrium. The theory also argues that technological change has an influence on an economy and economic growth cannot continue without advancement in technology. This theory applies to SMEs as much as it applies to the economy and other large businesses. SMEs have a possibility of achieving high returns and growing beyond their current levels. This is possible when the factors mentioned above are adequately varied. The factors, size of capital, labor and technology all require finances to be made available.

2.1.2 The Pecking Order Theory

The Pecking Order Theory (POT) relates to the capital structure of a business. The theory was suggested by Myers and Majluf (1984) and later modified and popularized by Donaldson (1961; 1969). The POT of finance hypothesizes the issue of information asymmetries (Babafemi et al., 2015). The theory predicts that the information asymmetry between a business and other businesses regarding the real value of both current and future prospects, external capital (debt and equity) would always be relatively costly compared to internal capital (retained earnings).

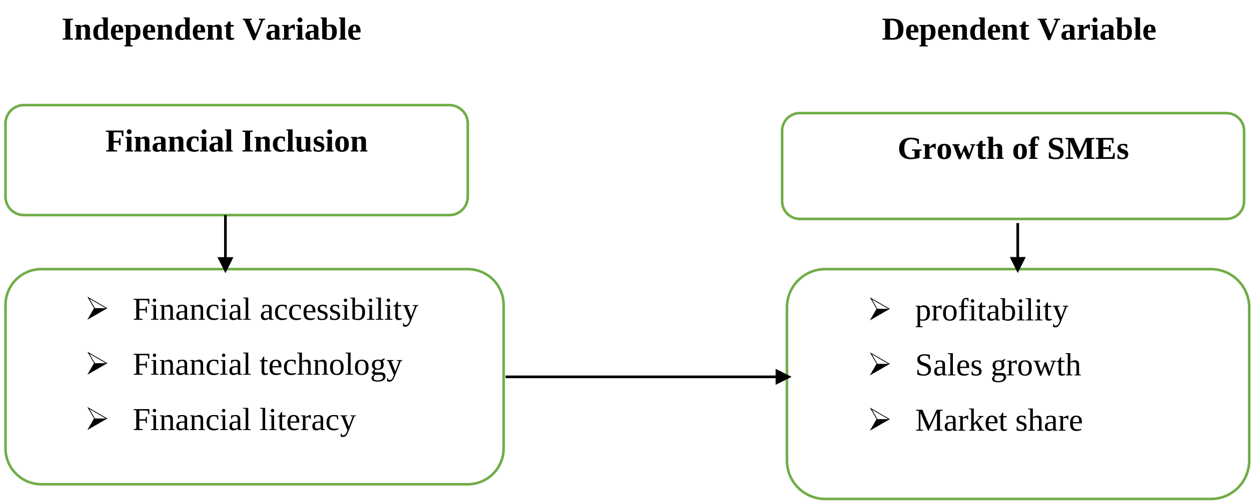
Businesses basically have three sources of financing - internal equity, external debt and external equity. The theory shows how businesses prefer a source of financing over another because of the different costs involved in the source of finance. Myers and Majuluf (1984) argue that equity is a less preferred means of raising capital, because when capital is raised by issuing new equity, investors take it that managers think the firm is overvalued and so under-value the new equity issue. SMEs may not be able to issue new equity as they may not be capacitated, but still have two financing options of using retained earnings or going for external debts. In conclusion, these theories reveal why more access to financial services would cause the growth of SMEs in Makindye urban division.

2.1.3 Finance Growth Theory.

This theory was propounded by Bagehot (1873), who stressed that financial mediators establish a productive atmosphere for economic growth and sustainability through the supply and demand leading effect. The theory assumes that effective financial systems simply react and affect the development of SMEs through value creation of small businesses and the mobilization of local savings, which tend to increase productive investments in local businesses. This is so because more savings means more wealth for financial institutions to create credit and as more entrepreneurs get access to a financial product such as access to financial institutions, access to credit and effective trusted payment Anga RA et al system, financial adviser, and insurance, cost and risks involving transactions are reduced and exchange will be well handled. The theory further stated that lack of access to financial products is a responsible factor for raising income inequality which slows down economic wellbeing and growth. That is, access to a safe, easy and affordable source of financial services is acknowledged as a prerequisite for promoting SME's growth. (Babajide, et al., 2015).

2.2 Conceptual Framework

The conceptual frame work focuses on the relationship between financial inclusion and growth of small and medium enterprises in Makindye Urban Division KCCA, where financial inclusion is the independent variable while growth of small and medium enterprises as dependent variable.



Source: Developed based on Claessen's, (2016) and modified by the researcher

Access and usage of diverse, convenient, affordable financial services by mainstream financial institutions players to the vulnerable.

The conceptual framework above shows that the independent variable in this study is financial inclusion which is conceptualized as financial accessibility, financial technology, and financial literacy (Charlie, 2009). While dependent variable (growth of small and medium enterprises), growth refers to a stage where the business reaches the point for expansion and seeks additional options to generate more profit. It will be measured in terms of profitability, sales growth and market share (Mohammad, 2015).

2.3 Review of concepts, opinions, and ideas from other authors.

2.3.1 Financial Inclusion

The World Bank (2018) defines financial inclusion (FI) as the process by which all households and business regardless of income level have access to and can effectively use the appropriate financial services, they need in order to improve their lives. CFI (2018) also defines financial inclusion as a state at which individuals access a full suite of financial services at affordable prices, in a convenient manner and with respect and dignity.

The World Bank (2014) defines financial inclusion as the state of an individuals and businesses having access to useful and affordable financial products and services that meet their needs. Access to financial services is critical in Uganda where 46% of the population is excluded from financial services (EPRC, 2013).

Such services have to be availed in a responsible and safer manner to consumers and sustainably provided in an appropriately regulated environment (Demirguc-Kunt, et al., 2015). Global and national level policymakers are taking up financial inclusion as an important development agenda and the priority it deserves. For example, the G20 included financial inclusion as the main pillar at the 2009 Pittsburg Summit (Cull, et al., 2014). There are four dimensions of financial inclusion, namely, access, quality, usage, and welfare (Aguera, 2015). At a macro level, financial inclusion can result in a diversified base of deposits creating a resilient financial system and increased stability (Garcia, 2016). IMF revealed that within a country's level, financial inclusion is affected by the limitations arising from numerous macroeconomic outcomes which include stability, equality, and economic growth (Sahay et al., 2015). Information and communication technology has greatly improved digital financing. The delivery of financial services through digital means of service provision has been increasingly emphasized by governments, development partners, and service providers themselves as a good step towards financial inclusiveness (Gabor & Brooks, 2017). The provision of services like mobile banking has provided easy ways for electronic transfer payment to the financially excluded people, and this method can help reduce theft and financial crimes which are related to cash transactions and reduce the risk of loss. Digital financing appears to be a better solution for those financially and socially excluded (GSMA, 2017). The attempt to support financial inclusiveness will address the challenges of access to finance that may likely hinder the growth of SMEs.

The Financial Inclusion Alliance (FIA) (2018) states that the usage of smartphones and broadband Internet is now important for supporting access to secure and affordable financial services such as money transfers, credit and saving, and payments both domestic and international. Alaxandre & Eisenhart (2013) observe that mobile technologies have provided a true imperfection of finance. The development and the adaptation of digital innovations through partnership for financial inclusion would accelerate the delivery of financial services. Improved financial inclusion propels and plays a vital role in promoting access to credit, use of mobile and automatic teller machine (ATM), savings, and easy access to payments (Dorfleitner & Roble, 2018). The high increase in financial inclusion can be associated with increased investment level, employment opportunity, higher income level, and lower poverty level and that economic growth can only be sustained if a good number of people have access to formal financial services (Umar, 2013). In order to increase financial inclusiveness to the majority of the population, financial service providers should lower down the costs of operating accounts, particularly citizens from rural areas (Eton, et al., 2018). There are high transaction costs in lowly populated areas coupled with rigid and complex methods of assessing the risk profile of clients in rural areas, and these have been a challenge for the formal financial institutions with a business model to sustainably offer adequate and effective financial services to rural populations (FAO, 2016). Addressing the challenges like information and communication technology especially how cash transfer, cost of capital, usage, and access to finance will definitely play a key role in the growth of SME.

Across-country evidence suggests that at a macro level, the financial institutions have developed a wide range of products and services being offered with greater outreach and depth, and this can reduce inequality among the population and increase economic growth and development (Sarma & Pais, 2011). Similarly, Martinez (2011) establishes that financial inclusion helps to increase the pace of inclusive growth and development which has to be sustainable with effective and efficient distribution mechanisms of scarce resources for the well-being of the society. CBN (2012) observes that financial service mobilizes greater household savings, leverages capital for investment, and expands the class of entrepreneurs. Such financial services may include loans, overdraft, pension, insurance services, and modes of payments. According to Damodaran (2013), financial inclusion helps to channel the flow of money in the economy so that both the rich and the poor access it with ease. Financial inclusiveness at the household level may support more effectively the macroeconomic policy frameworks. IMF (2018) establishes that financial inclusion at a household level is associated with higher revenue and expenditure of gross domestic product (GDP), and it would equally increase the size of the fiscal multiplier and therefore would indicate that the output elasticity to interest rates will be higher for the countries with greater household financial inclusion. FI therefore covers the cost-effectiveness and meaningful financial services for those who are underprivileged and those who find it a challenge to access financial services, and most of them are rural dwellers. Ibor, et al., (2017) argue that much effort should be made by all stakeholders to increase financial access points to more rural areas and develop infrastructural services which promote financial inclusiveness. The government should also develop policies for the expansion of financial services to those who are financially excluded in rural areas, and this will ultimately address the growth of SMEs.

2.3.1.1 Financial Accessibility

Financial accessibility is defined as the ability of individuals or enterprises to obtain financial services, including credit, deposit, payment, insurance, and other management services, (Waithanji, 2014). Financial accessibility is referred to as a programme which directly lend all or part of money to firms (for example public loans or subsidized loans), guaranteed or partly guaranteed loans, provide financial education or information to firms (for instance, about financial services available), facilitate alternative forms of lending (for example, business angels, micro-finance, venture capital and group lending), by creating networks, incentivizing or matchmaking lenders and firms (Rajnoha et al., 2019). The incomes of those in the lower end of the income ladder will typically rise, hence reducing income inequality (Kelley & Nakosteen, 2015). Financial accessibility is a major factor affecting the growth of small and medium enterprises in most countries. Access to financing is critical to enable SMEs contribute to the economic development of the country (Hasnah, et al., 2015). To finance working capital, most SMEs rely on internal financing, and or short-term credit from suppliers, and or specialized financial products like factoring. In case of capital expenditures, which normally represent larger amounts than working capital needs, SMEs rely on internal financing, often involving fresh capital injections from shareholders (World Bank, 2015). Long-term funds are not suitable for short-term projects as they burden the firm with costs of servicing unnecessary debt. Similarly, short-term debts are not appropriate for financing long term projects since the loan may have to be repaid before the end of the project, (Nderitu & Githinji, 2015).

2.3.1.2 Financial Technology

Financial technology is a means by which opportunities are provided, through the reduction of costs of providing financial services to promote financial inclusion (Asian Development Bank, 2014). Financial Technology, more commonly referred to as Fintech, is a modern technology that seeks to develop, automate, and streamline financial services. Specifically, these are software and applications that help users experience financial transactions through the specialized algorithms used in personal computers, smartphones, and other digital devices.

As the demand for achieving convenience with financial transactions grows, fintech is widely utilized today for the following services:

- **Mobile payments.** Now that our smartphones are capable of installing finance apps, mobile banking and e-wallets allow you to pay for bills, groceries, and other necessary remittances without having to bring cash or leave home.
- **Online financing.** Individuals not fond of owning a credit card can loan through their smartphones as banks are now capable of offering online loans. E-commerce can also provide instalment options for people unable to pay on the spot.
- **Crowdfunding.** People who want to start a business but get rejected by traditional banks now have the option to lend money through crowd funding as this finance's loans, fundraises, and covers unexpected medical expenses.

Financial inclusion is a means by which financial services are made affordable and available at reasonable costs to all businesses and individuals, regardless of their business size and net worth (Demirgüç-Kunt et al., 2015). On a global basis and mostly in developing and emerging economies, small and medium enterprises survive by their cash flow and face challenges in accessing affordable financing. The situation has made the banks and other financial institutions to under-serve the SMEs segments, due to risk optics and the absence of credit data, and cost profile (Alexander, 2017).

Digital financial inclusion refers to the digital access and usage of formal financial services through mobile phones and computers. These include digital payments, digital lending/credit, marketplace lending, mobile money, and mobile banking (Sahay et al. 2020). In many countries, digital financial inclusion increased between 2014 and 2017, even where traditional financial inclusion was stalling or declining (World Bank, 2018). Fintech is expected to fill gaps in both payments and lending, especially where the traditional delivery of financial services is less available. Demirg¨u¸c-Kunt et al., (2017) provided a comprehensive survey on financial inclusion. Fuster et al. (2019) and Tang (2019) showed that Fintech often serves as a complement to, rather than a substitute for, traditional banking services. On the contrary, Hau et al. (2018), Jagtiani and Lemieux (2018), Sumit et al. (2019), and Frost et al. (2019) argued that Fintech and big tech lenders serve borrowers who are traditionally underserved by banks.

A big percentage of adults who are at their working age have lacked access to financial services which have been a global policy concern (Mutegi & Phelister, 2013). Financial inclusion aims at the provision of financial services and as well as help people with improved ways of maintaining resources and building financial abilities.

In Africa, Digital finance was first developed by the innovation of mobile money which is indicated as the first phase. The second phase of developing digital finance is being focused now on which they are aiming at individual resource management, individual and business insurance, and increasing accessibility to external finance by SMEs. M-pesa and mobile money startups are said to be the next generation of financial technology in Sub-Saharan Africa (Fintech Africa, 2018). A study done by Nwanko & Nwanko (2014) asserts that in the developing world, the majority are excluded in accessing financial services. The financial sector in these countries considers poor people as not viable customers because of their smaller transaction sizes while the majorities living in rural areas are underserved by financial institutions. Africans' country Global Findex Database (2017) reports mobile money has the potential to drive financial inclusion. Regionally, there has been an increase of adults with an account as from 2014.

2.3.1.3 Financial Literacy

The conception of financial literacy has of recent attained a significant focus from many scholars, individual and institutional investors, financial institutions, pensioners, government entities. A number of scholars have come up to define what financial literacy means (Morgan & Long, 2020; Al-Tamimi & Kalli, 2009; Almenberg & Säve-Söderbergh, 2011; Panos & Wilson, 2020; OECD, 2016; Nicolini & Haupt, 2019; Allesie et al. 2011; Subha & Priya, 2015). Morgan and Long (2020) abridged all definitions from many scholars and debated that financial literacy can be defined in a summary as "the ability to make informed judgments and to take effective decisions regarding the use and management of money

various studies that have attempted to systematically collect and synthesize the body of literature in the area of financial literacy and financial inclusion through systematic literature reviews and meta-analysis (Brody et al., 2015; Duvendack et al., 2011; Fernandes et al., 2014; Goyal &

Kumar, 2021; Kaiser & Menkhoff, 2017; M. Kim et al., 2018; Miller et al., 2014; O'Prey & Shephard, 2014; Pande 2012).

Atkinson and Messy (2005) define financial literacy as the ability of an individual to compact facts in order to make sound financial decisions by use of financial resources available. Fiscal decisions have a long-term consequence as far as the finance costs are concerned therefore, making the right decision is very important in the life of individuals and the businesses as well. SSE Act (2011) was passed to push the credit accessibility and build the capacity of small and medium enterprises in the grass root levels in the direction of eradicating poverty and to achieve vision 2030 (Republic of Uganda, 2012). By being financially literate, individuals are able to provide facts and sensitize financial concepts. Skills, motivation and confidence to apply such knowledge and sensitivity in the business, makes a manager to be efficient and effective across a range of financial contexts and improves the financial growth of SMEs (Hogarth, 2002). Mutegi et al., (2015) affirms that financial literacy enables the firm to meet their short term as well as long term obligations through informed decision-making processes such as settling of bills timely, proper book keeping, improved budgeting skills, which positions the business strategically in the market. This will make the firm to have strong internal controls of its financial future and to maximize on economies of scale. (Sunday & Ssekajugo, 2013). According to Siekei (2013) credit management skills, debt management skills, budgeting skills acquired through financial literacy programme enhance growth of the firm due to adequate administration of investment portfolios which minimizes the finance cost. Financial literacy disputes that the people with a high level of financial literacy performance, may depend on the commonness of the dual process theories which are; intuition and cognitive theories (Evans, 2008).

2.3.2 Growth of Small Medium Enterprises

Growth over a period of time is taken as an indicator of a firm's economic fitness. There are various ways to measure the growth of a firm which arrests a slightly dissimilar aspect of presentation such as cash inflows and expected returns. Productivity of the firms is also measured in terms of transactions and the market jurisdiction (Fatoki, 2014). These different measures rate the Growth of SMEs by use of profitability (return on investment, return on equity), liquidity (quick ratio, current ratio), and solvency (gearing). Such growth measures are indicators of commercial success (growth, market share) while others are indicators of financial success (profitability) (Miller, 2013). SMEs growth is measured by both internal and external factors as indicated by some studies. They cited sales proceeds, quality of administration and capability to attend to daily commitments of the firm (Pisa, 2013). Nevertheless, there are only few studies based on growth measurement of the SMEs in developing countries (Muthoni, 2015). SMEs are the catalysts of the economic growth which are the engines to most economies. Researcher suggests that, businesses and SMEs account for 95% of firms in most countries. They satisfy industrial growth, support jobs creation, embraces innovation which contributes to GDP.

Aga, Francis, and Rodriguez-Meza (2015) posit that SMEs are described as the nucleus to economic growth and development and are major sources of employment. Studies also note that SMEs are major players in economic growth and development since it provides employment opportunities to citizens, and this increases their household income (Kamunge, et al., 2014; Palmarudi & Agussalim, 2013). However, Numerous research studies have been carried out in Kampala, Uganda, other parts of the world with a specific focus on small and medium enterprises. Among these studies is the investigation by Otim, et al., (2019) which scrutinized the obstacles faced by small and medium enterprises in Kampala. The study established that small and medium enterprises in Kampala encounter challenges such as insufficient access to credit, inadequate business skills, and competition from larger businesses. Moreover, the study uncovered that government policies aimed at advancing small and medium enterprises in Uganda have been futile because of limited implementation and monitoring. Another study conducted in Kampala was performed by Mugabi, et al., (2020) to assess the influence of microfinance on the development of small and medium enterprises. The study established that the availability of microfinance significantly contributes to the growth of small and medium enterprises in Kampala, Uganda. Moreover, the research showed that the effectiveness of microfinance in promoting the growth of small and medium enterprises is influenced by factors such as interest rates, loan repayment period, and loan size. Turyakira and Mbidde (2015) posited that inadequate research on SMEs' contribution in networking influences competitiveness alongside limited resources. Rahman (2015) demonstrates that networking among SMEs, in addition to increasing competitiveness, allows sharing of employee training costs and cuts costs on consultancy and research and development, production, export and human resource, and financial support. While Breda and Fahy (2011) do not find causal links between networking of resource combinations, information sharing, and international performance, their research supports a positive relationship between a firm's human capital network and international performance. Most SMEs operating in Sub-Saharan Africa and in Uganda in particular are faced with many challenges, which affect their operations and long-term survival. It is noted that the business failure rates are alarming with very few businesses surviving for a year of their operation. Kazimoto (2014) opines that governments should support SMEs by ensuring that they play their roles in helping them improve their economies. The stronger the countries' economies, the bigger are the opportunity for the citizens of those countries. Kongolo (2010) posits that globally, SMEs operate in a similar way, have the same characteristics, and face almost the same challenges but differ in their understanding of how they contribute to the economic growth and development. Hatch and Cunliffe (2012) observe that most of the African SMEs are operating in highly hostile and difficult conditions compared to their counterparts in more developed economies of the world. Olawale and Garwe (2010) establish that SMEs in Africa find various obstacles in doing business due to unfavorable business conditions arising from unrealistic requirements like higher taxes, higher inflation rates, fluctuation, and unstable exchange rates thus making it very difficult for their operation. Ocioo, Akaba, and Worwal-Brown (2014) observe that SMEs are faced with the challenge of competition. Globalization has also ushered in technological changes where new products are being developed, and this creates stiff competition within the SME sector. Egesa (2010) notes a correlation between technological uptake and higher business failure rates in Uganda. Notably, the constraints SMEs are faced with could also include weak operational capabilities and limited resources (Sok, et al., 2017) and particularly in Africa with higher challenges such as technology, innovation, and human capital are a big obstacle to business enterprises (Akeyewale, 2018).

The study conducted by Tinarwo (2016) also established that some of the challenges hampering the growth of SMEs were stiff competitions, lack of markets, unfair treatment exhibited by local authorities and lack of government support, and inadequate information and communication technology and training, which have greatly affected most of our SMEs. Dugassa (2012) establishes that inadequate training and market size have been the major challenges among the SMEs in the region. The lack of training makes the SMEs produce substandard products, which eventually affected the marketing of their products. Therefore, training of the SMEs would help sort out this mess and solve such a challenge. Katua (2014) argues that the government should open up institutions specifically to support the training of entrepreneurs that would offer them relevant skills that would improve the performance of SMEs. Sempala and Mukoki (2018) observe that there is a need to train enterprise owners, managers, and other operators in order to equip them with the relevant skills and knowledge specially those tailored towards impacting various business management practices. Eton, et al., (2019) argue that training institutions should strengthen the information and communication technology training programs by aligning them to the required job demands as dictated in the field of business. Gombarume and Mavhundutse (2014) posit that SMEs had the challenge of accessing cheaper loans from the formal financial institutions, and this has been a limiting factor in the growth sector. Inadequate access to cheaper credit is recognized world over as a major challenge facing SMEs, and these therefore constraint the growth of the existing SMEs. Shah, et al., (2013) opine that it is very difficult to access financial services from formal financial institutions due to their unrealistic demand for collateral, loan guarantees and securities, and high interest rates. Prohorovs and Beizitere (2015) posit that access to finance and financial services has been some of the major factors constraining the growth and development of SMEs. Fowowe (2017) establishes that the inadequacy of capital is believed to be one of the major factors affecting SMEs to reach their full potential. Credit availability is very significant for the growth and survival of SMEs (Eton, et al., 2017). They also revealed that policymakers should advocate for financial sector policies that support financial intermediaries that design relevant products and services for SMEs which are flexible and affordable and thus creating a favorable environment that supports creativity and innovation. The government should avail funds to SMEs at low interest rates since SMEs are the driving force in the economy which should be supported (Taiwo, et al., 2016).

The cost of electricity is abnormally high in Uganda as compared to other countries in the region which affects the SME businesses (Turyahikayo, 2015). The increasing cost of electricity eventually affects the price of the products where the consumer bears the final burden. Reliability of electricity is also a challenge in doing business in Uganda; business owners complain a lot, and until now, no substantial answer can be given. The World Bank (2010) establishes that electricity is still a challenge faced by SMEs in Africa, followed by access to capital. Enterprises in Uganda are still small with limited resources at their disposal, and they are left with the only option of leveraging on the synergy of resources to complement each other. Fujita and Thisse (2013) observe that accessibility of resources and their availability to SMEs can help them maximize the benefit and market share as a result of economies of scale as well as internationalization. Sorasalmi and Tuovinen (2016) argue that SMEs are confronted with diverse challenges which include technological know-how and hostile business environment that affects their survival as compared to developed economies. Kamukama (2013) observes that technological advancement is growing at a faster rate, and therefore, SMEs should recognize and appreciate technology to compete favorably in the market. The level of competition is increasing on a daily basis; therefore, SMEs need to be creative and innovative and focus on the improvement of their products and services, quality, and quantity, and this would motivate employees (Farrokhian & Soleimani, 2015). SMEs with effective technological capabilities can easily adapt to the changing market environment whose consumer tastes and preferences are rapidly changing (Ajonbadi, 2015). According to Murrithi (2017), the study establishes that inadequate information is an obstacle facing SMEs in Africa, and these challenges affect Uganda as well. The information related would include marketing, laws regulating their operations, and any other information, which can be of help to their businesses. Eton, et al., (2017) argue that information is critical since financial institutions would want information related to personal characteristics and credit worthiness of information on guarantors which are very essential in giving out loans. Based on the above, researchers have established that SMEs have failed to achieve their long-term targets in the economy. For example, Ali, Rashid, and Khan (2014) establish a negative impact of small and medium industries on poverty output in Pakistan. They recommended simplification of lending procedures, enforcement of credit rights, and reduction in credit costs. Beck, et al., (2003) demonstrate that SMEs are not robust in reducing poverty. The authors could not establish a causal link between SME growth and poverty. The growth impact is rather spread across both large and small firms. Similarly, Straka, et al., (2015) show that the argument for SMEs' contribution to household income is a relative one in Pakistan. Households' opinion that SMEs contribute to standards of living depends on the environment in which households live and work. SMEs in Uganda, and more specifically Makindye Urban division in east of Kampala capital city authority need the required support to meet the growth of SMEs.

2.3.2.1 Profitability

Profitability is the greatest indicator of growth of SMEs that struggle for survival, on top of proving their creditworthiness and solvability to their financiers. In this study, income and expenses are used to measure profitability. Profitability is the excess of revenue over expenses, which is seen by the ratios like gross profit margin and pre-tax margin (Odongo, 2014). Though profitability ratios are essential in measuring growth, their measurements are rather in most SMEs. This is because most SMEs in developing countries lack proper documentation (Turyahebwa et al., 2013). SMEs which survive on loaned capital struggle to cover their debt costs. The more firms cover debt costs using operating capital, the more they experience decreasing levels of profitability. The same study observed that high debt costs reduce the profits earned by shareholders. Profitability measures help in assessing the growth of a business undertaking. An undertaking that is not generating profits/revenue cannot survive (Eton et al., 2017). A profitable undertaking has the capacity to pay back the owners in form of return on investment made.

2.3.2.2 Sales Growth

Sales growth implies an increase of a company's sales when compared to a previous period's revenue performance (Scott, et al., 20 12). The current periods sales figure can be compared on a trend basis or sequentially. This helps to give analysts, investors and participants an idea of how much an SME's sales are increasing over time. When looking at an SME's quarterly or annual financials, it is not enough to just look at the revenue for the current period. When investing in an SME, an investor wants to see it grow or improve over time. Looking at the financials in comparison to a previous period will give participants a better idea of how well an SME is doing (Soldofsky, 2014).

Sales Growth is used to measure how fast a company's business is expanding. The figures give analysts, investors and participants an idea of how much a company's sales are increasing over time. While sales growth tends to fluctuate from period to another, investors look for trends in revenue growth as a means of gauging the company's growth over prescribed periods of time. All other things being equal, a company that is able to continually grow its revenue should see equivalent increases in net income (Soldofsky, 2014).

2.3.2.3 Market share

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 (Farris, et al., 2012). Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of the size of a company to its market and its competitors.

Microfinance institutions look at market share increases and decreases of SMEs carefully because they can be a sign of the relative competitiveness of the SME’s products or services. As the total market for a product or service grows, an SME that is maintaining its market share is Growing revenues at the sailed rate as the total market. An SME that is growing its market share will be growing its revenues faster than its competitors (Scott & Kesten, 201 3).

Market share increases can allow an SME to achieve greater scale in its operations and improve profitability. SMEs are always looking to expand their share of the market, in addition to trying to grow the size of the total market by appealing to larger demographics, lowering prices, or through advertising. Microfinance institutions can obtain market share data from various independent sources (such as trade groups and regulatory bodies), and often from the SME itself, although some industries are harder to measure with accuracy than others (Scott & Collopy, 2012).

Market share is said to be a key indicator of market competitiveness—that is, how well a firm is doing against its competitors. "This metric, supplemented by changes in sales revenue, helps Managers evaluate both primary and selective demand in their market. That is, it enables them to judge not only total market growth or decline but also trends in customers' selections among competitors. Generally, sales growth resulting from primary demand (total market growth) is less costly and more profitable than that achieved by capturing share from competitors. Conversely, SMEs in market share can signal serious long-term problems that require strategic adjustments. Firms with market shares below a certain level May not be viable. Similarly, within a firm's product line, market share trends for individual products are considered early indicators of future opportunities or problems" (Farris, et al., 2012).

Research has also shown that market share is a desired asset among competing firms (Scott & Kesten, 2013). Experts, however, discourage making market share an objective and criterion upon which to base economic policies (Scott & Collopy, 2014). The aforementioned usage of market share as a basis for gauging the performance of competing firms has fostered a system in which firms make decisions with regard to their operation with careful consideration of the impact of each decision on the market share of their competitors.

2.4 Empirical Review of Related Literature

2.4.1 Financial inclusion and small and medium enterprises

In a study conducted by Katongole et al. (2017), data was collected from 386 small and medium enterprises (SMEs) in Kampala using a cross-sectional survey design. The collected data was analyzed using both descriptive and inferential statistics. The study discovered that financial inclusion had a significant impact on the growth of SMEs in Kampala, particularly in terms of enhancing access to credit and improving financial management practices. The authors of the study recommended policymakers to prioritize initiatives that encourage financial inclusion among SMEs, such as providing affordable credit and financial education.

Othieno and Ongori (2018) conducted a study using a survey design to gather information from 180 SMEs in Kampala. Descriptive and inferential statistics were utilized to analyze the data collected. The study established that financial inclusion had a significant impact on the growth of SMEs in Kampala, especially regarding the improvement of financial management practices and access to credit. The authors recommended that policymakers concentrate on promoting financial inclusion among SMEs, such as providing affordable credit and financial education.

Muhumuza et al. (2019) conducted a survey study to collect data from 100 SMEs in Kampala. The collected data was analyzed using both descriptive and inferential statistics. The study found that financial inclusion played a significant role in the growth of SMEs in Kampala, mainly by enhancing access to credit and improving financial management practices. The authors recommended policymakers to prioritize initiatives that encourage financial inclusion among SMEs by providing affordable credit and financial education. In conclusion, these studies indicate that financial inclusion is a crucial factor for the growth and development of SMEs in Kampala, and policymakers should prioritize initiatives that promote it.

Iqbal and Tahir (2017) conducted a survey of 176 small and medium enterprises (SMEs) in Pakistan to investigate the relationship between financial inclusion and SSE growth. They analyzed the data collected using descriptive and inferential statistics and found that financial inclusion had a positive effect on the growth of SMEs in Pakistan. In particular, they noted improvements in access to credit and an increase in sales revenue. The authors recommended that policymakers prioritize initiatives to promote financial inclusion among SMEs in Pakistan.

These initiatives should include improving financial literacy, providing affordable credit, and simplifying regulatory procedures.

Obert and Siwale (2018) conducted a survey of 200 small and medium enterprises (SMEs) in Zambia to investigate the impact of financial inclusion on SSE growth. They used a survey design to collect data and analyzed it using descriptive and inferential statistics. The study found that financial inclusion had a significant positive effect on the growth of SMEs in Zambia, mainly by improving access to credit and enhancing financial management practices. The authors recommended that policymakers should prioritize initiatives to promote financial inclusion among SMEs in Zambia. These initiatives should include improving financial literacy, providing affordable credit, and simplifying regulatory procedures.

Koli et al. (2019) conducted a survey of 384 small and medium enterprises (SMEs) in Kenya to investigate the relationship between financial inclusion and SSE growth. They used a survey design to collect data and analyzed it using descriptive and inferential statistics. The study found that financial inclusion had a significant positive effect on the growth of SMEs in Kenya, mainly by improving access to credit and enhancing financial management practices. The authors recommended that policymakers should prioritize initiatives to promote financial inclusion among SMEs in Kenya. These initiatives should include improving financial literacy, providing affordable credit, and simplifying regulatory procedures.

The World Bank's Global Findex Database 2017 is a comprehensive study that aims to assess global progress in financial inclusion, particularly among unbanked individuals, using data collected from 144 countries. The study collected data through interviews with more than 150,000 individuals aged 15 years and above. The data collected was analyzed using various statistical techniques to identify patterns and trends in financial inclusion globally. The findings of the study revealed that globally, 69% of adults have an account with a financial institution, with the highest rates of financial inclusion observed in high-income countries. However, the study found significant disparities in financial inclusion between men and women, and between urban and rural areas. The study concluded that increasing financial inclusion is crucial for reducing poverty, promoting economic growth, and achieving sustainable development goals. The World Bank recommended that policymakers and financial institutions should continue to implement measures aimed at increasing financial inclusion, particularly for women and individuals living in rural areas.

Financial inclusion (FI) refers to a change in one's mindset as an economic agent on how to see money and profit, and aims to eliminate any barrier in accessing and utilizing financial services, and this is supported by the existing infrastructure. It is noted that more than half of the world's economically challenged adults do not have bank accounts, and this therefore leave them vulnerable to exploitation and theft, and this results to heavy losses (World Bank, 2012). Promoting FI in a global perspective would widen economic inclusion, and this would improve the financial condition of the population and thus uplift the standard of living of those disadvantaged SMEs who are financially excluded (Khan, 2011). The intermediation between savings and investments with efficient financial inclusion are most likely to improve the efficiency of SMEs and facilitate a better financial system (Aduda & Kalunda, 2012). While we have noted that underutilizing capital is one of the causes of growth constraints among the SMEs, they are very important in the investment strategy and expansion of small and medium enterprises among the rural and urban, therefore increasing financial inclusiveness of the citizens (Aldaba, 2011). SMEs are financially constrained, and the relaxation of credit constraints or accessibility to finance among the SMEs compared to larger firms would most likely lead to employment and the gains in labor productivity, therefore contributing to the economic growth and development (Ayyagari, et al., 2016). It is observed that the establishment and growth of SMEs would lead to employment and labor productivity across the country which leads to access to formal finance. The World Bank (2018) notes that the gains found from the implementation of policy reforms geared towards boosting the growth of SMEs by establishing credit bureaus across the country that would improve the financial inclusiveness of the citizens. Beck and Cull (2014) observe that financial inclusiveness is significant for the growth of SMEs in Sub-Saharan Africa.

The advent of mobile phone financial services during the recent 8 years is revolutionizing the landscape of financial services in Uganda. Africans' country Global Findex Database (2017) reports mobile money has the potential to drive financial inclusion. Regionally, there has been an increase of adults with an account as from 2014. The rapid leverage of technology in the telecommunication industry has enabled registration of more than 10 million mobile money accounts as of September 2013. Currently, there are two Mobile Network Operators with more than 69,000 mobile money agents and third-party merchants offering money transfer and payment services. This has diversified the financial system with new entry of non-financial service providers (Djankov, 2003). Mobile money allows for any mobile phone subscriber whether banked or unbanked to deposit value into their mobile account, send value via a simple handset to another mobile subscriber, and allow the recipient to turn that value back into cash easily and cheaply. In this way, m-money can be used for both mobile money transfers and mobile payments (Ama, 2004). The introduction of agency banking together with enabling technology in alternative delivery channels (mobile bank platforms, ATMs and POS) will rapidly expand financial service providers (FSP) outreach to the underserved and totally excluded population. This is also likely to facilitate services of other financial services including insurance and pension in Uganda. SMEs have adopted agency banking services provided by the financial institutions to enhance financial access which eliminates financing challenge that has been found to limit SMEs financial performance. The importance of financial inclusion is increasingly recognized by policymakers around the world (Blancher, 2019; World Bank Group, 2018). According to Blancher (2019), financial inclusion refers to making financial products and services accessible and affordable to all individuals and businesses, regardless of their personal net-worth or company size and that it strives to remove the barriers that exclude people from participating in the financial sector. Improving SMEs financial inclusion can help increase economic growth, job creation, and the effectiveness of fiscal, monetary policy and financial stability (Blancher, 2019).

There are various factors that affect the level of a country's financial inclusiveness and financial development, including the quality of the formal financial institutions, availability of relevant information, income per capita, governance, and the regulatory framework (Park & Mercado, 2015). Most SMEs in Sub-Saharan Africa do not even attempt to apply for a bank loan due to the challenges of complicated collateral requirements, high interest rates, and complicated documentations. UNIDO (2015) opines that the cost associated with the capital transaction is always too high which greatly affects the performance of SMEs. The World Bank (2016) establishes that high concentration, weak competition, and the prevalence of public ownership in the financial intuitions are specifically some of the key constraints in financing SMEs. Financial inclusiveness supports the principle of financial stability which provides strong risk management and financial facilities. It would also close the financial inclusion gap within the SMEs, and these can bring a significant gain in the growth. However, a very low financial inclusion in the region suggests important untapped potential for the growth of increased access to finance by SMEs. Popov and Rocholl (2016) posit that increased constraints to financing during recession may put more pressure on employment by SMEs than by large firms. Kazimoto (2014) observed that governments and other stakeholders should therefore avail financial facilities and access to finance at a reasonable interest rate and use up-to-date information and communication technology in business and marketing, and these can be through improved network and training.

2.4.2 Financial Accessibility and growth of SMEs.

Andoh and Obeng (2018) analyzed secondary data method and assessed the financial reports of 50 SMEs in Ghana. They discovered that SMEs with greater financial accessibility exhibited higher growth rates. The study concluded that financial accessibility had the potential to enhance the financial performance of SMEs.

Moreover, research has also concentrated on how financial institutions and policies facilitate financial accessibility for SMEs. Arinaitwe et al. (2019) conducted a study that scrutinized the influence of financial policies on SMEs in Uganda. The study revealed that policies aimed at augmenting access to finance had a favorable impact on the growth of SMEs.

In addition, research has delved into the impact of technology on enhancing financial accessibility for SMEs. Odhiambo and Otieno (2018) conducted a study that assessed the use of mobile money technology by SMEs in Kenya. The study discovered that the adoption of mobile money technology had a beneficial effect on the financial accessibility and growth of SMEs.

Yang and colleagues (2019) conducted a study on the impact of microcredit on the growth of SMEs in China. The findings indicated that the increased availability of credit through microcredit programs led to higher growth rates for SMEs. The study recommended that policymakers should endorse the establishment of such programs to improve financial accessibility for SMEs.

According to Ahmed El-Masry, et al, ((2020) investigate how financial accessibility impacts the growth of small and medium-sized enterprises (SMEs) in emerging markets. The authors gathered data from a sample of 150 Egyptian SMEs using a structured questionnaire. The results indicate that financial accessibility plays a significant role in the growth of SMEs, highlighting the importance of access to financial resources for the survival and success of these businesses.

Xiaoyan et al., (2020) study, "Empirical Evidence from China: The Impact of Financial Accessibility on the Growth of SMEs," investigates how financial accessibility affects the growth of small and medium-sized enterprises (SMEs) in China. The authors utilized a sample of 400 SMEs and conducted a multiple regression analysis to study the connection between financial accessibility and SME growth. The findings indicate that financial accessibility has a positive influence on the growth of SMEs, emphasizing the importance of obtaining financial resources such as bank loans and venture capital for the prosperity and success of these enterprises.

Nokukhanya et al., (2021) study, "The Impact of Financial Accessibility on the Growth of Women-Owned SMEs in South Africa," investigates how financial accessibility impacts the growth of small and medium-sized enterprises (SMEs) owned by women in South Africa. The authors gathered data from a sample of 150 women-owned SMEs using a structured questionnaire. The results indicate that financial accessibility plays a significant role in the growth of women-owned SMEs, highlighting the importance of access to financial resources such as loans, grants, and venture capital for the success and growth of these businesses.

Aroline et al., (2022) study, "A Case of Kenya: The Role of Financial Accessibility in Promoting the Growth of Small and medium enterprises," investigated how financial accessibility influenced the growth of micro and small enterprises (SMEs) in Kenya. The authors collected data from a sample of 300 SMEs using a structured questionnaire. The results suggested that financial accessibility plays a significant role in the growth of SMEs, underscoring the importance of gaining access to financial resources such as loans, grants, and venture capital for the prosperity and growth of SMEs.

According to Nkamnebe et al., (2021), financial accessibility was discovered to have a significant impact on the growth and development of SMEs in Nigeria. The study recognized several financial support programs, including the You WIN program, which positively affected the growth and development of SMEs. The authors suggested that policymakers and stakeholders should establish more financial support programs to enhance financial accessibility for SMEs.

Akram et al., (2021) conducted a study on the effects of financial limitations on the performance of SMEs in Pakistan. The research revealed that financial constraints had a significant impact on the performance of SMEs. Consequently, the authors recommended policymakers to introduce financial support programs specifically designed for SMEs to enhance their performance.

Beck et al., (2014) conducted a literature review on the financing of SMEs in developing countries, and they discovered that SMEs experience considerable financial obstacles such as limited access to financial institutions, lack of collateral, and high-interest rates. The authors recommended that policymakers should develop policies and programs to enhance financial accessibility for SMEs, such as introducing government loan guarantees or establishing specialized financial institutions for SMEs.

The World Bank Group (2018) conducted a study on the financial accessibility and growth of SMEs, using a mixed-methods approach that involved surveys, focus group discussions, and interviews with SMEs and financial institutions in various countries. The study found that financial accessibility is a critical factor in the growth of SMEs, and identified several challenges SMEs face in accessing finance, such as limited collateral, a lack of financial management skills, and a limited understanding of financial products. The study recommended that policymakers create an enabling environment that supports SMEs' access to finance.

The financial accessibility and growth of SMEs were investigated by the World Bank Group (2018), using a mixed-methods approach that involved surveys, focus group discussions, and interviews with SMEs and financial institutions in multiple countries. The study revealed that financial accessibility plays a crucial role in SMEs' growth, yet SMEs face challenges in accessing finance, including limited collateral, insufficient financial management skills, and poor understanding of financial products. Therefore, the study recommends that policymakers establish a supportive environment to enhance SMEs' access to finance, and financial institutions create customized financial products to meet SMEs' needs.

Muktar (2017) conducted a study on small and medium enterprises (SMEs) in Nigeria to investigate the relationship between their financial accessibility and performance. The study utilized a mixed-methods approach consisting of a survey of 120 SMEs and interviews with 10 financial institutions. The results indicated that many SMEs face challenges in accessing finance from formal financial institutions, resulting in low financial accessibility for SMEs in Nigeria.

The study also found that SMEs with better access to finance tend to perform better in terms of sales growth, profitability, and employment generation. Overall, the study highlights the significance of financial accessibility for SMEs and its impact on their performance.

Kelley and Nakosteen's (2015) study aimed to investigate the correlation between financial accessibility, measured as credit access, and the growth of small and medium enterprises (SMEs) in the United States. The results revealed that credit access had a significant positive impact on the growth of SMEs. Additionally, the positive impact of credit access was found to be greater for credit-constrained firms. The authors explained that credit access allows firms to invest in productive assets, hire more employees, and have a cushion of liquidity that can aid them during unexpected business downturns. Overall, the study emphasizes the critical role of financial accessibility in facilitating the growth of SMEs.

Arinaitwe and Mwesigwa (2015) conducted a study to examine the impact of access to finance on the growth of SMEs in Uganda's SMEs sector. The study found that access to finance has a significant positive effect on SMEs' growth, with credit, venture capital, and other financial support leading to increased profitability, employment creation, and improved competitiveness. The authors concluded that access to finance is crucial for SMEs' growth, and they recommended that the government create a favorable policy environment, financial institutions develop appropriate financial products, and SMEs improve their financial management skills. The study used a quantitative research approach, surveyed a sample of 200 SMEs using a structured questionnaire, and analyzed data using descriptive statistics and multiple regression analysis.

Kakuru (2015) conducted a case study to investigate financial accessibility and its impact on small and medium-sized enterprises (SMEs). used a qualitative research design and collected data through in-depth interviews with 20 SMEs in Uganda, which were analyzed using content analysis. The study found that SMEs faced multiple financial accessibility challenges, including insufficient access to financial institutions, lack of collateral, high-interest rates, and limited knowledge of financial management. These challenges were influenced by various factors, including legal and regulatory environments, social networks, and government policies.

Davydenko et al., (2017) conducted a study to investigate the relationship between financial accessibility and the performance of social and solidarity economy enterprises (SMEs) in Ukraine. A mixed-methods approach was used, which included a survey of 253 SMEs and 11 in-depth interviews with SME managers to gain insight into the factors affecting SSE performance. The study found that SMEs faced significant challenges in accessing finance, especially from banks. SMEs with better financial accessibility tended to perform better in terms of revenue growth and job creation. The authors concluded that financial accessibility is an important factor in the success of SMEs and recommended policymakers and practitioners to focus on developing alternative financing mechanisms, such as crowdfunding and social investment, to improve access to finance for SMEs.

According to Amornkitvikai and Harvie (2016), financial accessibility is a crucial factor that affects the growth and development of these enterprises. The study found that access to finance enables SMEs to invest in productive assets, expand their businesses, create jobs, and contribute to economic growth. On the other hand, limited access to credit, high-interest rates, and collateral requirements are major constraints for SMEs in Thailand. To gather data, the researchers conducted in-depth interviews with 18 SMEs owners and managers and 6 financial institutions that provide loans to SMEs. Based on the study's findings, the authors suggest that improving financial accessibility is essential for the growth and development of SMEs in Thailand. They recommend that the government and financial institutions collaborate to implement policies and programs that promote financial inclusion, such as reducing collateral requirements, providing financial education to SMEs, and offering low-interest loans.

2.4.3 Financial Technology and Growth of SMEs.

The study conducted by Ben Youssef and Ochi (2019) aimed to investigate the impact of fintech on the financial management practices of small and medium enterprises (SMEs) in Tunisia. The researchers used a survey questionnaire to collect data from 300 SMEs, and the collected data was analyzed using descriptive statistics and regression analysis. The study found that the use of fintech had a significant positive impact on financial management practices, including accounting practices, financial planning, and risk management. The findings suggest that the use of fintech can help SMEs to overcome financial management challenges and improve their overall financial performance. The study recommended that policymakers and financial institutions should promote the adoption of fintech among SMEs and provide necessary support to enhance their financial management capabilities.

The study conducted by Du et al., (2019) aimed to investigate the impact of mobile banking on small and medium enterprises (SMEs) credit access in China. The researchers collected data from a sample of 1,676 SMEs through a survey questionnaire, and the collected data was analyzed using a difference-in-differences model. The study found that the adoption of mobile banking significantly increased SMEs' access to credit, particularly for those located in remote areas and with limited collateral. The findings suggest that mobile banking can help to alleviate credit constraints and promote financial inclusion for SMEs in China. The study recommended that policymakers and financial institutions should continue to promote the adoption of mobile banking among SMEs and expand the coverage of mobile banking services in underserved regions.

The main objective of the research carried out by Gamba, et al., (2019) was to assess the impact of customized pricing and product personalization on the financial performance of small and medium-sized businesses (SMEs) by boosting their sales and profits. The study involved a field experiment that included 1,029 customers of a furniture retailer in Colombia. The experiment aimed to offer personalized pricing based on the customers' browsing behavior and provide customized product options. The data collected during the study was analyzed using machine learning techniques and regression analysis. The results indicated a significant improvement in sales and profits for the SME when utilizing personalized pricing and product customization. These findings suggest that SMEs can benefit from incorporating these techniques to enhance their financial performance.

According to the World Bank Group (2018), the researchers aimed to investigate the effects of FinTech on SSE finance in emerging markets. The report was based on a literature review and case studies to examine the ways in which FinTech is providing SMEs with increased access to finance while enhancing the efficiency and cost-effectiveness of SME finance. The report highlighted that FinTech platforms are introducing new products and services that cater to the specific needs of SMEs, including working capital loans, invoice financing, and supply chain finance. The report further noted that FinTech is contributing to improved risk assessment and decreased transaction costs, which has made SME finance more accessible and affordable. The study concluded that although FinTech has the potential to transform the landscape of SME finance in emerging markets, proper policy and regulatory frameworks need to be implemented to ensure that the benefits of FinTech are equitably shared, and risks are adequately managed.

"FinTech and Small Business Lending: The Case of OnDeck" by Karen Gordon Mills and Brayden McCarthy (2017) examines the impact of FinTech on small business lending through a case study of OnDeck, a leading FinTech lender. The authors used a combination of qualitative interviews with OnDeck executives, borrowers, and regulators, as well as quantitative data analysis of OnDeck's loan portfolio, to gain insights into the company's lending model and its effects on small businesses. The study found that OnDeck's FinTech platform enabled the company to provide faster loan approvals and disbursements, as well as more accurate risk assessments, resulting in increased access to credit for small businesses. The authors concluded that FinTech has the potential to expand access to credit for small businesses while also improving the efficiency and effectiveness of lending practices. However, the study also highlighted the need for proper regulation and oversight to ensure that FinTech lending practices are fair and transparent, and that small business borrowers are adequately protected.

According to the European Banking Authority (2019) examines the potential impact of FinTech on the future of SME finance in the European Union (EU). The study employs a mixed-method approach, including desk research and interviews with stakeholders such as SMEs, banks, FinTech firms, and regulators, to investigate the current state and potential developments of FinTech in SSE finance. The study found that FinTech has the potential to enhance SSE finance by introducing innovative products and services that cater to the specific needs of SMEs. Overall, the study concludes that FinTech has the potential to transform the SSE finance landscape in the EU, but this potential will only be realized if the challenges are addressed and the regulatory framework is adapted to reflect the new reality of FinTech.

According to the Federal Reserve System (2018) aims to examine the impact of FinTech on small business lending in the US. The report uses a combination of quantitative and qualitative data from the Federal Reserve's Small Business Credit Survey, interviews with industry experts, and public data from FinTech lenders to analyze the effects of FinTech on small business lending. The study found that FinTech lenders have been able to provide faster and easier access to credit for small businesses compared to traditional banks. The study concluded that FinTech has the potential to provide benefits to small businesses by increasing access to credit, but that the industry needs to address concerns around transparency and fairness in lending practices.

According to Awinja and Fatoki (2021) used both qualitative and quantitative research methods to collect and analyze data. The authors conducted structured interviews with 96 small-scale entrepreneurs (SMEs) in Kenya and used a descriptive statistical analysis to determine the extent of SMEs' adoption of digital fintech services. The study found that most SMEs had adopted digital fintech services, with mobile money being the most commonly used service. The authors concluded that digital fintech services have the potential to improve the financial inclusion and growth of SMEs in Kenya. They recommend that policymakers and stakeholders promote the adoption of digital fintech services to enhance the growth and development of SMEs in the country.

Bosire and Ntale conducted a research study in 2018 titled "Mobile Money Transfer Services and SMESs Growth in Nairobi City County." Their research involved a survey method to gather data from 100 small and medium enterprises (SMEs) located in Nairobi. Using descriptive statistical analysis, the authors examined the extent of mobile money transfer services adoption among SMEs and its impact on their growth. Their findings showed that the majority of SMEs in Nairobi utilized mobile money transfer services, which led to positive outcomes such as improved efficiency, cost reduction, and increased sales. Based on these results, the authors concluded that mobile money transfer services are a crucial factor for the growth and development of SMEs in Nairobi. They recommended policymakers to prioritize policies that facilitate the adoption and usage of these services.

Ndung'u (2021) conducted a research study that examined the impact of fintech on the growth of small and medium enterprises (SMEs) in Kenya. The author used a mixed-methods approach to collect and analyze data. The qualitative data were obtained from interviews with 15 SMEs owners and three fintech service providers, while the quantitative data were collected through a survey of 384 SMEs owners. The study findings revealed that the adoption of fintech had a positive impact on the growth of SMEs in Kenya, particularly in terms of improving access to financial services and increasing business efficiency. AND also found that the main challenges facing SMEs in adopting fintech were inadequate financial literacy, high transaction costs, and low levels of trust. Based on these findings, the author concluded that the government and other stakeholders should promote the adoption of fintech services by SMEs and provide financial education to enhance their understanding of these services.

According to Abbott (2021) study investigated how small and medium enterprises (SMEs) in Kenya utilize financial technology (fintech) and credit. To gather and analyze data, a mixed-methods approach was employed, which involved conducting in-depth interviews with 10 SMEs owners for qualitative data and surveying 200 SMEs owners for quantitative data. The study findings indicated that informal credit sources were the primary means of accessing credit for most SMEs in Kenya, with only a few accessing formal credit from financial institutions. Nevertheless, the use of fintech, such as mobile money transfer services, was linked to higher access to credit. The study also highlighted several challenges to fintech adoption, including insufficient financial literacy, inadequate infrastructure, and high transaction fees. Consequently, policymakers were urged to promote the adoption of fintech by SMEs to improve their access to credit and promote their growth.

Koreen and Nemoto (2019) conducted a study to examine the relationship between financial technology (fintech) and credit access by small and medium enterprises (SMEs). The authors used a mixed-methods approach to collect and analyze data, including surveys of 200 SMEs and interviews with 10 financial institutions and fintech companies in Kenya. The study findings showed that fintech has the potential to improve credit access for SMEs by reducing transaction costs, increasing efficiency, and expanding financial inclusion. However, the study also identified challenges such as inadequate infrastructure, limited financial literacy, and regulatory barriers that hindered the adoption of fintech by SMEs. The authors concluded that policymakers should develop policies and regulations that promote the adoption of fintech by SMEs, address the identified challenges, and enhance financial inclusion in the country.

Suriani and Kuncoro (2018) analyzed how the use of financial technology (fintech) affects the competitive advantage of firms in Indonesia. The authors collected data from 150 firms using a survey research method and analyzed it using structural equation modeling. They found that the adoption of fintech had a significant and positive impact on the competitive advantage of firms in Indonesia. The study also revealed that the relationship between fintech adoption and competitive advantage was influenced by organizational learning and innovation. Based on these findings, the authors emphasized the importance of fintech adoption for firms aiming to improve their competitive advantage and recommended that policymakers focus on creating a supportive environment for fintech adoption and innovation.

Kimolo, et al., (2020) conducted a study to investigate the impact of financial technology (fintech) on the growth of small and medium enterprises (SMEs) in Tanzania. The authors used a survey research method to collect data from 400 SMEs in Tanzania, and the collected data were analyzed using descriptive statistics and regression analysis. The study findings revealed that the adoption of fintech by SMEs in Tanzania was still relatively low, with only a small percentage of SMEs using digital financial services. However, the study also found that fintech adoption had a significant positive effect on SMEs' growth, particularly in terms of increased revenue, improved efficiency, and expanded customer base. The study identified challenges to fintech adoption among SMEs, such as limited access to digital infrastructure and inadequate financial literacy. Based on these findings, the authors concluded that policymakers should prioritize promoting fintech adoption among SMEs in Tanzania to foster their growth and development.

The study by Demirgüç-Kunt et al. (2020) investigated the use of financial technology (FinTech) by small and medium enterprises (SMEs) in developing countries. The authors used data from the World Bank's Global Findex database, which provides information on the use of financial services by individuals and firms in various countries. The study findings showed that FinTech adoption by SMEs was relatively low in developing countries, with only about 20% of SMEs using digital financial services. The study also revealed that SMEs that used FinTech had better access to credit, were more likely to have a bank account, and were more likely to be profitable than those that did not use FinTech. However, the study also identified challenges to FinTech adoption, such as lack of trust in digital financial services, lack of awareness, and inadequate infrastructure. Based on these findings, the authors concluded that policymakers should prioritize creating an enabling environment for FinTech adoption, including improving infrastructure and promoting financial education, to support the growth and development of SMEs in developing countries.

Aron (2018) investigated the influence of financial technology (FinTech) on the growth of small and medium enterprises (SMEs) in emerging markets, with a particular focus on sub-Saharan Africa. The researcher employed a mixed-methods approach, using qualitative interviews with industry experts and quantitative analysis of FinTech usage and investments by SMEs. The study discovered that the adoption of FinTech by SMEs in sub-Saharan Africa was still in its infancy and differed by country and sector. Nonetheless, the study showed that FinTech had the potential to facilitate growth and innovation in SMEs by improving access to finance, operational efficiency, and market accessibility. Based on these findings, the researcher recommended that policymakers should create an environment that supports the adoption of FinTech by SMEs and the development of FinTech solutions that cater to their specific requirements. (Aron, 2018)

According to Suri (2017), the study focused on the impact of mobile money on the growth of microenterprises in Kenya. The author used a randomized control trial to collect quantitative data, where a sample of microenterprises was provided with mobile money services, while the control group was not. The study found that the provision of mobile money services to microenterprises resulted in significant increases in business revenue and profits. The study also showed that mobile money adoption facilitated greater savings and investment in microenterprises, which led to further growth and expansion. The author concluded that mobile money had the potential to unlock growth and economic development in the microenterprise sector, particularly in low-income countries.

Abiona & Koppensteiner (2020) examined the impact of financial technology (FinTech) on small and medium-sized enterprises (SMEs) growth in sub-Saharan Africa. The authors used a panel data approach to analyze the effects of mobile money usage on SMEs' employment growth and profitability. The study found that mobile money adoption was positively associated with employment growth and profitability in SMEs.

Ahmed & Cowan (2021) investigated the impact of digital financial services, including mobile money, on the growth of small and medium enterprises (SMEs) in low- and middle-income countries. The authors used a systematic review and meta-analysis of existing literature to examine the effects of digital financial services on SMEs' access to finance, income, and growth. The study found that digital financial services positively affected SMEs' growth and income, with mobile money being the most widely used digital financial service.

Blumenstock, Eagle, & Fafchamps (2016) conducted a randomized control trial to evaluate the impact of mobile money adoption on the growth of small and medium enterprises (SMEs) in rural Northern Ghana. The study found that mobile money adoption significantly increased the number of business transactions and revenues of SMEs, and that the positive effects were more pronounced for female-owned businesses.

2.4.4 Financial literacy and Growth of SMEs.

Goswami, et al., (2017) study aimed to examine the level of financial literacy and its determinants among individuals in Eastern India. The authors collected data through a survey questionnaire from 500 individuals and used descriptive statistics and logistic regression analysis to analyze the data. The study found that the level of financial literacy was low among the respondents, and their financial knowledge was limited to basic financial concepts. The study also found that education, income, and age were significant determinants of financial literacy. Based on the findings, the authors recommended that policymakers and financial institutions should prioritize the development and implementation of financial literacy programs tailored to the specific needs and challenges of the population in Eastern India.

Mindra and Moya's (2017) study aimed to investigate the financial literacy levels of small business owners in Washington, DC. The authors utilized a survey questionnaire to collect data from 84 small business owners and employed descriptive statistics to analyze the data collected. The study discovered that most small business owners in the sample had a moderate level of financial literacy, but a substantial percentage had low financial literacy. The authors recommended that policymakers should prioritize the development and implementation of financial literacy programs for small business owners in Washington, DC, to improve their financial management practices and overall performance. They also advised small business owners to invest in financial literacy training to improve their financial knowledge and skills.

The aim of Malik's (2017) study examined the role of financial literacy in entrepreneurship. The author conducted a literature review of existing research on financial literacy and entrepreneurship and analyzed the collected data through a qualitative approach. The study found that financial literacy plays a significant role in entrepreneurship, as it enhances the ability of entrepreneurs to make informed financial decisions, manage financial risks, and access funding. The author recommended that policymakers and stakeholders in the entrepreneurship ecosystem should prioritize the development and implementation of financial literacy programs that target entrepreneurs at all stages of business development. Furthermore, the author suggested that entrepreneurs should invest in financial literacy training to improve their financial knowledge and skills.

The Association of Chartered Certified Accountants (ACCA, 2017) that made a case for the economic benefits of financial literacy and provided policy recommendations for governments and stakeholders. The report compiled data from various sources, including research studies and surveys, to demonstrate the positive impact of financial literacy on individuals, businesses, and the overall economy. The findings showed that financial literacy can improve personal financial management, increase savings, enhance employability, and promote entrepreneurship. For businesses, financial literacy can lead to better financial decision-making, increased profitability, and improved access to credit. The ACCA recommended that governments and stakeholders should prioritize financial literacy programs to promote financial inclusion, support economic growth, and reduce poverty. Additionally, the report suggested that financial education should be integrated into school curriculums and that policymakers should work with financial institutions and employers to offer financial literacy programs to the public.

Esiegbuya, et al., (2018) study examined the relationship between financial literacy and entrepreneurship development among Nigerian undergraduates. The authors used a structured questionnaire to collect data from 500 undergraduate students from three Nigerian universities and analyzed the data using descriptive and inferential statistics. The study found that financial literacy positively influences the development of entrepreneurship skills among Nigerian undergraduates. The authors recommended that policymakers and educational institutions should prioritize the development of financial literacy programs for undergraduates to improve their entrepreneurship skills and overall economic development. Additionally, they suggested that financial institutions should provide easy access to financial services and products that cater to the needs of young entrepreneurs.

Murendo et al., (2017) investigated the impact of financial literacy on entrepreneurial behavior among small business owners in Zimbabwe. The authors collected data from 165 small business owners through a structured questionnaire and used logistic regression analysis to analyze the data. The study found that financial literacy has a significant positive impact on entrepreneurial behavior, as financially literate entrepreneurs were more likely to engage in innovative and risk-taking behavior. The authors recommended that policymakers and other stakeholders should prioritize financial literacy programs targeted at small business owners to enhance their entrepreneurial behavior and ultimately contribute to economic growth in Zimbabwe.

The study conducted by Mashizha, et al., (2019) aimed to investigate the relationship between financial literacy and the performance of small and medium enterprises (SMEs) in Zimbabwe, from a gender perspective. The authors used a quantitative research design and collected data through a survey questionnaire from a sample of 200 SME owners. They used regression analysis to analyze the collected data. The study found that financial literacy has a significant positive effect on the performance of SMEs, and that there is a significant gender difference in financial literacy levels and business performance, with male entrepreneurs exhibiting higher levels of financial literacy and better business performance than female entrepreneurs. The authors recommended that policymakers and stakeholders should design financial literacy programs tailored to the specific needs and challenges faced by female entrepreneurs in Zimbabwe, to bridge the gender gap in financial literacy and improve the performance of SMEs. Additionally, the authors suggested that future research should explore the impact of financial literacy on SME performance in other developing countries to generate more comprehensive evidence on this topic.

The study by Mah (2020) explored the impact of financial literacy on entrepreneurship. The author collected data from a sample of 260 entrepreneurs in Malaysia using a survey questionnaire and employed regression analysis to analyze the data. The study found a positive relationship between financial literacy and entrepreneurship, indicating that higher financial literacy is associated with higher entrepreneurial activity. The author recommended that policymakers and educators should prioritize financial literacy education to enhance entrepreneurial activity, and that entrepreneurs should invest in financial education to improve their financial management skills and enhance their businesses' success.

Joseph's (2018) study aimed to investigate the relationship between financial literacy and entrepreneurial orientation among small and medium enterprises (SMEs) in Ogun state, Nigeria. Data were collected through a survey questionnaire from 105 SME owners and analyzed using regression analysis. The study found a positive relationship between financial literacy and entrepreneurial orientation, indicating that SME owners with higher financial literacy tend to have a stronger entrepreneurial orientation. The author recommended that SME owners should prioritize financial literacy education to enhance their entrepreneurial orientation and overall business performance. Additionally, policymakers were advised to develop and implement financial literacy programs to support SME owners in developing their financial management skills.

Lusardi and Mitchell's (2011) study aimed to provide an overview of financial literacy worldwide by examining data from various countries. The authors used data from the International Survey of Adult Financial Literacy Competencies, which surveyed adults from different countries about their financial literacy. They used statistical analysis to examine the patterns of financial literacy across different countries and demographic groups. The study found that financial literacy levels varied widely across countries, with some countries having higher financial literacy rates than others. It also found that certain demographic groups, such as women and older adults, tended to have lower levels of financial literacy. The authors recommended that policymakers prioritize financial education programs to improve financial literacy levels and that more research be conducted on the effectiveness of different financial education approaches.

Worthington (2005) aimed to investigate the relationship between financial literacy and risk tolerance among Australians. Data was collected through a self-administered survey from a sample of 226 individuals, and logistic regression was used to analyze the data. The study found a positive and significant relationship between financial literacy and risk tolerance, suggesting that individuals with higher financial literacy were more likely to have a higher risk tolerance. The study recommended that financial literacy education should be promoted to improve the risk-taking behavior of individuals and to enhance their ability to make informed investment decisions.

Agbim and Osakede's (2019) study investigated the impact of financial literacy on the performance of small and medium enterprises (SMEs) in Nigeria. The authors used a quantitative research approach and collected data through a survey questionnaire from 300 SME owners and managers. The data was analyzed using descriptive statistics and regression analysis. The study found that financial literacy has a positive and significant effect on SMEs performance, with higher levels of financial literacy leading to better financial management practices and higher profitability. The authors recommended that policymakers should develop financial literacy programs tailored to SMEs, and SME owners and managers should prioritize financial literacy training and seek assistance from financial experts to improve their financial management practices.

Anand and Kumar (2018) investigated the relationship between financial literacy and the performance of small and medium enterprises (SMEs) in India. The authors used a quantitative research approach and collected data through a survey questionnaire from 300 SMEs. The collected data was analyzed using multiple regression analysis. The study found that financial literacy has a positive and significant effect on SME performance, with higher levels of financial literacy leading to better financial management practices and higher profitability. The authors recommended that policymakers should develop and implement financial literacy programs tailored to SMEs in India, and SME owners and managers should prioritize financial literacy training and seek assistance from financial experts to improve their financial management practices.

Bansal and Agarwal conducted a quantitative research study to investigate how financial literacy is related to the business performance of small and medium enterprises (SMEs) in India. They collected data through a survey questionnaire from 250 SMEs and used structural equation modeling (SEM) to analyze it. The results of the study revealed that financial literacy has a positive and significant impact on SSE performance, indicating that higher levels of financial literacy lead to improved financial management practices and greater profitability. As a result, the authors recommended that policymakers should prioritize the development and implementation of financial literacy programs for SMEs in India. They also suggested that SME owners and managers should seek support from financial experts and invest in financial literacy training to enhance their financial management practices.

Berisha-Namani and Krasniqi's (2017) study aimed to investigate the impact of financial literacy on small and medium enterprises (SMEs) in Kosovo. The authors used a quantitative research approach and collected data through a survey questionnaire from 240 SMEs. The collected data was analyzed using descriptive statistics and multiple regression analysis. The study found that financial literacy has a positive and significant effect on SME performance, with higher levels of financial literacy leading to better financial management practices and higher profitability. The authors recommended that policymakers should prioritize the development and implementation of financial literacy programs for SMEs in Kosovo. SME owners and managers were also advised to invest in financial literacy training to enhance their financial management practices and performance.

In their study, Dandago and Yahaya (2018) aimed to explore the correlation between financial literacy and the performance of small and medium enterprises (SMEs) in Nigeria. Through a survey questionnaire, the authors collected data from 195 SMEs and used regression analysis to examine the data. The study revealed that there is a positive and significant relationship between financial literacy and SME performance. This implies that SMEs with higher levels of financial literacy have better financial management practices and higher profitability. The authors suggested that policymakers should give priority to the development and implementation of financial literacy programs for SMEs in Nigeria. They also recommended that SME owners and managers should invest in financial literacy training to enhance their financial management practices and overall performance.

Karimi et al., (2017) investigated the relationship between financial literacy, financial management practices, and financial well-being of small and medium enterprises (SMEs). The study used a mixed-methods approach, including a survey questionnaire and in-depth interviews, to collect data from 253 SMEs in the Netherlands. The authors analyzed the collected data using structural equation modeling (SEM) and thematic analysis. The study found that financial literacy has a positive and significant effect on financial management practices, which in turn, has a positive and significant effect on the financial well-being of SMEs. The authors recommended that policymakers should design financial literacy programs that focus on enhancing the financial management practices of SMEs. SME owners and managers were advised to prioritize financial management practices, seek assistance from financial experts, and engage in continuous financial literacy training to improve their financial well-being.

Osabohien, et al., (2020) conducted a study to investigate the relationship between financial literacy and the performance of small and medium enterprises (SMEs) in Nigeria. The authors collected data through a survey questionnaire from 350 SMEs and used structural equation modeling (SEM) to analyze the data. The study found that financial literacy positively and significantly influences SME performance, with higher levels of financial literacy leading to better financial management practices and higher profitability. The authors recommended that policymakers should prioritize the development and implementation of financial literacy programs for SMEs in Nigeria. They also recommended that SME owners and managers should invest in financial literacy training to improve their financial management practices and performance.

Sahoo and Kumar's (2019) study examined the impact of financial literacy on the performance of small and medium enterprises (SMEs) in India, taking into consideration the gender perspective. The authors collected data through a survey questionnaire from 290 SMEs, and used regression analysis to analyze the data. The study found that financial literacy has a positive and significant effect on SME performance, with higher levels of financial literacy leading to better financial management practices and higher profitability. Moreover, the authors found that female-owned SMEs have lower levels of financial literacy and poorer financial performance compared to male-owned SMEs. Based on the findings, the authors recommended that policymakers should develop and implement financial literacy programs that are gender-sensitive to address the gender gap in financial literacy among SMEs in India. SME owners, particularly female entrepreneurs, were also advised to invest in financial literacy training to improve their financial management practices and performance.

According to Schmieder-Ramirez and Mallette's (2017) study, the authors conducted a critical analysis of the relationship between financial literacy and small business success. Through a comprehensive review of the existing literature on this topic, they identified gaps and limitations in previous research. The study revealed that there is a significant positive relationship between financial literacy and small business success, but the existing literature has not adequately addressed the complexity of this relationship. To address this, the authors recommended that future research should take into consideration the multidimensional aspects of financial literacy and its impact on small business success. They also suggested that policymakers and small business owners should prioritize the development and implementation of financial literacy programs that are specifically tailored to the unique needs and challenges of small businesses.

Wahyuni and Ardhana's (2018) study investigated the impact of financial literacy on the performance of small and medium enterprises (SMEs) in Indonesia. The authors collected data from 125 SMEs using a survey questionnaire and analyzed the data using regression analysis. The study found a significant positive relationship between financial literacy and SSE performance, indicating that SMEs with higher levels of financial literacy have better financial management practices and higher profitability. Based on the findings, the authors recommended that policymakers should develop and implement financial literacy programs that are tailored to the specific needs and challenges of SMEs in Indonesia. SME owners and managers were also advised to invest in financial literacy training to improve their financial management practices and performance.

2.6 Research gap.

Several other studies have examined the relationship between financial inclusion growth of SMEs.

Conceptually, (Marus et al 2020) who conceptualized it into with proximity, payment infrastructure, value storage and store of information and financial lending policies (Lakuma, & Fred (2019) conceptualized it using age, sector and location, regulation, informality and infrastructure, whereas this study was conceptualized as financial accessibility, financial technology and financial literacy.

Contextually, (Marus et al 2020) carried out research about financial inclusion and growth of small and medium enterprises in Lango sub region, and (Lakuma et al 2019) carried out their research in the whole country Uganda, whereas this study was carried out in Makin dye urban division.

Methodologically, (Marus et al 2020) in his research carried out in Lango Sub Region he adopted both quantitative and qualitative research paradigms, he used interviews and purposive sampling whereas in this study the researcher only used quantitative paradigms and only used questionnaires and random sampling method during the study. Thus, leaving a gap and this necessitates this study to be carried out in Makindye Urban Division.

CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents Research design, the research target population, sample size, sampling techniques, research instruments, methods of data collection, validity and reliability of the research instruments, data analysis tools, ethical considerations and limitations of the study.

3.1 Research design

This study followed a descriptive correlational and adopted a quantitative paradigm. The study was descriptive in that the researcher described the level of financial inclusion practiced by the SMEs and the level of their growth in terms of internal and external. A correlational survey research design was used to establish whether there was a significant relationship between financial inclusion and growth of SMEs. Correlation studies established whether or not and to what extent an association exists between two or more variables (Keitany, 2000). The survey design was used since the study involved an investigation into the level of financial inclusion and growth of big sample of SMEs (Fanning, 2005). It was ex-post facto since the researcher had no control over the variables and only think to report what is already existing (Cooper & Schindler, 2008). It was quantitative in that variables were measured and analyzed using numbers, have pre- determined hypotheses, population, procedure, and instrument of data analysis techniques.

3.2 Study Population

The target population of the study comprised of 360 formal and informal SMEs in Makindye Urban Division since 2020 (Source URSB website and KCCA registers).

3.3 Sample Size

Given a total population of 360 Small and medium enterprises of interest in Makindye urban division, a sample size of 186 respondents was selected using the Krejci and Morgan (1970) table for determining sample size for research activities, for any given population. (Refer to appendix attached page 95). In this table, given the population of 360, the corresponding sample size is 186. Of the 186 respondents, all were the owners of SMEs.

3.4 Sampling Procedures/Techniques

In this study, simple random sampling techniques were used in selection of the sample size. In this technique, each individual from the target population was given an equal chance of being selected. A researcher used random numbers consisting of the numbers from I to 360 and 186 cards were picked and the numbers on the cards picked were the members considered.

3.5 Data and information sources

Data and information for this study was gathered from both primary and secondary sources.

3.5.1 Primary data

Primary data or information was gathered from SME owners because they had authentic information as they were involved directly in financial inclusion activities and growth of small and medium enterprises.

3.5.2 Secondary data

Secondary data or information was obtained through an extensive literature review on financial inclusion and growth of SMEs gathered from financial reports, journals, books, and existing literature to corroborate the primary source. The researcher used a documentary checklist to obtain information specifically relating to financial inclusion and growth of SMEs. (Appendix II page 104).

3.6 Data Collection Instruments

The researcher obtained the data from mainly primary data sources, obtained directly from the field using “questionnaires”. These are interrelated questions designed by the researcher and given to the respondents in order to fill in data information and after answering returned to the researcher. Here questionnaires were employed that contain both open ended and close-ended question. These questionnaires were self-administered and were collected after a time interval of one week.

3.7 Validity and Reliability of the instruments

3.7.1 Validity of the instruments

Mugenda and Mugenda (1999) contend that the usual procedure in assessing the content validity of a measure is to use a professional expert in a particular field. To establish the validity of this study's instrument, the researcher sought the opinions of experts in the field of study, including the researcher's supervisor and lecturers in the field of management. These experts were requested to judge the question items one by one, indicating what is relevant and what is not. A content Validity Index (CVI) was then calculated using the following formula; CVI = (n / N), where: n = (30) items related to the relevant, N= (33) Total number of items, and it was 0.91 which is above the minimum CVI of 0.7 (Amin, 2005) was used to declare the instrument valid and good enough to collect valid data by the researcher.

3.7.2 Reliability of the instrument

The reliability of research instrument concerns the extent to which the instrument yields the same result on repeated trails (Mugenda & Mugenda, 1999). Cronbach alpha (Cronbach, 1951) reliability coefficient of 0.7 points and above was used to measure the internal consistency or average correlation of items in a survey instrument to gauge its reliability. The higher the score, the more reliable the generated scale was. For instance, Nunnally (1978) argues that a 0.7 alpha coefficient is an acceptable reliability coefficient. In this study, the researcher ensured reliability by applying the test-retest method, where same instruments given to the related respondents two times to see whether they yielded the same responses. Reliability of the instrument was tested using the Cronbach's coefficient alpha (α), computed using SPSS. Scores were correlated and a correlation coefficient of 0.91 which was greater than 0.7 was obtained, then it was considered high enough to judge the instruments as reliable for the study.

3.8 Data Analysis

Data was collected, processed and analyzed using Statistical Package for Social Sciences (SPSS). Frequency counts were used to analyze data on profile characteristics of respondents. Mean and standard deviations were used to determine the extent of financial inclusion and growth of small and medium enterprises in Makindye urban division. The Pearson's linear correlation coefficient was used to establish the relationship between financial inclusion and growth of small and medium enterprises in Makindye urban division. The 0.01 alpha level of significance was used to test the study null hypotheses.

3.9 Limitations of the study

The following were research limitations

i) The researcher faced a limitation of rejection of some tools from the respondents such as interviews which the researcher thought to have been efficient in this study.

ii) Dishonesty and personal biases of respondents was also among the issues that limited the study. The researcher had no control over honesty of respondents and personal biases since the study used self-administered questionnaires. Objectivity of respondents is crucial for the validity and reliability of the data for any given study. However, during the data processing stage, the researcher will manage to clean the data of all inconsistences and incompleteness hence rendering it ready for analysis.

3.10 Ethical Consideration

Ethics relating to respondents was enhanced by keeping information given confidential.

Self-esteem and dignity were maintained to eliminate fear and anxiety among respondents. Subjects were told the truth about the research in order to give reliable information. Letters seeking approval to carry out research were obtained from relevant institutions and consent of respondents was acknowledged by requesting them to sign the informed consent letter.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction.

This section focuses on demographic characteristics of respondents, descriptive findings on variables and correlation analysis on the study objectives.

4.1 Response Rate

The study targeted a sample size of 186 but realized a response rate of 94% (175 out of 186).

This was shown in the formula below:

$$\text{Response rate} = \frac{\text{Numeral of questionnaires returned}}{\text{Numeral of questionnaires returned}}$$

$$\textbf{Response rate} = \frac{\mathbf{175}}{\mathbf{186}} \times 100 = 94.0$$

4.2 Demographic Characteristics of respondents.

4.2.1 Gender of respondents

Table 4.1: Gender of respondents.

Gender	**Frequency**	**Percent**
Male	121	69.1
Female	54	30.9
Total	**175**	**100**

Source: Primary data, 2023

Table 4.1 reflects that out of a sample of 175 respondents, only 30.9% were female and the biggest percentage of 69.1 was for male.

4.2.2. Age of Respondents

Table 4.2: Age of Respondents

Age	Frequency	Percent
18 - 24 Years	23	13.1
25 - 34 Years	87	49.7
35 - 44 Years	56	32.0
45 Years and Above	9	5.1
Total	**175**	**100.0**

Source: Primary data, 2023

Table 4.2 reflects that out of a sample of 175 respondents, biggest proportion were in the age group 25-34 years with a percentage of 49.7, followed by age group 35 - 44 Years with a percentage of 32 then age group of 18-24 years and 45 and above with 13.1% and 5.1% respectively.

Table 4.3: Education level of Respondents

Level of education	Frequency	Percent
Primary	3	1.7
Secondary	17	9.7
Tertiary	59	33.7
Undergraduate	94	53.7
Masters	2	1.1
Total	**175**	**100.0**

Table 4.3 indicates that the biggest proportion of respondents was Undergraduates with a percentage of 53.7 and the lowest portion of respondents were master’s holders with a percentage of 1.1. Then tertiary with 59 respondents with a percentage of 33.7 and lastly respondents at secondary level are 17 with a percentage of 9.7.

4.2.4 Area of Education

Table 4.4: Area of Education

Area of Education	**Frequency**	**Percent**
Business	100	57.1
Education	42	24.0
Medical	14	8.0
Statistics and Engineering	16	9.1
Others like community trainings	3	1.7
Total	**175**	**100.0**

Source: Primary data, 2023

Table 4.4 indicates that the biggest proportion of respondents in area of education were in Business with a percentage of 57.1 and the lowest portion of respondents were in others with a percentage of 1.7. Respondents who offered education were 42 with a percentage of 24, then in medical, only 14 respondents were obtained with a percentage of 8, and finally 16 respondents were in statistics and engineering with a percentage of 9.1 others are the respondents who gained education through training from their family members and gained experience of doing the business.

4.2.5: Nature of Business

Table 4.5: Nature of Business

Nature of business	**Frequency**	**Percent**
Limited Company	18	10.3
Partnership	25	14.3
Sole Proprietorship	108	61.7
Family-owned Business	24	13.7
Total	**175**	**100.0**

Source: Primary data, 2023

Table 4.5 indicates that the biggest proportion of respondents in nature of Business were in sole proprietorship with a percentage of 61.7 and the lowest portion of respondents were in limited company with a percentage of 10.3.

4.2.6: Business duration

Table 4.6: Business duration

Business duration	**Frequency**	**Percent**
Less than a year	70	40.0
2 - 4 Years	73	41.7
5 years and above	32	18.3
Total	**175**	**100.0**

Source: Primary data, 2023

Table 4.6 indicates that the biggest proportion of respondents in Business duration were between 2-4 years with a percentage of 41.7 and the lowest portion of respondents were in 5 years and above with a percentage of 18.3.

4.3 Empirical Results

The researcher analyzed the research problem based on the research objectives. This study was guided by the following objectives: To assess the examine the relationship between financial accessibility and growth of SMEs in Makindye urban division, to examine the relationship between financial technology and growth of small and medium enterprises, to establish the relationship between financial literacy and growth of small and medium enterprises in Makindye urban division. The researcher used the analytical technique that would correctly address the research objective.

4.3.1 Financial Accessibility and Growth of SMEs in Makindye Division.

The first objective was to examine the relationship between financial accessibility and growth of SMEs in Makindye Division. In this section, the researcher presents the descriptive statistics on perceived level of financial accessibility by respondents and later correlation analysis between the study variables. It should however be noted that items/ Statements on the variables were measured on a five-point scale and therefor a mean score above the threshold of 3 shows high level of financial accessibility among respondents in Makindye division. The Financial accessibility descriptive findings are presented in the table 4.7.

Table 4.7: Descriptive findings of financial accessibility among respondents in Makindye Division.

Items	SD (%)	D (%)	NS (%)	A (%)	SA (%)	Mean	SD
This business has a bank account	52.6	18.9	2.3	21.1	5.1	2.0743	1.36465
I secured a business loan in last 12 months	37.1	50.3		7.4	5.1	1.9314	1.06452
Does interest rate influence how much you can borrow?	1.7	3.4	1.1	60.0	33.7	4.2057	0.77532
Does collateral security determine how much money you borrow from a financial institution	.6	.6	2.9	29.7	66.3	4.6057	0.63334
Do financial institutions consider the size of your business to give you a loan	.6	1.1	48.0	50.3	100.0	4.48	0.55543
Does accessibility to information influences access to financial services	.6	1.7	19.4	59.4	18.9	3.9429	0.70885
You agree or disagree that you easily access financial services from financial institutions	54.9	25.7	12.0	6.3	1.1	1.7314	0.97785

Source: Primary data, 2023

Table 4.7 presents the respondents opinion pertaining financial accessibility in Makindye division. It was established from the study that a bigger proportion of respondents disagreed on their businesses having bank accounts in Makindye division as indicated by a mean score value of 2.07 and a standard deviation of 1.36. The findings imply that most of the small-scale business owners in Makindye division don’t have business bank accounts.

Concerning securing business loans, the study found that a few respondents secured business loans with a mean score value of 1.93 and standard deviation of 1.06. This may imply that there is likely few businesses owner who secure bank loans in Makindye division for the last 12 months.

Concerning interest rate, it was established from the study that a bigger proportion of respondents agreed that interest rate has a big influence on how much money to be borrowed from the bank as indicated by a mean score value of 4.20 and a standard deviation of 0.77. The findings imply that most of the small-scale business owners in Makindye division don't borrow because of high interest rate offered by banks.

Concerning collateral security, it was established from the study that a bigger proportion of respondents agreed that collateral security was a big determinant if the bank is willing to give you a loan or how much to give as a loan from the bank as indicated by a mean score value of 4.60 and a standard deviation of 0.63. The findings imply that most of the small-scale business's owner in Makindye urban division don't borrow due to lack of collateral security needed by the bank.

Concerning financial institutions and size of the business, the study found that most of respondents agreed that financial institutions normally considered the size of the business to give you access to business loan services, with a mean score value of 4.48 and standard deviation of 0.55. This may imply that in Makindye Urban Division, there is likely few businesses owner who secure business loans from financial institutions due to their small-scale size.

Concerning accessibility to information, the study found that most respondents agreed that accessibility to information influenced easy access to business loans with a mean score value of 3.94 and standard deviation of 0.70. This may imply that there is likely few businesses owner who secure bank loans in Makindye division due to lack of access to information.

Concerning the extent of accessibility to financial services, the study found that a few respondents have access to financial services with a mean score value of 1.73 and standard deviation of 0.97. This may imply that there is likely few businesses owner who easily access financial services in Makindye division.

Correlation Analysis between Financial Accessibility and Growth of SMEs in Makindye Division.

The study examined the relationship between financial accessibility and growth of SMEs in Makindye Division. The findings are presented in the table 4.8 using Pearson correlation coefficient at 0.01 level of Significance.

Table 4.8: Pearson correlation coefficient between Financial Accessibility and Growth of SMEs in Makindye Division.

		Financial Accessibility	Growth of SME
Financial Accessibility		1	.203**
	Sig. (2-tailed)		.007
	N	175	175
Growth of SME	Pearson Correlation	.203**	1
	Sig. (2-tailed)	.007	
	N	175	175
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data, 2023

The results from the table 4.8 reveal that Financial Accessibility had a positive and significant relationship with growth of small and medium enterprise in Makindye division at 0.001 level of significance (r=0.203, P-Value (0.007) <0.01). This implies that there is a linear relationship between Financial Accessibility and Growth of SMEs in Makindye Division, meaning that as Financial Accessibility among SMEs increases also there is a growth of small and medium enterprise in Makindye division, there by rejecting the null hypothesis and the alternative is accepted.

4.3.2 Financial Technology and Growth of SMEs in Makindye Division

The second objective was to examine the relationship between financial technology and growth of SMEs in Makindye Division. In this section, the researcher presents the descriptive statistics on perceived level of financial   by respondents and later correlation analysis between the study variables. It should however be noted that items/ Statements on the variables were measured on a five-point scale and therefor a mean score above the threshold of 3 shows high level of financial technology among respondents in Makindye division. The Financial technology descriptive findings are presented in the table 4.9.

Table 4.9: Descriptive findings of Financial Technology among respondents in Makindye Division.

Items	SD (%)	D (%)	NS (%)	A (%)	SA (%)	Mean	SD
Am able to request for bank statements through my phone	45.7	25.7	9.1	14.9	4.6	2.0686	1.24839
mobile finance relieves me the problem of having to open a bank account	8.6	25.1	9.1	54.3	2.9	3.1771	1.10773
I have seen profit growth since I started saving with mobile money	6.3	34.9	25.7	30.9	2.3	2.88	0.99562
Mobile finance has enabled me gain enough finance to my business	9.7	28	16	41.7	4.6	3.0343	1.12902
I am able to make deposit to my bank account through mobile banking	10.3	29.7	28	28.6	3.4	2.8514	1.05628
Presence of mobile money and mobile banking has prevented theft of money that results from storing a lot of money at business premises	0.6	8	39.4	41.7	10.3	3.5314	0.80792
I am careful while selecting a financial product to use in my business	0.6	1.7	2.9	64.6	30.3	4.2229	0.63567

Source: Primary data, 2023

Table 4.9 presents the respondents opinion pertaining Financial Technology in Makindye division. It was established from the study a bigger proportion of respondents disagreed on being aware to use their phones to request for bank statements in Makindye urban division as indicated by a mean score value of 2.06 and a standard deviation of 1.24. The findings imply that most of the small-scale business owners in Makindye division don’t know how to request for bank statements through their phone.

Concerning mobile finance and opening a bank account, the study found that most respondents agreed that using mobile finance has relieved them the burden of going in bank to open up business account with a mean score value of 3.17 and standard deviation of 1.10. This may imply that most businesses owner use mobile finance than to secure bank accounts.

Concerning saving with mobile money and profit growth, the study found that most respondents disagreed that mobile money influenced their profit growth with a mean score value of 2.88 and standard deviation of 0.99. This may imply that most of business owners disagree that their profits increase due to saving with mobile money in Makindye urban division.

Concerning mobile finance and gaining enough finance to business, the study found that most respondents agreed that mobile financing made it easy to get enough finance into their business with a mean score value of 3.03 and standard deviation of 1.12. This may imply that most of small-scale business owners secure enough of financial services using mobile finance in Makindye urban division.

Concerning ability to make deposits to a business bank account through a mobile phone, the study found that most respondents disagreed that were not able to make deposits to their business bank account through their mobile phone with a mean score value of 2.85 and standard deviation of 1.05. This may imply that most of the small-scale business owners don't make their business deposits using mobile phones in Makindye urban division.

Concerning presence of mobile money and mobile banking on prevention of theft of business money, the study found that most respondents agreed that availability of mobile money and mobile banking has tried to prevent theft of money with a mean score value of 3.53 and standard deviation of 0.80. This may imply that most of the small-scale business owners keep their business money using their mobile money accounts in Makindye urban division.

Concerning being careful in selection of a financial product, the study found that most respondents agreed that were careful in selection of a financial product with a mean score value of 4.22 and standard deviation of 0.63. This may imply that most business owners are considerate about the financial products they use.

Correlation Analysis between Financial Technology and Growth of SMEs in Makindye Division

The study examined the relationship between financial technology and growth of SMEs in Makindye Division. The findings are presented in the table 4.10 using Pearson correlation coefficient at 0.01 level of Significance.

Table 4.10: Pearson correlation coefficient between Financial Technology and Growth of SMEs in Makindye Division.

		Financial Technology	Growth of SME
Financial Technology	Pearson Correlation	1	.208**
	Sig. (2-tailed)		0.006
	N	175	175
Growth of SME	Pearson Correlation	.208**	1
	Sig. (2-tailed)	0.006	
	N	175	175
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data, 2023

The results from the table 4.10 reveal that Financial Technology had a positive significant relationship with growth of small and medium enterprise in Makindye division at 0.001 level of significance (r=0.208, P-Value (0.006) <0.01). This implies that there is a linear relationship between Financial Technology and Growth of SMEs in Makindye Division, meaning that as Financial Technology among SMEs increases also there is an increase in the growth of small-scale enterprise in Makindye division, there by rejecting the null hypothesis and the alternative is accepted.

4.3.3 Financial Literacy and Growth of SMEs in Makindye Division

The third objective was to examine the relationship between financial literacy and growth of SMEs in Makindye Division. In this section, the researcher presents the descriptive statistics on perceived level of financial literacy by respondents and later correlation analysis between the study variables. It should however be noted that items/ Statements on the variables were measured on a five-point scale and therefor a mean score above the threshold of 3 shows high level of financial accessibility among respondents in Makindye division. The Financial literacy descriptive findings are presented in the table 4.11.

Table 4.11: Descriptive findings of Financial Literacy among respondents in Makindye Division.

Items	SD (%)	D (%)	NS (%)	A (%)	SA (%)	Mean	SD
I have easy access to an automatic teller machine (ATM)		0.6	1.7	35.4	62.3	4.5943	0.55809
My financial service providers serve me with respect.	0.6	5.7	15.4	50.9	27.4	3.9886	0.8441
I find it cheap to operate a bank account		2.9	17.7	50.9	28.6	4.0514	0.76013
I find it easy using the available financial services		0.6	0.6	62.3	36.6	4.3486	0.52379
I find it easy to transfer money via my mobile phone		0.6	1.7	64.6	33.1	4.3029	0.53039
I find it cheap switching from one bank to the other	1.1	10.9	67.4	17.7	2.9	3.1029	0.66154
I find it cheap to operate a mobile money account		0.6	6.9	62.9	29.7	4.2171	0.58599

Source: Primary data, 2023

Table 4.11 presents the respondents opinion pertaining financial literacy in Makindye division. It was established from the study that a bigger proportion of respondents agreed on easy access to automatic teller machine in Makindye division as indicated by a mean score value of 4.59 and a standard deviation of 0.55. The findings imply that most of the small-scale business owners in Makindye division know how to use the ATM.

Concerning respect from financial service providers, the study found that most respondents were respected by their financial service providers with a mean score value of 3.98 and standard deviation of 0.84. This may imply that there is likely to be a god relationship between small scale businesses owner and financial service providers in Makindye division

Concerning the cost of operating a bank account, it was established from the study that a bigger proportion of respondents agreed that was cheap to operate a bank account as indicated by a mean score value of 4.05 and a standard deviation of 0.76. The findings imply that most of the small-scale business owners in Makindye division are able to afford operating a bank account.

Concerning the use of available financial services, it was established from the study that a bigger proportion of respondents agreed that they find it easy to use the available financial products as indicated by a mean score value of 4.34 and a standard deviation of 0.52. The findings imply that most of the small-scale business owners in Makindye division easily access and use the available financial services.

Concerning transfer of money via mobile phone, the study found that most of respondents agreed that they have no problem with transferring the money through a mobile phone, and this is illustrated with a mean score value of 4.30 and standard deviation of 0.53. This may imply that in Makindye Urban Division, there is likely few businesses owner who don’t know how to transfer money via a mobile phone

Concerning switching from one bank to another, the study found that most respondents agreed that they can easily change from one bank to another, as illustrated with a mean score value of 3.10 and standard deviation of 0.66. This may imply that majority of small-scale business owners find it cheap to easily switch from one bank to another.

Concerning operating a mobile money account, the study found that majority respondents have knowledge and capacity to operate a mobile money account as illustrated with a mean score value of 4.21 and standard deviation of 0.58. This may imply that the biggest population of small-scale businesses owner in Makindye division are able to operate a mobile money account

Correlation Analysis between Financial Literacy and Growth of SMEs in Makindye Division

The study examined the relationship between **Financial Literacy** and growth of SMEs in Makindye Division. The findings are presented in the table 4.12 using Pearson correlation coefficient at 0.01 level of Significance.

Table 4.12: Pearson correlation coefficient between Financial Literacy and Growth of SMEs in Makindye Division.

		Financial Literacy	Growth of SME
Financial Literacy	Pearson Correlation	1	.405
	Sig. (2-tailed)		.008
	N	175	175
Growth of SME	Pearson Correlation	.405	1
	Sig. (2-tailed)	.008	
	N	175	175

Source: Primary data, 2023

The results from the table 4.12 reveal that Financial Literacy had a positive significant relationship with growth of small-scale enterprise in Makindye division at 0.001 level of significance (r=.405, P-Value (0.008) <0.01). This implies that there is a linear relationship between Financial Literacy and Growth of SMEs in Makindye Division, meaning that if Financial Literacy among SMEs was related to the growth of small-scale enterprise in Makindye urban division, there by rejecting the null hypothesis and the alternative is accepted.

CHARPTER FIVE
SUMMARY, DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter presents the summary of findings, conclusions based on the results obtained from the analysis and interpretation of the data collected in respect of financial inclusion and growth of small and medium enterprises in Makindye Urban Division Kampala Uganda. As well as recommendations of the study, limitations and areas of future study.

5.2 Summary of Findings

The study established that owners of SMEs are evenly distributed across different age groups, dominated by the age group between 25-34years, the most attained level of education is undergraduate and their area of education is mostly business with the life span for majority of SMEs is 5-10years. Most of SME’s structure is sole proprietorship, mostly dominated by male. In terms of funding, most SMEs derive it from family and friends, mobile loan services and other credit facilities like money lenders. Majority are classified under trade and service sectors.

The purpose of the study was to establish the relationship between financial inclusion and performance of SMEs in Makindye urban division. There is a weak positive and significant relationship between financial inclusion and growth of SMEs. SMEs are likely to grow and expand if they are financially inclusive by main financial players. Financial exclusion is a long-term factor that moves together with growth of SMEs. Therefore, it is more likely to negatively affect their ability to grow and expand since they are limited to access enough funds to use in their enterprises.

The correlational analysis indicates that financial accessibility had a weak positive relationship with the growth of SMEs influenced by three key factors among others as agreed or strongly agreed by the respondents which included interest rate charged on loan by financial institutions, collateral security, and size of the business was also among the key determinants used by banks. This shows that from the findings, interest rate, collateral security and size of the business are the main barriers of SMEs to access finance because they are required the financial institutions so as to be allowed to secure a loan.

On the second objective of the study which was financial technology and growth of small and medium enterprises, the correlational analysis indicates financial technology had a weak positive relationship with the growth of SMEs. this was also mainly determined by two key factors among others which included mobile money that is most used financial technology among the SMEs, mobile banking, the findings shows that mobile money and mobile banking are the most used services of financial technology by the SMEs in the area than going to banks. The study findings were consistent with those of Donner and Escobari (2018), who that the role of online transactions is to increase the economic growth of business.

And on the third objective of the study which was financial literacy and growth of small and medium enterprises, the correlational analysis indicates financial literacy had a low positive relationship with the growth of SMEs. this was mainly determined by three key factors among others which included ability to use the available financial product, ability to operate a bank account, and ability to operate a mobile money account. The findings show that most of the SME owners have some knowledge and are able to use the financial products.

5.3 Discussion of findings.

5.3.1 To assess the relationship between financial accessibility and growth of SMEs

The study sought to establish the relationship between financial accessibility and growth of SMEs. The findings indicated that, Financial Accessibility had a positive and significant relationship with growth of small and medium enterprise in Makindye division. This implied that there is a linear relationship between Financial Accessibility and Growth of SMEs in Makindye Division. The findings of the study agree with findings of Kelley and Nakosteen (2015), who noted that financial accessibility is not a problem as long as the borrowed money is invested in ventures with high rate of return. They however found out that for this to be achieved, a big amount of capital should be accessed by the borrowers in order for them to increase their levels of investment so as to enjoy economies of scale. Their finding was confirmed by Koech (2011), who found out that loan performance is influenced by the loan size and loan repayment period. According to him, the bigger the amount of borrowed money with longer repayment, period the better will be the liquidity of the enterprise as well as high levels of profitability that will be achieved after meeting the obligation of loan repayment. the findings of the study are consistent with Ayyagari et al., (2016) who established that SMEs are constrained financially and find it hard to access credit compared to large firms. The findings of the study agree with Waithanji (2014), who studied the relationship between of financial accessibility on the financial performance of small and medium enterprises in Kiambu County, Kenya. The study found that there is a direct relationship of financial accessibility and financial performance of the companies. The study also concludes that the enterprises benefit from loans from microfinance institutions, the SMEs seek financial assistance from the MFIs due to interest rate, easy loan repayment and amount offered.

Findings of the study also agree with the study by (Nakiyingi, 2010; MFPED, 2010; Muktar, 2017) who linked financial accessibility to performance of SMEs. They assert that the access to finance which is a component of operating expenses, profit motive, and inflation rate in the country significantly affects the performance of small and medium enterprises. This is measured in terms of level of output, level of revenue and level of employment depending on how the borrowed money is put to use. The findings of the study are consistent with Kakuru, 2015. who Investigated into financial accessibility and growth of SMEs in Uganda and from the findings of the study, he noted that Credit terms are unfavorable to SMEs from accessing loans. From the study carried out by (Yeboah, 2014), about financial accessibility and SMEs performance in developing countries, the study findings indicated that SMEs tend to be less exposed to Banks because they provide lower share of investment loans, and charge higher fees and interest rate. Findings also agree with Hasnah, et al., (2015), who investigated into the relationship between financial accessibility and performance of SMEs and found out that Collateral security seems to be the greatest hindrance to financial accessibility by SMEs. In Uganda, for example, the Bank of Uganda stipulates that all loans above a certain minimum must be adequately secured, with first-class guarantees or a bond over property as preferred by the security type, which most SMEs do not have.

However, the study findings disagree with then the study by Rahman et al., (2017) who established that collateral becomes a problem to borrowers depending on the period of maturity of the loans. These argue that loans with long-term maturity require higher collateral than those with short term maturity. The study findings also disagree with Duarte et al, (2016) who identified the effect of a reformed credit environment on collateral requirements in Eastern Europe and Central Asia. Findings of the study, also disagree with Piatkowski, (2020) who established that undertaking investment activities contributes much to enterprise performance, regardless of the source of financing. The study examined that SME owners considers bank requirements as the main determinant of financial access in Makindye Urban division as they depend on borrower's trust and credit history. Different authors present similar results with the current study on the association between financial accessibility and growth of SMEs. However, the current findings of the study do not clearly indicate whether SME owners are not bothered about credit terms offered by financial institutions because they are likely differed. Although it should be noted barriers to financial accessibility are linked to firms' specific effects and owners' specific effects. Therefore, there is need to harmonize in policies so as financial accessibility environment is favorable whole system, which includes SMEs, owners, and the financial players.

5.3.2 To assess the relationship between financial technology and growth of small and medium enterprises.

The study sought to identify the relationship between financial technology and growth of SMEs. The findings of the study indicated that financial technology had a positive and significant relationship with growth of small and medium enterprise in Makindye division. This implied that there is a linear relationship between financial technology and Growth of SMEs in Makindye Division. The findings of the study agree with Abbot (2021) who investigated the relationship between financial technology and credit usage by SMEs in Kenya and identified the increase in usage of fintech by SMEs which has enhanced efficiency in accessing credit facilities. The study findings are also in support of Ndugu, (2021) who used illustrative descriptive design to look at Fintech and SMEs growth in Kenya and noted that SMEs growth was linked to mobile money, mobile banking, digital lending and online banking. The study findings also agree with Nemoto et al., (2019) who) studied the relationship between financial technology and credit access by small and medium enterprises, and established that fintech can lead to higher financial access for SMEs. The findings of the study are also in consistent with Bosire et al., (2019) who analyzed the relationship between mobile money transfer services and SMEs growth in Nairobi City County. And found out that mobile finance services and loan services had a significant effect on growth of SMEs because of increase in convenience in receiving and payments also increases sales transacted and total revenue and safety. The study findings also agree with (Aron, 2018; Suri, 2017) who found out that introduction of mobile money is a promising solution to provide easier and cheaper access to financial services compared to other alternatives. Study findings are also consistent with Kimolo, et al., (2020), who studied fintech and growth of SMEs in Tanzania. Primary data was collected using interviews and questionnaires. Probit model was adapted. Fintech services enhanced access to short term credit facilities. In an urban setting, Beck et al, (2018) noted that mobile money adoption among enterprises enhance business growth and development through reduced risk of theft (compared to cash holdings) and more efficient and effective transfers.

5.3.3 To assess the relationship between financial literacy and growth of small and medium enterprises

The study sought to establish the relationship between financial literacy and growth of SMEs. The findings of the study indicated that financial technology had a positive and significant relationship with growth of small and medium enterprise in Makindye division. This implied that there is a linear relationship between financial technology and Growth of SMEs in Makindye Division. The findings are in support with Lusardi and Mitchell (2011), who studied the impact of literacy levels on entrepreneurs' performance revealed that persons of limited financial literacy are more prone to exploitations when it comes to debt management, savings and credit, and are not able to administer their resources competitively. Also study findings are consistent with Worthington, (2005) who observed that the level of education influences the level of financial literacy. Study findings also agree with Goswami et al., (2017) established that education assists entrepreneurs not only to manage the risk but also influences the value-added output and better financial access that promptly leads to the profitability which acts a safeguard against any undesirable failure of venture. The findings also support Mindra & Moya (2017) which found out that individuals with low level of financial literacy find it difficult to select and ultimately use financial products and services which limits achievement of Financial Inclusion. Malik (2017) who noted that financial literacy among enterprises improves performance to a greater extent and ACCA (2017) also found out that low levels of financial literacy among entrepreneurs and firms are a barrier on personal and business growth. Furthermore, the findings with in the study agree with findings of Esiebugie, et al., (2018), who found out that financial knowledge and attitude do affect performance of these enterprises both positively and significantly. The study also explains that an individual with such knowledge and the ability that apply it, are able to make well informed decisions and that may drive the organization into sustainable growth, survival and development.

Whereas, the findings of the study disagree with (Murendo et al., 2017; Mashizha et al., 2019) who showed that the old respondents had low level of financial literacy and encountered difficulties in improving their financial capabilities. The findings are not consistent with Mashizha et al., (2019) who established that financial literacy among entrepreneurs of micro and small enterprises was relatively low. The study findings also disagree with Mah (2020) who concluded that there is a negative but highly significant relationship between profit realization time and cash collection time from customers.

5.4 Conclusion

Under the first objective, the study examined the relationship between financial accessibility and growth of small and medium enterprises in Makindye Urban division Kampala Uganda. Based on the study findings, it is evident that there are significant challenges and limitations in accessing financial services for small and medium enterprises (SMEs) in the region. A large proportion of business owners do not have bank accounts, indicating a lack of formal financial inclusion. Furthermore, the number of business loans secured in the last 12 months is relatively low, suggesting limited access to financing options. The high agreement among respondents regarding the influence of interest rates and collateral security on borrowing from financial institutions indicates that these factors pose barriers to obtaining loans. Additionally, the study reveals that financial institutions consider the size of the business when providing loan services, which may disadvantage small and medium enterprises. Limited accessibility to information and financial services further hinders the growth and sustainability of SMEs in Makindye Division. Therefore, from the study it is concluded that there is a significant positive relationship between financial accessibility and growth of SMEs in Makindye Urban Division, thereby rejecting the null hypothesis.

The second objective sought to examine the relationship between financial technology and growth of small and medium enterprises in Makindye urban division Kampala Uganda. Basing on the findings of the study, it can be concluded that (SMEs) owners in Makindye Division have a mixed perception and adoption of financial technology. While some aspects are embraced, such as mobile finance as an alternative to traditional banking, there is limited awareness regarding requesting bank statements through mobile phones. Respondents also do not believe that mobile savings influence profit growth. On the positive side, mobile finance is seen as a convenient way to access funds, although making deposits through mobile phones is not widely adopted. Mobile money and banking are perceived as effective in preventing theft. The respondents display caution in selecting financial products. The correlation analysis confirms a significant and positive relationship between financial technology adoption and SME growth in Makindye Division, hence rejecting the null hypothesis.

The third objective of the study sought to establish the relationship between financial literacy and growth of small and medium enterprises. From the findings of the study, revealed that Financial Literacy had a low positive and significant relationship with growth of small-scale enterprise in Makindye division. Therefore, basing on the findings we concluded that financial literacy has a positive relationship with the growth of SMEs in Makindye Urban Division. this imply that SME owners in urban areas have knowledge about financial products in that its assumed that it may be the reason why these are still surviving the business. Also from the study, the correlation analysis confirms a significant and positive relationship between financial literacy adoption and SME growth in Makindye Division, hence rejecting the null hypothesis.

Finally, the main objective of the study was to examine the relationship between financial inclusion and growth of small and medium enterprises in Makindye Urban Division Kampala Uganda. Therefore, the major outcome of the study is that financial inclusion is significant in supporting SMEs growth however, is generally weak. The weakness appears from the cost of acquiring and servicing financial services, the difficulty in using some of the financial services, collateral security needed and the way financial providers treat financial users, lacking some degree of respect and dignity, high charges charged on mobile finance like mobile money.

5.5 Recommendations

From the findings of the study on the first objective, the study suggests that to improve financial inclusion and accessibility for SMEs in Makindye Division, the following recommendations should be implemented; Promote financial inclusion by encouraging SMEs to open bank accounts through targeted campaigns, financial literacy programs, and simplified account opening processes. Enhance access to business loans by developing tailored products with flexible options and reasonable interest rates, facilitated through collaborations between financial institutions and SME associations. Explore alternative financing options, such as microfinance institutions, venture capital firms, and crowdfunding platforms, to provide additional funding avenues and reduce reliance on collateral security. Strengthen information dissemination through partnerships with local government authorities, business associations, and technology platforms, ensuring SMEs have access to relevant and timely financial information. Support small-scale enterprises through programs, mentorship, and capacity-building opportunities to overcome challenges and enhance their growth potential. Foster public-private partnerships to address SME challenges, facilitating the development of policies, programs, and initiatives for growth and sustainability. By implementing these recommendations, the financial accessibility for SMEs in Makindye Division will be improved, leading to enhanced growth opportunities and greater sustainability for small and medium enterprises in the region.

About the second objective, to promote the adoption and utilization of financial technology among SMEs in Makindye Division and drive their growth, the following recommendations should be implemented: Enhance digital literacy and awareness through training programs and workshops, educating entrepreneurs on effectively using financial technology tools. Collaborate between financial institutions and mobile network operators to improve the accessibility and usability of mobile financial services, simplifying processes for opening mobile money accounts and ensuring reliable and secure mobile banking platforms. Communicate success stories to build trust and confidence in the benefits of mobile financial services. Enhance the functionality of mobile banking platforms, particularly in enabling seamless and secure deposit transactions, through collaboration between financial institutions and telecommunication companies. Foster collaboration among the government, financial institutions, and technology companies to promote innovation in financial technology, establishing incubation centers, funding initiatives, and regulatory frameworks. Conduct regular monitoring and evaluation of the impact of financial technology on SME growth, identifying gaps and using insights to inform future interventions and policy decisions. Implementing these recommendations will enhance the adoption and utilization of financial technology among SMEs, leading to improved growth opportunities, efficiency, and competitiveness for small and medium enterprises in Makindye Division.

On the third objective, to enhance financial literacy among small and medium business owners in Makindye Division and foster the growth of SMEs, a comprehensive approach is recommended. Financial institutions should prioritize expanding ATM accessibility, recognizing its crucial role in promoting financial literacy. Simultaneously, maintaining respectful behaviors by financial service providers is essential to build positive relationships and trust with customers. Reducing the costs associated with operating bank accounts would encourage greater adoption of formal banking services. Additionally, conducting education and awareness programs, with a focus on effective utilization of financial services and mobile banking, will enhance financial literacy. Mobile money providers should ensure user-friendly and accessible services for small and medium business owners. Streamlining the process of switching between banks and providing incentives would encourage exploration of different banking options. Finally, government and stakeholders should support initiatives and training programs to enhance the knowledge and skills of small and medium business owners in effective financial management. By implementing these recommendations, Makindye Division can make significant strides in improving financial literacy and driving the growth and development of SMEs in the region.

5.7 Limitations of the study

Various numbers of significant limitations were projected on this study. And one of the constraints of the study was lack of co-operation of some respondents who were unwilling to cooperate and perceiving the exercise as a waste of time due to the time taken to fill in the questionnaire as they may be very busy. This was addressed by accepting us drop the questionnaires and pick them later as agreed.

Time was also another limitation for the researcher exercise which was addressed by engaging a research assistant who was guided on how to collect the questionnaires back from the respondents after the agreed time.

Finally, the respondents had refused to provide confidential information relating to their growth due to business rivalry. This was addressed by assuring them that the data collected will be used for academic purpose only and not shared.

5.8 Contribution of the study

The study contributes to the existing literature about financial inclusion and growth of SMEs, though most especially contributes unique evidence in Makindye urban division Kampala Uganda the study provides a measurable relationship between financial inclusion and growth of SMEs this extends research on financial inclusion in developing economies.

5.9 Areas of future research

Financial capability and growth of small and medium enterprises in Uganda.

Firm size and financial accessibility on growth of SMEs in Uganda.

REFERENCES

Abanis, T., & Arthur, S. (2013). Financial management practices and business performance of small and medium enterprises in western Uganda. African Journal of Business Management, Vol., 7(38), 3875–3885.

Abbot, B. (2020). Financial technology and credit usage among small and medium enterprises in kisumu central business district, Kenya (Doctoral dissertation, UoN).

Abbott, P. (2021). Financial technology and credit usage by SMEs in Kenya. Journal of African Business, 1-19.

Abdulaziz & Worthington. (2013). Credit management and performance of microfinance institutions. A case study of Kenya Women Finance Trust.

Abiona, O., & Koppensteiner, M. (2020). Digital financial services and financial inclusion: A review. Journal of Economic Surveys, 34(5), 981-1010. doi: 10.1111/joes.12344

Adibangi, A. Y., & Wamala, B. (2020). Challenges and opportunities of small and medium enterprises in Kampala City, Uganda. Journal of Economics and Sustainable Development, 11(5), 222-232.

Aduda, J & Kalunda, E (2012). Financial Inclusion and Financial Sector Stability with Reference to Kenya; A Review of literature. Journal of Applied Finance and Banking, 2(6), 95-120

Aga, G. A, Francis. D & Rodriguez-Meza, J (2015). SMEs, age and Jobs: A review of the literature, Metrics and evidence. World Bank policy research working paper (7493)

Agarwal, S., Ambrose, B. W., Chomisengphet, S., & Liu, C. (2013). Financial Accessibility and Financial Performance of SMEs in Developing Countries. *Journal of Financial Intermediation*.

Agbim, K. C., & Osakede, I. O. (2019). Financial literacy and the performance of small and medium-sized enterprises (SMEs) in Nigeria. International Journal of Business and Management Review, 7(3), 1-10.

Agrigoroaei, S., Lee-Attardo, A., & Lachman, M.E (2017). Stress and Subjective age: Those with greater nancial stress look older. Research on aging, 39, 1075-1099.

Aguera, P. (2015). Financial Inclusion, Growth and Poverty reduction. ECAAS Regional Conference. Brazzavile , March 23, 2015

Aguila, E., Angrisani, M., &Blanco, L. R (2016). Ownership of a Bank account and Health of Older Hispanics. Economic Letters, 144, 41-44

Ahmed, A., & Cowan, K. (2021). The impact of fintech on SME finance. International Journal of Emerging Markets, 16(3), 491-517. doi: 10.1108/IJoEM-01-2020-0063

Ajonbadi, H. A. (2015). "Technological drive to small and medium enterprises (SMEs) growth in Nigeria" in 5th conference of Directors of Entrepreneurship Development Centers. IIorin, pp., 1–15.

Aketch, E.A., Basheka, B.C. and Bagire, V. (2017), "Transformation leadership style and performance of the hotel sector in Uganda: a cross-sectional survey", International Journal of TechnologyManagement,Vol.2No.2,pp.17-17.

Aketch, J., Kivuva, J., & Ogollah, K. (2017). Microfinance and poverty reduction in Kenya: evidence from the youth empowerment program. Journal of Poverty Alleviation and International Development, 8(1), 1-25.

Akeyewale, R. (2018). Who are the winners and losers in Africa's Continental Free Trade Area? World Economic Forum. www. weforum.org/agenda/2018/10

Akram, W., Hussain, I., & Mustafa, U. (2021). Financial constraints and performance of social enterprises in Pakistan. Social Enterprise Journal, 17(2), 153-169.

Alaxandre, C., & Eisenhart, L. C. (2013). Mobile money as an engine of financial inclusion and lynchpin of financial integrity. Washington journal of law, technology and arts, 8(3), 285–302.

Aldaba, R.M (2011), SMEs access to finance in selected East Asian Economies, ERIA research project report 2010-14, (pp.291-350. Jakarta: ERIA.

Aleksandr, K., Jaroslav, B., Ludmila, K., & Pavla, P. (2016). The entrepreneurial perception of SMES business environment quality in the Czech Republic. *Journal of Competitiveness*, *8*(1), 66–78.

Ali, S., Rashid, H., & Khan, M. A. (2014). The role of small and medium enterprises and poverty in Pakistan: An empirical analysis. Theoretical and Applied Economics, 21 (2014) (4(593)), 67-80.

Ali, Z., Gongbing, B. and Mehreen, A. (2019), "Supply chain network and information sharing effects of SMEs' credit quality on firm performance: do strong tie and bridge tie matter?", Journal of Enterprise Information Management, Vol. 32 No. 5, pp. 714-734, doi: 10.1108/jeim-07-2018-0169.

Allmark, P., & Machaczek, K (2015). Financial Capability, health and disability. BMC Public health, 15, 243

Amornkitvikai & Harvie. (2016). Effects of microfinance credit on the financial performance of Small and vMedium Enterprises in Kiambu County. www.google.com/search

Anand, V., & Kumar, R. (2018). Financial literacy and performance of small and medium enterprises: Evidence from India. Journal of Small Business Management, 56(2), 263-279.

Anditi, Z. (2014). Microfinance and poverty reduction: evidence from Kenya. International Journal of Humanities and Social Science Research, 4(4), 47

Andoh, C., & Obeng, V. (2018). Financial accessibility and growth of small and medium enterprises in Ghana. *Journal of Business Research*, 1(1), 9-19.

Andoh, K.F. & Nunoo, J. (2005). *Sustaining small and medium enterprises through financial service utilization.* Does financial literacy matter? Department of Economics, University of Cape Coast, Ghana

Arinaitwe, A., & Mwesigwa, R. (2015). Improving credit accessibility among SMEs in Uganda. *Global Journal of Commerce & Management Perspective, 4* (6), 22-30.

Arinaitwe, I. J., Ngabirano, S. W., & Asiimwe, E. (2019). Financial policies and growth of small and medium-sized enterprises in Uganda. International Journal of Business and Management Invention, 8(6), 47-56.

Arinaitwe, L., & Mwesigwa, R. (2015). Access to finance and growth of socially sustainable enterprises in Uganda. Journal of African Business, 16(1-2), 80-92.

Aron, J. (2018). Financial technology and the future of small business lending. Journal of Financial Stability, 35, 36-47. doi: 10.1016/j.jfs.2018.01.002

Aron, J. (2018). FinTech and Small Scale Enterprise Growth in Sub-Saharan Africa. Journal of African Business, 19(3), 372-393.

Aron, J., & Muellbauer, J. (2019). The Economics of Mobile Money: harnessing the transformative power of technology to benefit the global poor. Oxford Martin School. https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2019/10/GSMAHarnessing-the-power-of-mobile-money-to-achieve-the-SDGs.pdf

Association of Chartered Certified Accountants (ACCA). (2017). The economic case for financial literacy: Policy considerations for governments and stakeholders. ACCA.

Aterido, R., Hallward-Driemeier, M., & Pagés, C. (2009). Investment climate and firm performance in developing economies. Economic Development and Cultural Change, 57(1), 1-32.

Atkinson, A. (2011). Measuring financial capability using a short survey instrument: Instruction Manual. Personal Finance Research Centre, 1-18.

Awinja, N.N.and Fatoki, oil (2021). Effect of digital financial services on the growth of SMEs in Kenya. Africa journal of Empirical research, 2(1), 79-94

Awinja, V. M., & Fatoki, O. (2021). Assessing digital fintech services SMEs growth in Kenya. Journal of Small Business and Entrepreneurship Development, 9(1), 1-17.

Ayyagari, M.A., Demirguc-Kunt., & Maksimovic. (2016). “Access to finance and job growth: Firm level evidence across developing countries”, World Bank Policy Research Working Paper No. 7604

Balunywa, W (2012). Background: Entrepreneurship and Small-scale Enterprise growth in Uganda

Bansal, M., & Agarwal, N. (2020). Financial literacy and business performance of small and medium-sized enterprises in India. International Journal of Management, 11(1), 1-9.

Bates, R. H. (2005). Markets and states in tropical Africa: The political basis of agricultural policies. Berkeley: University of California Press.

Beck, T, A. Demirguc-Kunt and R. Levine (2004) "Finance, inequality and poverty" World Bank Policy Research Working Paper 3338.

Beck, T, A. Demirguc-Kunt and R. Levine (2007) "Reaching out: Access to and use banking services across countries" Journal of Financial Economics 85, 234-66.

Beck, T., & Demirguc-Kunt, A. (2006). Small and medium-size enterprises: Access to finance as a growth constraint. Journal of Banking & Finance, 30(11), 2931-2943.

Beck, T., Demirguc, A., & Levine, R. (2003). Small and medium enterprises, growth and poverty: Crosss-country evidence. World Bank Policy Research working Paper.

Beck, T., Demirguc-Kunt, A., & Maksimovic, V. (2014). Financing patterns around the world: Are small firms different? Journal of Financial Economics, 115(1), 143-172.

Beck,T & Cull, R (2014). SMES Finance in Africa. Journal of African Economies 23(5): 583ff

Ben Youssef, S. and Ochi, A. (2019). The Impact of Fintech on the Financial Management of SMEs: The Case of Tunisia. Journal of African Business, 20(4), pp. 471-488.

Berisha-Namani, V., & Krasniqi, B. (2017). The impact of financial literacy on small and medium-sized enterprises: Evidence from Kosovo. European Scientific Journal, ESJ, 13(30), 175-186.

Bhandari, L. C. (2018). Microfinance and rural development: a review of the evidence from India. Journal of Rural Development, 37(3), 317-330.

Blumenstock, J. E., Eagle, N., & Fafchamps, M. (2016). Airtime transfers and mobile communications: Evidence in the aftermath of natural disasters. Journal of Development Economics, 120, 157-181. doi: 10.1016/j.jdeveco.2015.12.007

Bosire, D. M., & Ntale, M. L. (2018). Mobile money transfer services and SMESs growth in Nairobi City County. Journal of Innovation and Entrepreneurship, 7(1), 1-11.

Bosire, J. M., & Ntale, J. F. (2018). Effect of mobile money transfer services on the growth of small and medium enterprises in informal sector of Nairobi County, Kenya. Int. J. Inf. Res. Rev, 5(3), 5326-5333.

BoU. (2016). Bank of Uganda Annual Report 2015/16. Annual Report for FY 2015/2016, June, P191

Castillo D, et al. (2009) Functional evaluation of serine 252 of Saccharomyces cerevisiae phosphoenolpyruvate carboxykinase. *Biochimie*91(2):295-9

Center for Financial Inclusion. (2018). Financial inclusion glossary. Center for Financial Inclusion at Accion. Retrieved 1 November 2020, from https://www.centerforfinancialinclusion.org/financial-inclusion-glossary [Google Scholar]

CGAP/World Bank Group. (2016). Financial access. Measuring access to financial services.

Charlie Gluckman. (2009). Measuring Financial Inclusion: Thinking Three Dimensionally. Toynbee Hall. Chattopadhay, S. K. (2011, July). Financial Inclusion in India: A case study of West Bengal. RBI working paper series 8/2011, 1-27

Chidi, C. & Shadare, O. (2011). Managing human capital development in small and mediumsized enterprises for sustainable national development in Nigeria. *International Journal of Management and Information Systems*, 15(2) 95-104.

Chowdhury M, Alam Z (2017). Factors affecting access to finance of Small and Medium Enterprises (SMEs) of Bangladesh. USV Annals of Economics and Public Administration 2(26):55-68.

Claessens, S., & Tzioumis, K. (2016). Measuring firms' financial accessibility. Paper presented at the financial accessibility: Building inclusive financial systems conference, organized by the Brooking Institution and the World Bank.

Corman, J. M., Pompe, P. P. M., & Bilderbeek, R. (1996). Prediction of financial distress in small and medium-sized enterprises. Journal of Business Venturing, 11(4), 321-347.

Cull,R., Ehrbeck, T. & Holle, N (2014). Financial Inclusion and Development: Recent Impact Evidence. Focus notes 92, Washington. D.C. CGAP

Damodaran, A. (2013). Financial inclusion: Issues and challenges. AKGEC International Journal of Technology, 4(2), 54-59.

Dandago, K. I., & Yahaya, M. A. (2018). Financial literacy and the performance of small and medium enterprises in Nigeria. Journal of Management and Social Sciences Research, 1(1), 1-12.

Daniel Agyapong1 and Albert Bampo Attram (2019) Effect of owner-manager's financial literacy on the performance of SMESs in the Cape Coast Metropolis in Ghana, *Journal of Global Entrepreneurship Research*, Issue 9:67.

Davydenko, I., Dvoychenko, A., & Pasko, O. (2017). Financial Accessibility and Performance of Social and Solidarity Economy Enterprises: Evidence from Ukraine. Journal of Social Entrepreneurship, 8(2), 202-222.

Davydenko, V.; Kaźmierczyk, J.; Romashkina, G. F.; Żelichowska, E. (2017). Diversity of employee incentives from the perspective of banks employees in Poland - empirical approach. *Entrepreneurship and Sustainability Issues.*

Demirguc-Kunt, A., Klapper, L., Singer, D., & Van Oudheusden, P. (2013b). The Global Findex Database 2013: Measuring Financial Inclusion around the World. World Bank Policy Research Working Paper, (6651).

Demirgüç-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. (2020). The use of financial technology by small and medium enterprises in developing economies. The World Bank. Retrieved from https://openknowledge.worldbank.org/handle/10986/34236.

Demirguc-Kunt, A., L. Klapper, D. Singer &P.V. Oudheusden (2015). The Global Findex Database 2014:

Demirgüç-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. (2020). The Global Findex database 2017: Measuring financial inclusion and opportunities to expand access to and use of financial services. *The World Bank Economic Review*, 34(Supplement 1), S2–S8.

Dennis, E. E., & Fernald, L. W. (2001). Growth, capital accumulation, and economic performance. American Economic Review, 91(2), 145-148.

Dev, S. M. (2006). Microfinance: the Indian experience. Economic and Political Weekly, 41(16), 1561-1568.

Djankov, S., La Porta, R., Lopez-De-Silanes, F., & Shleifer, A. (2002). The regulation of entry. The Quarterly Journal of Economics, 117(1), 1-37.

Donner, J., & Escobari, M., (2018). A Review of Evidence on Mobile use by Small and Micro Enterprises in Developing Countries. Journal of International Development, Vol.22, 641-658.

Dor eitner, G & Roble, (2018). The Financial Performance of the Health care industry: A Global regional and Industry Speci c Empirical Investigation. European Journal of Health Economics, 19(4):585-594.

Du, X., Zhang, M., and Wang, M. (2019). Mobile Banking and SME Credit Access: Evidence from China. Journal of Banking and Finance, 101, pp. 105-116.

Duarte, F. D., Gama, A. P., & Esperanca, J. P. (2016). Collateral-based in SMES lending: The role of business collateral and personal collateral in Less-Developed Countries. *Research in International Business and Finance,* 1–29.

Dugassa, T. G.(2012). The context of entrepreneurship education in Ethiopian Universities. Management Research Review 35(3/4) 225-244

Egesa, K. A (2010) Indigenous rms Survival in Uganda: Is there a role for increased technology use? Bank of Uganda working paper

Ekanem, I. (2010), "Liquidity management in small firms: a learning perspective", Journal of Small Business and Enterprise Development, Vol. 17 No. 1, pp. 123-138.

Ene, E. O., & Inemesit, D. (2015). Effect of corporate governance on financial performance of quoted firms in Nigeria. International Journal of Economics, Commerce and Management, 3(6), 1-12.

Esiebugie, U., Richard, A. T., & Emmanuel, A. L. (2018). Financial Literacy and Performance of Small and Medium Scale Enterprises in Benue State, Nigeria. International Journal of Economics, Business and Management Research, 2(04), 65–79.

Esiegbuya, O. J., Osabuohien, E. S., & Akinbobola, T. O. (2018). Financial literacy and entrepreneurship development among Nigerian undergraduates. Journal of Financial Economic Policy, 10(4), 574-588.

Eton E, Mwosi F, Mutesigensi D, Ebong CD (2017). Credit Financing and Performance of SMEs in Lira Municipality. Research Journal of Finance and Accounting 8(8):121-127

Eton, M., Mwosi, F, Mutesigensi, D., Ebong, C.D, (2017). Credit Financing and Performance of SMESs in Lira Municipality, Uganda. Research Journal of Finance and Accounting. ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Vol.8, No.8, 2017

Eton, M., Mwosi, F., Mutesigensi, D., & Ebong, C. D. (2018). Government interventions in supporting SMES growth in Lira district, northern Uganda. *International Journal for Emerging Research & Development*, *1*(2), 107–113.

Eton. M., Mwirumubi. R.,& Edaku, C. (2017) Challenges faced by development partners in supporting the growth and development of commercial enterprises in Lira district, Northern Uganda. Journal of Education and Practice. Vol.8, No. 11, pp 88-94 www.iiste.org

Eton. M., Mwosi. F., Mutesigensi. D.,& Ebong. C. D (2017). Credit financing and performance of SMEs in Lira Municipality, Uganda. Research journal of finance and accounting. Vol.8, No. 8, pp 121-127 www.iiste.org

Eton. M., Mwosi. F., Ogwel.B.P., Edaku. C & Obote. D (2018). Financial Inclusion and Women Empowerment in Uganda, A Case of lango Sub Region, Northern Uganda. Economics, Commerce and Trade Management: An International Journal (ECTIJ) Volume 2, No.1

Eton. M., Okello-Obura, C., Mwosi,F., Ogwel, B.P., & Ongia,F. (2019). Information and Communication technology Adoption and the Growth of Small Medium Enterprises in Uganda. Empirical Evidence from Kampala City Council

Authority. *International Journal of Academic Research in Business and Social Science*, 9(12), 877-893.

European Banking Authority. (2019). FinTech and the Future of SME Finance. Retrieved from https://www.eba.europa.eu/sites/default/documents/files/documents/10180/2545547/9d56c830-88af-484a-91b4-8c40fc81963f/Fintech%20and%20the%20Future%20of%20SME%20Finance.pdf

Farrokhian, R & Soleimani, F (2015) "Assessing Capabilities for innovation -the case of Iranian Kalleh meat Product Company" in international conference on operation excellence and service engineering, pp.23-32

Fatoki, O ,O & Smit, A.V.A. (2011). Constraints to Credit access by new SMEs in South Africa: A Supply-Side analysis. African Journal of Business Management (AJBM), Vol.5No. 4, pp.1413-1425

Fatoki, O. (2014). The impact of microfinance on small and medium enterprises (SMEs) in Nigeria. Journal of Small Business and Entrepreneurship Development, 2(1), 1-18.

Federal Reserve System. (2018). The Impact of FinTech on Small Business Lending in the United States. Retrieved from https://www.federalreserve.gov/econres/notes/feds-notes/the-impact-of-fintech-on-small-business-lending-in.

Financial Accessibility and the Growth of SMEs: Evidence from Emerging Markets" by Ahmed El-Masry, Ahmed El-Sayed, and Alaa El-Din Ahmed (2020)

Fowowe, B (2017), Access to finance and firm performance; evidence from African Countries. Review of development finance, 7(1), 6-17.

Fujita, M & Thisse J. F (2013). Economics of agglomerations: Cities, industrial locations from institutional theory, Research Policy, 43(4),772-791

Gabor, D., & Brooks, S (2017). The digital Revolution in financial inclusion: international development in the Fintech era. New Political Economy,22,(4), 423-436

Gamba, S., Karlan, D., and Zinman, J. (2019). Personalized Pricing and Product Customization. Management Science, 65(6), pp. 2713-2728.

Garcia, M (2016), "Can Financial Inclusion and Financial Stability Go Hand in Hand?" Economic Issues, 21(2): 81-103

Ghosh, S., & Vinod, D. (2017). Financial inclusion and the sustainability of microfinance institutions in India. Journal of Financial Services Research, 51(1), 81-96.

Gichuki JA, Njeru A, Tirimba OI (2014). Challenges facing Micro and Small Enterprises in accessing credit facilities in Kangemi Harambee market in Nairobi City Country Kenya. International Journal of Scientific and Research Publications 4(12):1-25.

Gluckman, C. (2009). Microfinance in Uganda: a challenge to poverty reduction? The Journal of Modern African Studies, 47(2), 263-287.

Gombarume F. B& Mavhundutse. S (2014). Challenges faced by small to medium scale enterprises: A case study of Chitungwiza, Zimbabwe. Greener Journal of Business and Management Studies 4(4):103-107

Goswami, M., Sharma, A., & Sharma, M. (2017). Financial literacy and its determinants: Evidence from Eastern India. International Journal of Financial Studies, 5(3), 21.

GOU. (2021). Second National Development Plan. In National Planning Authority Uganda.

GSMA(2017) Mobile money global event, Tanzania, 2017, Retrieved from.https://gsma.com/mobilefordevelopment/events/mobile-money-global-even

Gunarsih, T. Sayekti, F. &Dawenti, R.L, (2018). Financial Inclusion and Poverty Alleviation: Evidence From Indonesia. *International Journal of Economics, Business and Management Research*,Vol.2 (3)

Hasnah, Saniza, Jayaraman, & Ishaka. (2015). Effects of microfinance institutions on the growth of Small and medium enterprises in India

Hassan Al-Tamimi, H. A., & Anood Bin Kalli, A. (2009). Financial literacy and investment decisions of UAE investors. *Journal of Risk Finance*. https://doi.org/10.1108/15265940911001402

Hatch, M .J & Cunliffe, A. L (2012). Organization Theory: Modern, symbolic and Postmodern perspectives. Oxford University Press

Huang, Y. and Chen, Y. (2021). The Impact of Financial Accessibility on the Growth of SMEs: Empirical Evidence from China" by Xiaoyan Tan, Yinghua Zhao, and Hui Zhang (2020)

Ibor, O. G., Offion Mendie, U., & Okafor, G. O. (2017). Corporate governance and firm performance: Evidence from Nigerian listed firms. International Journal of Corporate Governance, 8(1), 32-52.

International Monetary Fund, (2018b). :Financial Inclusion in Asia Paci c," IMF Departmental Paper 18/17, Washington, DC

International Monetary Fund. (2017). World Economic Outlook, October 2017: Seeking Sustainable Growth: Short-Term Recovery, Long-Term Challenges. Washington, D.C.: International Monetary Fund.

Iqbal, S., & Tahir, M. (2017). Financial inclusion and the growth of small and medium enterprises: Evidence from Pakistan. Journal of Small Business Management, 55(4), 501-516.

Ishengoma, E. and Kappel, R. (2014). Linkages as Determinants of Industrial Dynamics and Poverty Alleviation in Developing Countries. In: Dey, D. (ed.): *Informal Sector in a Globalized Era*, Hyderabad, 89-199

Ishengoma, E.K. & Lokina, R. (2012). The Role of Linkages in Determining Informal and Small Firms' Performance: The Case of the Construction Industry in Tanzania Paper prepared for the 12th REPOA Annual Conference, Dar es Salaam

Joseph, A. A. (2018). Financial literacy and entrepreneurial orientation: A study of small and medium enterprises in Ogun state, Nigeria. Journal of Research in Business and Management, 5(1), 1-8.

Joseph, K. (2018). Effect of mobile technology on financial inclusion in Kitui County, Kenya. Journal of mathematical finance. Vol. 12 (1), 1-10

Kakuru, D. M. (2015). Financial accessibility and small and medium-sized enterprises: A case study of Uganda. Journal of African Business, 16(1-2), 105-120.

Kalema. (2013).The Impact of Bank Consolidation on Commercial Borrower Welfare. *Journal of Finance*.

Kamunge SK. NJeru A, Tirimba OI (2014). Factors affecting the performance of Small and Micro enterprises in Limuru Town Market of Kiambu County Kenya. International Journal of Scientific and Research Publication 4(12):1-20.

Kamunge, M.S., Njeru, A. & Tirimba, O.I (2014). Factors affecting the performance of Small and Macro enterprises in Limuru town market of Kiambu County. International Journal of Scientic and Research Publications, 4(12), 1-20

Kanyenze, G., Naggenda-Musana, A., & Ngabirano, D. (2011). Small and medium enterprises in Uganda: Sectoral, institutional and policy context. Africa Growth Initiative Working Paper, 14.

Karim, A., & Chowdhury, A. (2018). Financial accessibility and growth of small and medium enterprises in Bangladesh. Journal of Entrepreneurship, Business and Economics, 6(1), 1-16.

Karimi, S., Biemans, H. J., Lans, T., Chizari, M., & Mulder, M. (2017). The relationship between financial literacy, financial management practices, and financial well-being of SMEs. Journal of Small Business Management, 55(S1), 280-299.

Kasekende, L. and Opondo, H. (2013). Financing Small scale and medium enterprises (SMEs): Uganda's experience. Bank of Uganda.

Katongole, R. K., Lubega, J. T., & Oluka, R. (2017). Financial inclusion and the growth of small and medium-sized enterprises in Kampala, Uganda. Journal of Economics and Sustainable Development, 8(10), 145-153.

KCCA statistical abstract report 2018/2019.

Kelley, H., & Nakosteen, R. A. (2015). Financial accessibility and small-scale enterprise growth in the United States. Journal of Small Business Management, 53(4), 991-1009. https://doi.org/10.1111/jsbm.12128

Kennedy, P. (1985). A Guide to Econometrics (2nd ed.). Cambridge, MA: MIT Press.

Khan, S.R. (2011). Fighting poverty with Microcredit: Experience of the Grameen Bank and Other programmes in Bangladesh. Washington DC: World Bank

Kiconco, R. I., Rooks, G., Solano, G., & Matzat, U. (2019). A skills perspective on the adoption and use of mobile money services in Uganda. *Information Development*, 35(5), 724–738. doi:https://doi.org/10.1177/0266666918788908 [Crossref], [Web of Science ®], [Google Scholar]

Kim, S., Lim, H., & Kwon, O. (2018). Effects of microfinance on poverty reduction and economic development: an empirical investigation using panel data from South Korea. Asia-Pacific Journal of Financial Studies, 47(2), 239-262.

Kimolo, S., Shirima, A., & Mbowe, J. (2020). Fintech and growth of small and medium enterprises in Tanzania. International Journal of Business and Society, 21(S3), 1-15.

Klapper, L., Laeven, L., & Rajan, R. (2004). Business environment and firm entry: Evidence from international data. The Review of Economics and Statistics, 86(3), 764-780.

Koli, J., Kithinji, A., & Kiarie, D. (2019). Financial inclusion and growth of small and medium-sized enterprises in Kenya. Journal of Entrepreneurship and Innovation in Emerging Economies, 5(2), 168-181.

Koreen, M., & Nemoto, R. (2019). Financial technology and credit access by small and medium enterprises in Kenya. Journal of Innovation and Entrepreneurship, 8(1), 1-19.

Lois, P., & Annette, K. (2005). Business performance measures and their relationship to CEO compensation. Journal of Business Finance & Accounting,

Love, I & Martinez Peria. M, (2015). "How Bank Competition Affects Firms' Access to Finance" World Bank Economic Review 29(3)

Love, I &. Peria M.M.S, (2012) How Bank Competition affects rm's access to nance. World Bank Policy Research Working Paper, No 6163

Lusardi, A., & Mitchell, O. S. (2011). Financial literacy around the world: An overview. Journal of Pension Economics & Finance, 10(4), 497-508.

Madole, H. (2013). Impact of microfinance credit on the performance of SMESs in Tanzania. www.google.com/search

Mah, H. (2020). The Effect of Bookkeeping Literacy, Budgeting Literacy, And Financial Inclusion of SMES Financial Performance In Semarang. International Journal of Economics and Management Studies. https://doi.org/10.14445/23939125/ijems-v7i6p103

Malik, M. A. (2017). Role of financial literacy in entrepreneurship. International Journal of Research in Finance and Marketing, 7(9), 10-22.

Martinez, M.V. (2011). The Political Economy of Increasing Financial Access. Georgetown: Georgetown University Press

Mashizha, T., Muringani, V., & Munongo, S. (2019). Financial literacy and performance of small and medium enterprises in Zimbabwe: A gender perspective. International Journal of Small Business and Entrepreneurship Research, 7(1), 1-10.

Matolcho. Sand Angieni.B (2018). Effect of financial Technology on financial performance of banks in Kenya un published MBA project, university of Nairobi.

Measuring Financial Inclusion Around the World. World Bank Group Policy Research Working Paper 7255

Mehrotra, A., & Yetman, M. (2015). Financial inclusion and optimal monetary policy. Journal of Monetary Economics, 76, S1-S14.

Miller, M. (2013). Microfinance institutions and sustainable development: a review of the literature. Sustainable Development, 21(5), 323-335.

Mills, K. G., & McCarthy, B. (2017). FinTech and Small Business Lending: The Case of OnDeck. Harvard Business School Working Paper, No. 17-042.

Mindra, R., & Moya, M. (2017). Financial self-efficacy: a mediator in advancing financial inclusion. Equality, Diversity and Inclusion, 36(2), 128–149. https://doi.org/10.1108/EDI-05-2016-0040

Mlady, L. (2016). Consumer Protection Issues for Digital Financial Services in Emerging Markets. Banking & Finance Law Review, Vol. 31(2), 389-401.

Morgan, P. J., & Long, T. Q. (2020). Financial literacy, financial inclusion, and savings behavior in Laos. *Journal of Asian Economics*. https://doi.org/10.1016/j.asieco.2020.101197

Morse, A., Hallward-Driemeier, M., & Thompson, F. (2007). From creditors to shareholders: Reversing the pendulum of control in African enterprises. Journal of International Affairs, 61(2), 221-236.

Mugabi, F., Ssekiboobo, A., & Ssenyonga, J. (2020). Microfinance and Growth of Small and medium enterprises in Kampala City, Uganda. European Journal of Business and Management Research, 5(1), 17-27.

Muhumuza, F. X., Kavuma, J. M., & Nangoli, S. (2019). Financial inclusion and growth of small and medium-sized enterprises in Kampala, Uganda. Journal of Accounting and Finance in Emerging Economies, 5(2), 133-144.

Muktar, H. A. (2017). Financial accessibility and performance of small and medium enterprises in Nigeria. Journal of Finance and Accounting, 5(6), 315-321.

Murendo, C., Mabvure, T., & Gumbo, V. (2017). Financial literacy and its impact on entrepreneurial behavior: The case of Zimbabwe. Journal of Economics and Behavioral Studies, 9(2), 135-143.

Muriithi., M. S(2017). African Small and medium enterprises (SMEs) contributions, Challenges and Solutions. *European Journal of Research and Reection in Management Sciences*. Vol 5 No1.

Musau, M.W. (2012). Mobile money and socio economic development. Across –country investigation in sub-Saharan Africa, journal of international technology and information management 27(4), 36-65.

Muthoni, G. M. (2015). Microfinance and women empowerment: a study of microfinance institutions in Kenya. Journal of Economics and Sustainable Development, 6(1), 2222-2855.

Nakiyingi. (2010). Small business lending and the changing structure of the banking industry. *Journal of Banking and Finance*, 22(6), pp. 821-845

Nderitu & Githinji. (2015). The role of micro-finance in uplifting income Level: A study of district Okara --Pakistan. *Interdisciplinary journal of contemporary research in business*.

Ndugu, P. N. (2021). Effect of fintech on growth of small and medium enterprises in kiambu county, Kenya. Journal of business and management, 23 (8); 37-72.

Ndung'u, A. W. (2021). Fintech and SMEs growth in Kenya. Journal of Innovation and Entrepreneurship, 10(1), 1-18.

Ngugi (2015) Effect on innovations in mobile Banking and competitive Advantage in Kenya. un published MBA project university of Nairobi

Nicolini, G., & Haupt, M. (2019). The assessMEsnt of financial literacy: New evidence from Europe. *International Journal of Financial Studies*. https://doi.org/10.3390/ijfs7030054

Nkamnebe, A. D., Omeje, M., & Ofoegbu, O. I. (2021). Financing small and medium-sized enterprises: Evidence from social enterprises in Nigeria. Journal

Nkurunziza. (2015). Giving Women Credit: The Strengths and Limitations of Credit as a Tool for Alleviating Poverty. *World Development*. University Press, Kampala.

Nokukhanya Nkosi and Moses M. Nkondo (2021). "The Effect of Financial Accessibility on the Growth of Women-Owned SMEs in South Africa"

Nwanko, K. C., & Nwanko, O. O. (2014). The impact of macroeconomic variables on stock market performance in Nigeria: A factor analysis approach. African Journal of Economic and Management Studies, 5(2), 199-208.

Nyakaisiki, E. (2017). The role of government policies on small and medium-sized enterprises in Uganda: A case study of Kampala City. International Journal of Innovation and Economic Development, 3(3), 1-13.

Obert, C. P., & Siwale, J. (2018). Financial inclusion and growth of small and medium enterprises in Zambia. Journal of African Business, 19(4), 461-483.

Ocioo C. E., Akaba. S & Worwal-Brown D. Globalization and Competitiveness: Challenges of Small and medium enterprises (SMEs) in Accra, Ghana. International Journal of Business and Social Science 5(4): 287-296

Odhiambo, O. G., & Otieno, D. A. (2018). Mobile money, financial accessibility and growth of small and medium enterprises in Kenya. International Journal of Economics, Commerce and Management, 6(9), 37-48.

Odongo, J. (2014). Lending terms and financial performance of small and medium enterprises in Uganda: Case of Soroti district. *Research Journal of Finance and Accounting*.

OECD, (2010a) SMEs, Entrepreneurship and Innovation, OECD Publishing, Paris

OECD,(2016e), Job creation and Local economic development, OECD Publishing, Paris

Okech, Mitullah and Atieno. (2012). *Credit and reduction of poverty in Uganda. Structural adjustment Reforms in context*. Fountain Publishers, Kampala.

Olawale, F & Garwe, D (2010). Obstacles to the growth of new SMEs in South Africa: A Principal component analysis approach. www.academicjournals.org/ajbm

Olawale, Y. A., & Garwe, D. (2010). Obstacles to the growth of new SMEs in South Africa: A principal component analysis approach. African Journal of Business Management, 4(5), 729-738.

Osabohien, R., Odejimi, D., & Egbetokun, A. (2020). Financial literacy and the performance of small and medium-sized enterprises in Nigeria. Journal of African Business, 21(3), 357-375.

Osoro and Muturi, (2013). Factors affecting the distribution of micro-finance institutions in Ghana. *Journal of business and enterprise development*.

Othieno, L. O., & Ongori, H. (2018). Financial inclusion and growth of small and medium-sized enterprises in Kampala, Uganda. International Journal of Business and Management, 13(2), 123-133.

Otim, G., Nabafu, R., & Mukwaya, P. I. (2019). Challenges faced by small and medium enterprises in Uganda: A case study of Kampala City. Journal of Innovation and Entrepreneurship, 8(1), 1-15.

Ozili, P. K. (2021a). Microfinance institutions and financial inclusion in Nigeria. Journal of Economic Studies, 48(1), 94-108.

Panos, G. A., & Wilson, J. O. S. (2020). Financial literacy and responsible finance in the FinTech era: capabilities and challenges. European Journal of Finance. https://doi.org/10.1080/1351847X.2020.1717569 PSFU Annual Report, U. (2018). About Private Sector.

Park, C,-Y., & Mercado. R.V (2015). Financial Inclusion, Poverty, Income Inequality in Developing Asia ”Asian Development Bank Economics Working Paper 426.

Piatkowski, M. J. (2020). Results of SMESs Investment Activities: A comparative analysis among enterprises using and not using EU subsifies in Poland. *Administrative Sciences*, *10*(4), 1–26.

Pisa, M. (2013). Microfinance and poverty reduction: the case of South Africa. Development Southern Africa, 30(3), 311-325.

Popov, A & Rocholl. J, (2016). “Do credit shocks affect labour demand? Evidence for employment and wages during the financial crisis” Journal of Financial Intermediation 36(October):16-27

Rahman, M. M. (2015). SMEs and Networking: A Resource-based view perspective. Entrepreneurship, Micro-Multinationals, and International New Ventures.

Sahay, R., Malik, N., & Sarma, M. (2015). Microfinance and poverty reduction: a review of evidence from South Asia. Journal of Developmental Entrepreneurship, 20(3), 1-20.

Sahay,R., M .Cihak, P. N’Diaye, A. Barajas, S. Mitra, A. Kyobe,Y. NianMooi& S. Reza Youse (2015). Financial Inclusion: Can it Meet Multiple Macroeconomic Goals? IMF Staff Discussion Note 15/17, September

Sahoo, A. K., & Kumar, R. (2019). Financial literacy and performance of small and medium enterprises in India: A gender perspective. Journal of Entrepreneurship in Emerging Economies, 11(1), 74-96.

Sarma, M., & Pais, J (2011). Financial Inclusion and development. Journal of International Development, 23(5),613-628

Schmieder-Ramirez, J., & Mallette, L. A. (2017). Financial literacy and small business success: A critical analysis. Journal of Business and Entrepreneurship Development, 5(1), 1-14.

Sempala. R & Mukoki. J (2018) Determinants of Growth of Micro, Small and medium enterprises (MSMEs) in Developing Countries Evidence from Rubaga Division, Kampala District Uganda. SSRN Electronic Journal. January 2018

Shama, M. K (2016) Financial Inclusion: A Prelude to economic status of vulnerable group. International Journal of research- Granthaalayah, 4(12), 147-154

Shejero S (2016). Effect of competitive benefits is affected by technological innovations among. SACCO in Mombasa counts, Kenya, UN published MBA project: University Nairobi.

Siamm, M (2016). Capital structure and firm performance: Evidence from Malaysian listed companies, procedure social Behavioral sciences, 65(2012), 156-166.

Sok.P, Snell, Lee & Sok, (2017). Linking entrepreneurial orientation and small service rm performance through marketing resources and marketing capability: A moderated mediation model. Journal of service theory and practice, 27(1), pp-231-249

Straka, J., Birciakova, N., & Stavkova, J. (2015). Impact of SMEs on living standards of Czech Rural households. Economics and Sociology, 8(4), 51-64.

Suri, T. (2017). The Rise of Digital Money. Foreign Affairs, 96(1), 94-103.

Suriani, N., & Kuncoro, A. (2018). Financial technology and firm competitive advantage: evidence from Indonesia. Journal of Science and Technology Policy Management, 9(2), 132-146.

Swamy, A. V. (2014). Microfinance and economic development: a critical review. Journal of Developmental Entrepreneurship, 19(4), 1-19.

Terzi, N. (2015), Financial inclusion in Turkey. Academic Journal of Interdisciplinary Studies, Vol. 4(1), 269-276.

Tinarwo. R (2016) An Investigation into the challenges faced by Small to Medium Enterprises in Zimbabwe: A Case of Gazaland Market Journal of Business and management Vol. 18, 9(2) pp 148153

Turyahikayo, E (2015). Challenges faced by Small and medium enterprises in raising finance in

Turyakira, P., & Mbidde, C. I. (2015). Networking for SMEs in Uganda: A conceptual paper. African Journal of Business Management, 9(2), 43-49.

Turyakira, P., Mbabazi, R., & Muhumuza, F. (2021). Adoption of e-commerce among small and medium-sized enterprises in Kampala, Uganda. Journal of Small Business & Entrepreneurship Development, 9(1), 16-28.

Tushabomwe-Kazooba, B. (2006). The impact of family and owner management on profitability and employment in Ugandan SMEs. Journal of Small Business Management, 44(4), 473-488.

Uganda Bureau of Statistics – Report on the Census of Business Establishments (2010/2011), availableat:www.ubos.org/wpcontent/uploads/publications/03_20182010_COBE Report. Pdf

Uganda Business Impact Survey (2020), "Impact of COVID-19 on formal sector small and medium enterprises".

Uganda. International Journal of Public Administration and Management Research (IJPAMR), 3(2);21-33

Umar, A, (2013). Cross-Country variation in household access to financial services. Journal of banking and Finance 32 (1), 2493-2500

Wahyuni, S., & Ardhana, I. M. (2018). The effect of financial literacy on small and medium-sized enterprise (SME) performance: Evidence from Indonesia. Journal of Entrepreneurship Education, 21(1), 1-10.

Waithaka, M. J., & Njeru, A. (2015). Effects of informal finance on the performance of small and medium enterprises in Kiambu County. *International Journal of Scientific and Research Publications.*

Waithanji, S.W. (2014). Small Business Start-Ups: Success Factors and Support Implications. *International Journal of Entrepreneurial Behavior and Research,* Wanjoice, s (2016). Effect of financial Technology and comparative advantage of Banks in Kenya, UN published MBA project: university of Nairobi.

World Bank (2019). Global Findex Database 2017. Retrieved from https://globalfindex.worldbank.org/.

World Bank Group. (2018). The Impact of Fintech on SME Finance. Retrieved from https://openknowledge.worldbank.org/handle/10986/29447

World Bank, (2010) World Bank Enterprise Survey, 2010. Washington DC: World Bank

World Bank, (2012) Financial system and development: World development report. New York: Oxford University Press

World Bank, (2014) Finance for all? Policies and Pitfalls in expanding access. World Bank Policy Research Report. Washington, DC: World Bank

World Bank, (2016) "Competition in the GCCSMES lending Markets: An Initial Assessment". Middle East and North Africa Region GCC Country Unit report, Washington, DC

World Bank, (2018), "Doing Business 2018, Reforming to create Job," A World Bank Group Flagship Report

World Bank, (2018). Financial Inclusion. World Bank Website: http://www.worldbank.org/en/topic/nancialinclusion/overview

World Bank. (2015). *Engendering Development – Through Gender Equality in Right, Resources and Voice.* New York: Oxford University Press.

World Bank. (2017). Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. Washington, DC: World Bank Group.

Worthington, A. C. (2005). Financial literacy and risk tolerance: Evidence from Australia. Accounting, Finance, and Governance Review, 6(3), 1-14.

Yang, C., Wu, J., Wu, Y., & Liu, Y. (2019). Microcredit and small enterprise growth: Evidence from China

APPENDICES

APPENDIX 1: QUESTIONNAIRE

Dear respondent.

I am Turinawe Abdulsalamu an MBA (Finance and accounting) Student from a post graduate school at Kampala International University (KIU) wish to conduct a study on your organizations about FINANCIAL INCLUSION AND GROWTH OF SMALL AND MEDIUM ENTERPRISES IN MAKINDYE URBAN DIVISION – KAMPALA UGANDA. The information given is purely needed for academic purposes because it's a requirement to carry out a research study in order to attain a master's degree and therefore will be treated with utmost confidentiality. I humbly request you to spend a few minutes and answer this questionnaire.

Your cooperation will be highly appreciated.

PART A: General Information about the business.

NB: to be answered by SME owners.

1. Name of Business ……………………………?

2. What is your gender?

a) Male ☐

b) Female ☐

3.What is your age?

a) 18-24 years ☐

b) 25-34 years ☐

c) 35-44years ☐

d) 45 years and above ☐

4.What is your education level?

e) Primary ☐

f) Secondary ☐

g) tertiary (college) ☐

h) university (undergraduate) ☐

i) Masters ☐

j) Others (specify)…………………………………………

0. Area of education;

a) Business

b) Education

c) Medical
d) Statistics and engineering
e) Others specify……………………………………..

1. How long have this business been in existence?
   a) Less than 1year ☐
   b) 2years- 4years ☐
   c) 5years and above ☐

7. Nature of business.

   (Please tick as appropriate)

   a) Limited company ☐
   b) Partnership ☐
   c) Sole proprietorship ☐
   d) Family-owned business ☐
   e) Others (specify)

9. What are the challenges faced by this business? (specify)

SECTION B

Please mark the given statements according to your level of agreement. The numbers 1-5 represent levels of agreement from strongly disagree to strongly agree as detailed in Table 1 below Table 1: Levels of agreement.

code	Strongly disagree	disagree	Not sure	agree	Strongly agree
status	1	2	3	4	5

SN	Determinants of SMEs growth	1	2	3	4	5
A	**Profitability**					
AP1	The business is profitable					
AP2	Expects profits to increase by more than 40% this year					
AP3	The business has clear key growth indicators					
AP4	The business pays tax on profits					
B	**Sales growth**	1	2	3	4	5
BS1	The business objective is sales maximization					
BS2	Income from sales always exceeds the expenses					

BS3	The business has a sales team in place					
BS4	Anticipates to have a sales increase by more than 40% this year					
C	**Market share**	1	2	3	4	5
CM1	Carries out marketing research					
CM3	The business customers are retained					
CM4	The Customers prefer your products to those of competitors					

SN	**Determinants of Financial inclusion**	**1**	**2**	**3**	**4**	**5**
Z	**Financial accessibility**	**1**	**2**	**3**	**4**	**5**
ZF1	This business has a bank account					
ZF2	I secured a business loan in last 12 months					
ZF3	Does interest rate influence how much you can borrow?					
ZF4	Does collateral security determine how much money you borrow from a financial institution					
ZF5	Do financial institutions consider the size of your business to give you a lone					
ZF6	Does accessibility to information influences access to financial services					
ZF7	You agree or disagree that you easily access financial services from financial institutions					
Y	**FINANCIAL TECHNOLOGY**	1	2	3	4	5
YF1	Am able to request for bank statements through my phone					
YF2	mobile finance relieves me the problem of having to open a bank account					
YF3	I have seen profit growth since I started saving with mobile money					
YF4	Mobile finance has enabled me gain enough finance to my business					
YF5	I am able to make deposit to my bank account through mobile banking					

YF6	Presence of mobile money and mobile banking has prevented theft of money that results from storing a lot of money at business premises					
YF7	I are careful while selecting a financial product to use in my business					
X	**FINANCIAL LITERACY**	1	2	3	4	5
XF1	I have easy access to an automatic teller machine (ATM)					
XF2	My financial service providers serve me with respect.					
XF3	I find it cheap to operate a bank account					
XF4	I find it easy using the available financial services					
XF5	I find it easy to transfer money via my mobile phone					
XF5	I find it cheap switching from one bank to the other					
XF6	I find it cheap to operate a mobile money account					
XF7	I find it easy to make payments to my service providers					

Special Thanks to you

APPENDIX II: DOCUMENTARY CHECKLIST

1. SME performance reports
2. Receipt books
3. Loan accessibility files
4. Revenue reports
5. Business directories
6. Journals
7. Abstracts
8. Financials.

APPENDIX III: BUDGET ESTIMATE

The study costs will total up to Ushs 1, 260, 000/=

ITEM	COST PER UNIT	TOTAL COST (UGX)
Library	50,000	50,000
Transport	200,000	600,000
Communication	50,000	50,000
Photocopy	100,000	100,000
Printing	150.000	150,000
Binding	50,000	50,000
Internet	50,000	50,000
Miscellaneous	200.000	200,000
Total		1,260,000

APPENDIX IV: WORK PLAN

ACTIVITY	**TIME IN MONTHS**						
	JAN	**FEB**	**MARCH**	**APRIL**	**MAY**	**JUNE**	**JULY**
Proposal writing							
Questionnaire design							
Data collection							
Coding and analysis							
Submission							

APPENDIX V: SAMPLING TABLE

Table for determining sample size from a given population by Krejcie& Morgan (1970)

Table for determining sample size from a given population					
N	***S***	***N***	***S***	***N***	***S***
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	200	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note: N is population size S is sample size

APPENDIX VI: INTRODUCTORY LETTER

KAMPALA INTERNATIONAL UNIVERSITY

Ggaba Road, Kansanga * PO BOX 20000 Kampala, Uganda
Tel: 0709654233/0774393791 Fax: +256 (0) 41 - 501974
E-mail: dhdrinquiries@kiu.ac.ug * Website: http://www.kiu.ac.ug

Directorate of Higher Degrees and Research
Office of the Director

Our Ref. 2021-01-03194

Tuesday 7th February, 2023

Dear Sir/Madam,

RE: INTRODUCTION LETTER FOR TURINAWE ABDULSALAMU
REG. NO. 2021-01-03194

The above mentioned student is a student of Kampala International University pursuing a Master's Degree in Business Administration.

The student is currently conducting a research study titled, "***Financial Inclusion and Gruth of Small-Scale Enterprises in Makindye Division, Kampala Uganda***".

Your organization has been identified as a valuable source of information pertaining to the research subject of interest. The purpose of this letter therefore is to request you to kindly cooperate and avail the student with the pertinent information needed. It is our ardent belief that the findings from this research will benefit KIU and your organization.

Any information shared with the researcher will be used for academic purposes only and shall be kept with utmost confidentiality.

I appreciate any assistance rendered to the researcher

Yours Sincerely,

KAMPALA INTERNATIONAL UNIVERSITY
07 FEB 2023
DIRECTOR
DHDR
P.O. BOX 20000, KAMPALA

Ibrahim Abdullahi, PhD
Director

C.c. DVC-Academic Affairs
Principal-CEM

APPENDIX VII: ACCEPTANCE LETTER

KCCA
KAMPALA CAPITAL CITY AUTHORITY
For a better City

OFFICE OF THE TOWN CLERK
MAKINDYE DIVISION URBAN COUNCIL
TEL: 0204660063

REF: KMD/KCCA/317

March 2nd 2023

Mr. Turinawe AbdulSalamu
Kampala University,
KAMPALA

TEL: 0705-687496

PERMISSION TO CARRY OUT RESEARCH

Reference is made to your letter dated 23rd February 2023 requesting for permission to carry out research on "**FINANCIAL INCLUSION AND GROWTH OF SMALL SCALE ENTERPRISES IN MAKINDYE URBAN DIVISION**."

This is therefore, to inform you that your request has been granted. Please note that the findings are only for study purposes and you will be required to observe confidentiality in whatever you do.

Paul Zimbe
FOR: TOWN CLERK

P.O. Box 7010 Kampala - Uganda
Plot 1-3 Apollo Kaggwa Road
Tel: 0204 660 000 SMS code: 7010
Toll free line: 0800990000
WhatsApp: 0794 274 444, Email: info@kcca.go.ug