UGANDA MANAGEMENT INSTITUTE

ECONOMIC FACTORS AFFECTING THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN KATWE, KAMPALA, UGANDA

BY

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DECLARATION

I, **Sheila Nshemereirwe,** declare that this thesis is my own original work and that it has not been presented and will not be presented to any other University for similar or any other degree award

Sign…………………………………………..

Date………………………………………….

APPROVAL

We, the undersigned, certify that we have read and here by recommend for acceptance by Uganda Management Institute a dissertation by Sheila Nshemereirwe titled *"the factors affecting the performance of Small and Medium Enterprises in Katwe, Kampala Uganda"* in partial fulfillment of the requirements for the award of the degree of Masters in Business Administration

Dr. Florence Bakibinga Sajjabi (Mrs)

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Dr. Michael Kiwanuka

Sign………………………………………….

Date……………………………………………..

DEDICATION

This research work is dedicated to all those who are struggling to fulfill their academic ambitions in Uganda.

ACKNOWLEDGEMENT

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LIST OF ABBREVIATIONS

AAA	Analytical and Advisory Assistance
BDS	Business Development Services
BOD	Board of Directors
CSO	Civil Society Organization
CVI	Content Validity Index
EAC	East African Community
GoU	Government of Uganda
HRM	Human Resource Manager
ICT	Information and Communication Technology
KCCA	Kampala Capital City Authority
MDGs	Millennium Development Goals
ME	Monitoring and Evaluation
NGOs	Non-Governmental Organizations
PSR	Public Sector Reform
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Scientists
TTL	Task Team Leader
UBOS	Uganda Bureau of Statistics
VAT	Value Added Tax
WBI	World Bank Institute
WBG	World Bank Group

ABSTRACT

The study examined the economic factors affecting the performance of Small and Medium Enterprises (SMEs) in Katwe, Kampala, Uganda. The study was premised on the following research objectives: to establish the relationship between business planning and the performance of Small and medium Enterprises in Katwe, Kampala, to examine the relationship between access to credit and the performance of Small and medium Enterprises in Katwe, Kampala and to establish the relationship between market information and access and the performance of Small and medium Enterprises in Katwe, Kampala.. The study adopted a descriptive cross sectional survey design where both quantitative and qualitative approaches were used. In this study, a total number of 109 respondents were expected but 61 respondents returned the survey instruments representing a response rate of 55.9%. The data was collected using questionnaires and interviews and analysis was done using Pearson correlation coefficients. Qualitative analysis was done using content and thematic analysis. Findings revealed that there is a positive significant relationship between business planning and performance of SMEs in Katwe, the coefficient is 0.688^{**} and $p = 0.000$. Thirdly it was revealed that there is a positive significant relationship between access to credit and performance of SMEs in Katwe, the coefficient is 0.777^{**} and $p = 0.000$. Thirdly it was observed that there is a positive significant relationship between market information and performance of SMEs, the coefficient is 0.422^{**} and $p = 0.000$. Study findings revealed the SME owners draw budgets before starting businesses. It was concluded that: It was observed that management of SMEs set goals before beginning this business. It was observed that very few SMEs keep books of account in their business. Findings revealed the interest rates are high and SMEs can't benefit fully from the loans they get from the financial institutions. It was recommended that: there is need to introduce best value planning. Payment processes should be well defined and efficient; appropriate checks and authorization processes should be put in place for paying invoices. The loans should be given at low interest rates since most of the SME owners cannot afford loans at high interest rates.

CHAPTER ONE

INTRODUCTION

1.1   Introduction

Many nations both developed and developing exteriorized that the small industry sector is a useful vehicle for growth, in the latter for the creation of new employment opportunities on a wide scale in the shortest possible time. The role played by the small and medium enterprises in the economic activity of Uganda is significant. Small and Medium Enterprises account for approximately 80 percent of the private sector industrial workers and hence occupy an important position in the industrial structure of Uganda. Many small scale businesses are started and they close after a short while (Lunna, 2016). This study focused on examining the factors affecting the performance of small and medium enterprises in Uganda. The chapter presents the background to the study, statement of the problem, objectives of the study, research questions, research hypotheses, conceptual framework, significance, scope of the study and definitions to key terms and concepts.

1.2   Background to the Study

This section presents the background divided into four perspectives, the historical, theoretical, conceptual and contextual

1.2.1   Historical Background

Small and medium enterprises worldwide have been recognized as engines of growth and development and in many countries there are some considerable effort to support them so as to create the necessary employment opportunities, incomes and productive capacity. The history of small scale enterprises dates back at the time of the industrial revolution in 1850s. Most Small and Medium Enterprises were started as small factory workshops

(Ruthrock, 2013). They had a number of challenges for example lack capital or have inadequate capital to buy the stock and equipment to most of these industries. Securing loans from the financial and non-financial institutions took time and in most cases was only on paper. Despite the capital shortage factor, the SMEs continued to survive and perform (Dedan, 2013).

 In the United States, the SMEs became common in 1782 having fewer than 500 employees for manufacturing businesses and less than 7 million US Dollars in annual receipts for most non-manufacturing businesses. In addition to number of employees, other methods used to classify small companies included annual sales (turnover), value of assets and net profit (Lepoutre & Aimé, 2006)

In the 1920s , the SMEs in India were classified into two categories those using power with less than 50 employees and those not using power with the employee strength being more than 50 but less than 100. In India, about 45% of total export earnings were contributed by micro and tiny enterprises (National Research Development Corporation, 2008). This is true in many countries worldwide that the small enterprise plays an important role in job creation and income generation. However, the capital resources invested on plant and machinery buildings have been the primary criteria to differentiate the small scale industries from the large and medium scale industries. An industrial unit can be categorized as a small scale unit if it fulfills the capital investment limit fixed by the Government of India for the small scale sector. As per 2010, small scale industries in India mostly experienced problems to do with inadequacy of capital, and failure to draw business plans (Sullin, 2011).

In East Africa, SMEs were started as early as 1930s following the introduction of Rupees. By independence time in the 1960s, the industries were playing a stellar role in the economic development of the region but the SMEs had challenges with the management

functions. However, the nature and characteristics of small scale businesses in East Africa differ from country to country and from industry to industry and so does the legal definition of SMEs (Rumumba, 2015). Each SME today in East Africa requires a business plan but given the lack of good entrepreneurship skills, many do not draw the business plans. Many feel their businesses can prosper without business planning (Rumumba, 2015).

In Uganda, small scale industries were the backbone during the times of the initiation of cooperative societies in 1940s, 1950s and 1960s. There were no clear national policies for small and medium enterprises (SMEs) and industrial development at the time. Today, Small and Medium Enterprises (SMEs) are reported to contribute about 20% of Uganda's GDP (Tulip and Bitekerezo, 2003). They employ fewer than five persons and as many as 90% of the non-farm private sector workers. Since then, the number of Small scale businesses in Uganda has grown from 800,000 in 1995 to about 2,000,000 in 2002. These serve about 6,000,000 people at business and household level of the 26.3 million (Bitekerezo, 2003). This figure may be much higher given that Uganda's GDP is constituted by mostly agricultural production. This is mainly by small holders who may not even fit in the definition of micro and small businesses. Besides, a great component of GDP is non-monetized and largely subsistence, it is possible that the contribution of both micro and small units is much larger than 20%.It is also reported by the Ministry of Planning and Economic Development (1992) that over 80% of Uganda's manufacturing output is by SMEs. The sector also employs up to 2.6 million people in Uganda (Uganda Investment Authority, 2006).

In Katwe, the major activities of SMEs are buying produce, market vending, catering and confectionery, shop keeping, second hand clothing, health/herbal services, secretarial services, telephone services, handicraft, transport, mechanics, welding, car repair and

many others. The majorities of these operate in shared premises and are set up before they get licenses. Ownership and management is on family basis and as such has a small scale operation. It is labor intensive and skills are acquired on the job, often using adapted technology. According to Kagugube (2011), more than 50 percent of them fight an uphill battle from the start and fail in the first five years with one of the major cause of failure to perform being harsh monetary policies. This is a common scenario for Ugandan small businesses, as most of them never celebrate their first anniversary. Lack of skills in business management and inadequate business planning is killing off most of the small scale enterprises in Uganda (Birungi, 2004).

According to Okello (2007) SMEs are a major component of the Uganda's business sector that sustained the economy through the hard times when all the different sectors of the economy were in disequilibrium. An SME in Uganda, is an enterprise or firm employing less than 5 people but with a maximum of 50 employees and with a value of assets excluding land, building and working capital of less than 50 million shillings (U S Dollars 30,000), and the annual income turnover of between Uganda shillings 10 – 50 million (U S Dollars 6,000 – 30, 000) (Bank of Uganda Sector Report, 2007). The same report describes a medium enterprise as one that employees between 50 – 100 employees. The purpose of the study was to examine the factors affecting the performance of Small and Medium Enterprises in Katwe, Kampala, Uganda

1.2.2 Theoretical Background

The study was underpinned by the Theory of Modernization by Raham (1993) and Rostow's Social Economic Theory (1960). The Theory of Modernization emerged from the field of program theory and program evaluation in the mid-1990s by Raham as a new way of analyzing the theories motivating programs and initiatives working for social and political change (Sulin, 2011). Theory of Modernization is focused not just on generating

knowledge about whether a program is effective, but also on explaining what methods it uses to be effective. Theory of Modernization as a concept has strong roots in a number of disciplines, including environmental and organizational psychology, but has also increasingly been connected to transformation (Dedan, 2013). Theory of Modernization (ToM) is a specific type of methodology for planning, participation, and evaluation that is used in the philanthropy, not-for-profit and government sectors to promote social change. Theory of Modernization defines long-term goals and then maps backward to identify necessary preconditions. Theory of Modernization can begin at any stage of an initiative, depending on the intended use (Sulin, 2003). A theory developed at the outset is best at informing the planning of an initiative.

In relation to this study, the theory provides the basis for identifying what type of activity or intervention will lead to the outcomes identified as preconditions for achieving the long-term goal. Through this approach the precise link between activities and the achievement of the long-term goals are more fully understood. This leads to better planning, in that activities are linked to a detailed understanding of how change actually happens for example in small industries. It also leads to better evaluation, as it is possible to measure progress towards the achievement of longer-term goals that goes beyond the identification of program outputs. Small and medium enterprises are considered the best engine of growth and development. They have a number of challenges for example lack capital or have inadequate capital to buy the stock and equipment to most of these industries. Securing loans from the financial and non-financial institutions takes time and in most cases was only on paper making them skip vital stages of growth. Despite the capital shortage factor, the SMEs continued to survive and perform.

Rostow's Social Economic theory (1960) looks at the state as the central actor in bringing about modernization in societies that are backward. Rostow postulated a five stage model

of development that will be able to apply to backward regions (Rostow, 1960). The theory advocated for a nation to focus and empower its people to rely on an activity where it has potential. In relation to this study, this theory is vital in the sense that it is concerned with the idea that a country is able to develop economically by focusing on the resources that are in short supply in order to expand beyond local industries to reach global market and finance the country's further development to bring about economic growth. This will help to stimulate economic development. Fifty percent (50%) of SMEs fight an uphill battle from the start and fail in the first five years with one of the major cause of failure to perform being harsh monetary policies. This is a common scenario for Ugandan small businesses, as most of them never celebrate their first anniversary. Lack of skills is killing off most of the small scale enterprises in Uganda. For SMEs to survive there is need to carefully observe the stages of growth. It is the modernization theory and Rostow's Social Economic theory of 1960 that underpinned this study and was further expanded in chapter two under the sub section of theoretical review.

1.2.3   Conceptual Background

This section explores the key concepts in this study which are factors affecting the performance of SMEs and the performance of SMEs. According to Luuna (2009), an SME is a business or project which is created on either a small budget or for a small group of people. Allen (2008) looked at factors affecting the performance of SMEs as obstacles to the survival and performance of SMEs for example capitalisation, government policy, market access. For purposes of this study, factors affecting the performance of SMEs referred to planning, access to credit and access to market information and access (Berhanu and Jaleta(2012).

Performance is defined as an act of achieving financial performance, social objectives and responsibilities from the perspective of judging individuals (Praise, 2003). Glenn

(2006) defines performance of an organization is one of those tools that can be used to determine an organization's productivity and effectiveness. For this study, performance was measured in terms of growth, level of capital, number of people employed, ability to pay off debts, return on investment (Berhanu and Jaleta(2012).

1.2.4   Contextual Background

In Uganda, small scale industries were the backbone during the times of the initiation of cooperative societies in 1940s, 1950s and 1960s. There were no clear national policies for small and medium enterprises (SMEs) and industrial development at the time. Today, Small and Medium Enterprises (SSEs) are reported to contribute about 20% of Uganda's GDP (Ministry of Trade and Industry, 2015). Since 1986, the number of Small scale businesses in Uganda has grown from 800,000 in 1995 to about 2,000,000 in 2002. These serve about 6,000,000 people at business and household level (Ministry of Trade and Industry, 2015).

Despite the fact that small scale business enterprises are being supported and protected by the government under the industrialization policy, a number of factors still hinder the small scale business growth in Uganda. Kato (2016) in his findings lists about 34 businesses that were performing poorly and were on the verge of collapse by 2015 in Katwe suburb. He considers business planning as one of the key issue hindering performances of the SMEs whereas some policy makers are of the view that inadequate capital and inadequate market information affects the performance of SMEs but the question, however, is debatable. It is against this background that the researcher sought to examine the economic factors affecting the small and medium enterprises in Katwe like planning, access to credit and market information and access.

1.3   Statement of the Problem

The role played by the small and medium enterprises in the economic activity of Uganda is significant. Many nations, both developed and developing exteriorized that the small industry sector is a useful vehicle for growth. The government through the National Development Plan (2008) has clearly laid down strategies of supporting SMEs in the country for example tariff reduction on inputs. However, many small and medium enterprises in Katwe have failed to survive and perform even after some years of protection by the government (National Development Plan, 2008).

In 2011, the government attempted to adjust the money supply by raising the discount rate which is the rate at which commercial banks borrow from the central bank led to an increase in the interest rate which prevented many small scale businesses from borrowing money from commercial banks hence the closure of some SMEs in Kampala (Ministry of Trade and Industry Report, 2015). However, some businesses in Katwe are failing to celebrate their first anniversary. Kato (2016) noted that more than 67 Small and Medium Enterprises closed in Katwe between 2011 and 2015.

There are performance gaps amongst SMEs in terms of growth, expansion, level of capital, number of people employed, ability to pay off debts, return on investment. Kikulwe (2015) advanced factors like failure to access credit, limited market information and failure to plan. The majority of the businessmen in Katwe have complained about the variable interest rates, inflation, failure to access credit and market information, high energy prices (SEDC Report, 2016). It is very common in the study area for a business to open up today and close the following day. There is fear that if the existing question is not addressed many SMEs are likely to close in future hence affecting the economic growth of Uganda. Therefore the study explored the key factors affecting the performance of SMEs which are business planning,

access to credit and market information and access and suggest mitigation measures to the problem of performance in terms of growth, level of capital, number of people employed, ability to pay off debts and return on investment.

1.4 Study Purpose

The purpose of the study was to examine the economic factors affecting the performance of Small and Medium Enterprises in Katwe, Kampala, Uganda.

1.5   Objectives of the Study

The objectives of the study were:

1. To establish the relationship between business planning and the performance of Small and Medium Enterprises in Katwe, Kampala.

2. To examine the relationship between access to credit and the performance of Small and Medium Enterprises in Katwe, Kampala.

3. To establish the relationship between market information and access and the performance of Small and Medium Enterprises in Katwe, Kampala.

1.6   Research questions

The study answered the following research questions

1. What is the relationship between business planning and the performance of Small and Medium Enterprises in Katwe, Kampala?

2. What is the relationship between access to credit and the performance of Small and Medium Enterprises in Katwe, Kampala?

3. What is the relationship between market information and access and the performance of Small and Medium Enterprises in Katwe, Kampala?

1.7   Hypotheses of the study

The study tested the following research hypotheses:

1. There is a significant positive relationship between business planning and the performance of Small and Medium Enterprises.

2. There is a significant positive relationship between access to credit and the performance of Small and Medium Enterprises.

3. There is a significant positive relationship between market information and access and the performance of Small and Medium Enterprises.

1.8   Conceptual Framework

This sub section illustrates the conceptual framework of the study and provides a discussion of the main areas of focus in the conceptual review. It seeks to delineate the palpable and crucial link between the issues and as a final point it seeks to summarize the conceptual framework for the study.

The independent variable comprises economic factors affecting the performance of SMEs and the dependent is performance of SMEs. The economic factors are financial planning, market planning and operational planning. Business planning referred to financial, operational, and market planning in SMEs in Katwe. Access to credit referred to access to credit, availability, source, amount, collateral and interest rate. Market information and access was measured in terms of source, timeliness, frequency and reliability. Performance of SMEs was measured in terms of growth, level of capital, number of people employed, ability to pay off debts and return on investment

ECONOMIC FACTORS AFFECTING THE PERFORMANCE OF SMEs

Business planning

- Financial planning
- Market planning
- Operational planning

Access to Credit
- Availability
- Source
- Amount
- Collateral
- Interest rate

Market Information & access

- Source
- Timeliness
- Frequency
- Reliability

DEPENDENT

PERFORMANCE OF SMEs

- Growth
- Level of capital
- Number of people employed
- Ability to pay off debts
- Return on investment
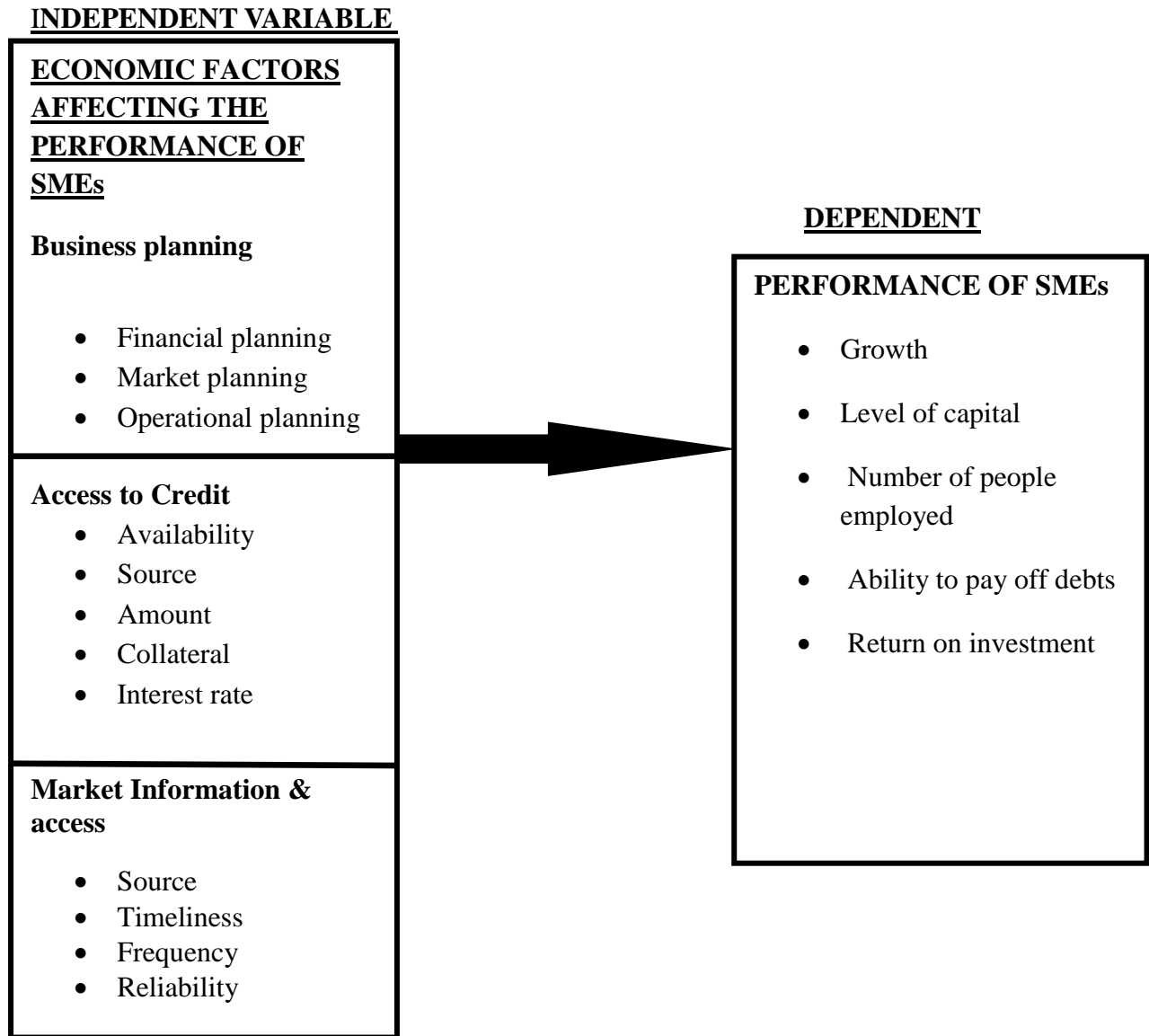
Figure 1. 1: The conceptual framework above illustrates the factors affecting the performance of SMEs

Source: Adopted from Berhanu and Jaleta (2012) and modified by the researcher.

1.9   Significance of the study

This sub section presents the ways in which this study may be useful to different stakeholders. This study may be significant in the following ways:

Policy makers: the results of the study may be used in policy formulation and implementation on SMEs by the officials in the Ministry of Trade and Industry.

Entrepreneurs/SMEs owners: The findings of the study may help the managers of SMEs improve on organizational effectiveness and the way they discharge their duties.

SME Entrepreneurs in Katwe: the study findings may highlight the key importance of drawing business planning and the factors that affect SMEs in Uganda.

Other stakeholders: the study may stimulate interest in areas of small and medium business development among policy makers, civil servants, consultants, scholars, organizations and the general public.

Future Researchers: The research may act as a local foundation to indicate areas of further research to subsequent scholars. The research may contribute to the already existing body of knowledge in the field of SMEs

The researcher: The research may lead to the award of a Master's in Business Administration of Uganda Management Institute.

1.10   Justification of the study

It is very common in Katwe, Kampala Uganda for a business to open up today and close the following day (Kikulwe, 2015). The majority of the business men in Katwe have complained about the variable interest rates, inflation, failure to access credit and market information, high energy prices (SEDC Report, 2016). Kikulwe (2015) advanced factors like failure to access credit, limited market information and failure to plan. Given the gaps in the performance of SME in terms of profitability and increasing closure of SMEs in Katwe, there was need for an urgent study on the factors affecting the performance of SMEs in Katwe, for which no known study has been undertaken.

1.11   Study Scope

The section presents the scope of the study divided into three that is geographical scope, content scope and time scope.

1.11.1 Geographical Scope

This study was conducted in Katwe located in the capital city of Uganda, Kampala. Kampala is located in Central Uganda and Katwe is located in Makindye division bordered by Kampala Central Division, Nakawa, Lubaga, Zana, Nakasero to the north, Nsambya to the east, Ndeeba to the south and Mengo in the west.

1.11.2 Content Scope

The study examined the economic factors affecting the performance of Small and Medium Enterprises in Katwe. The independent variable economic factors affecting the performance of Small and Medium Enterprises and these were business planning, access to credit, market information and access the dependent variable is performance of SMEs was measured in terms of growth, level of capital, number of people employed, ability to pay off debts and return on investment.

1.11.3 Time Scope

The study focused on a period of 5 years from 2011 to 2016 since it is within this period that many SMEs were reported to be on the verge of collapse or had collapsed in the small scale industrial hub of Kampala called Katwe (Musitwa, 2015).

1.12   Operational Definitions of Key Terms and Concepts

This subsection presents the definitions to key concepts as defined by other scholars and the way they have been operationalized in this particular study.

SMEs: According to Luuna (2009) an SME is a business or project which is created on either a small budget or for a small group of people. For purposes of these study small and medium enterprises refers to a privately owned firm, partnerships, or sole proprietorships with 5 or more people and a capital structure of less than 100 million in Katwe, Kampala.

Economic factors affecting the performance of SMEs: Allen (2008), looks at factors affecting the performance of small and medium enterprises as the various issues that act as an obstacle to the survival and performance of SMEs. For purposes of this study, factors affecting the performance of SMEs refers to planning, access to credit and access to market and market information by SMEs in Katwe, Kampala.

Business planning refers to financial, operational, and market planning in SMEs in Katwe, Kampala.

Access to credit refers to access to credit, availability, source, amount, collateral and interest rate SMEs in Katwe, Kampala.

Market information and access was measured in terms of source, timeliness, frequency and reliability of SMEs in Katwe, Kampala.

Performance is defined as an act of achieving organizational financial performance, social objectives and responsibilities from the perspective of judging individuals (Praise, 2003). Glenn (2006) defines performance of an organization is one of those tools that can be used to determine an organization's productivity and effectiveness. For this study, performance was measured in terms of growth, expansion, level of capital, number of people employed, ability to pay off debts, return on capital employed and return on investment by SMEs in Katwe, Kampala.

LITERATURE REVIEW

2.1   Introduction

This chapter provides a review of literature on economic factors affecting the performance of Small and Medium Enterprises in Katwe, Kampala. The presentation of this chapter begins with the theoretical review, review of related literature and the summary of the literature reviewed. This chapter also presents the theories that underpinned the study and a review of literature about other studies carried out on factors affecting SMEs. The literature is presented in relation to the objectives that guided the study. This chapter further presents the identified research gap, which the study seeks to address. The literature reviewed was from journals, textbooks, working papers, dissertations and internet websites.

2.2   Theoretical Review

The Theory of Modernization emerged from the field of program theory and program evaluation in the mid-1990s as a new way of analyzing the theories motivating programs and initiatives working for social and political change. Theory of modernization is focused not just on generating knowledge about whether a program is effective, but also on explaining what methods it uses to be effective. The theory draws attention to ways to modernize and how decision making to do this is influenced by the social and environmental factors in SMEs (Sulin, 20110.

The theory emphasizes looking at new ways of doing work with special focus on new technology that can be adopted. Theory of Modernization (ToM) is a specific type of methodology for planning, participation, and evaluation that is used in the philanthropy,

not-for-profit and government sectors to promote social change. By way of modernization, a new approach that link between activities and long-term goals is understood (Dedan, 2013).

In relation to this study, in order to have modernization, there must be strong and committed leadership, especially in the difficult process of developing a 'vision' of a desirable future that the area and its residence must strive to attain. There needs to be an effective consultation process of major stakeholders in the area among the community groups who must at the end support the planned investments and other important social and economic changes to take place. Small and medium enterprises are considered the best engine of growth and development. They have a number of challenges for example lack capital or have inadequate capital to buy the stock and equipment to most of these industries. Securing loans from the financial and non-financial institutions takes time and in most cases was only on paper making them skip vital stages of growth.

Rostow's social economic theory (1960) looks at the stages of growth. Rostow postulated a five stage model of development that will be able to apply to backward regions. Rostow postulated a five stage model of development that will be able to apply to backward regions(Rostow, 1960). This model is vital in the sense that it is concerned with the idea that a country is able to develop economically by focusing on the resources that are in short supply in order to expand beyond local industries to reach global market and finance the country's further development to bring about economic growth (Todaro and Smith, 2003).

In relation to this study, the theory advocated for a nation to focus and empower its people to rely on an activity where it has potential. The theory will help to stimulate economic development. The theory advocated for a nation to focus and empower its

people to rely on an activity where it has potential. This will help to stimulate economic development. Fifty percent of SMEs fight an uphill battle from the start and fail in the first five years due to a number of factors that affect the performance of SMEs for example business planning, access to credit and access to market information. This is a common scenario for Ugandan small businesses, as most of them 'never celebrate their first anniversary. Lack of skills is killing off most of the small scale enterprises in Uganda. For SMEs to survive there is need to carefully observe the stages of growth.

2.3 Review of Related Literature

This section presents the detailed literature reviewed on the basis of the study objectives.

2.3.1 Business Planning and Performance

The literature for business planning is reviewed in line with the indicators of business planning as laid down in the conceptual framework which are financial planning, market planning and operational planning

Drole (2009) defines a plan is a series of steps or goals used by an individual or business, the progressive and cumulative attainment of which are designed to accomplish a financial goal or set of circumstances, e.g. elimination of debt, retirement preparedness (Drole, 2009). This often includes a budget which organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving future income that may affect performance. This plan allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. In bridging the gap, a plan refers to a lay out of the intentions of an entrepreneur before he begins business for example in Katwe that centres on three primary financial statements (balance sheet, income statement, and cash flow statement) created within a business plan.

A financial plan can also be an estimation of cash needs and a decision on how to raise the cash, such as through borrowing or issuing additional shares in a company (Johan, 2016). Financial forecast or financial plan can also refer to an annual projection of income and expenses for a company, division or department. While the common usage of the term "financial plan" often refers to a formal and defined series of steps or goals, there is some technical confusion about what the term "financial plan" actually means in the industry and in this case are SMEs in Katwe.

According to Mulumba (2009), a financial plan is interpreted to be useful as far as providing a comprehensive evaluation of an investor's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans is concerned. Most individuals work in conjunction with an investment or tax professional and use current net worth, tax liabilities, asset allocation, and future retirement and estate plans in developing the plan (Mulumba, 2009). These will be used along with estimates of asset growth to determine if a person's financial goals can be met in the future, or what steps need to be taken to ensure that they are. While there is no specific template for a financial plan, most licensed professionals will include knowledge and considerations of the client's future life goals, future wealth transfer plans and future expense levels. Extrapolated asset values determined whether the client has sufficient funds to meet future needs to stimulate performance of SMEs in Katwe.

 In bridging the existing gap, focus is on good planning, good financial plan can alert SMEs investors in Katwe to changes that must be made to ensure a smooth transition through life's financial phases, such as decreasing spending or changing asset allocation to improve performance. Financial plans should also be fluid, with occasional updates when financial changes occur.

Lwemba (2011) notes that the most important element is, indeed, that of the detailed financial plan for SMEs before the business begins, which spell out exactly what programs and individual activities will take place over the period in relation to acquisition, use and expenditure of finances (usually over the next year). Without these specified and preferably quantified activities in the financial plan the business most likely the SME in Katwe can collapse since it cannot be monitored and even in terms of success in meeting its objectives it can fail. It is these programs and activities which will then constitute the "finance forecast" of the organization over the period that will lead to desired performance. As a result, these detailed financial forecast programs are the most important, practical outcome of the whole planning process. The resulting plans should become a working document which guided the campaigns taking place throughout the organization over the period of the plan. If the financial is to work, every exception to it (throughout the year) must be questioned; and the lessons learnt, to be incorporated in the next years.

However, in filling the gap left, the data for this study was analyzed using qualitative data that falls short of what is expected in the current study whose analysis was based on mixed methodological approaches. Using a mixed approach, data was cross-validated and captured using different dimensions of the same phenomenon.

Kotler and Keller (2009), state that a marketing plan is a comprehensive blueprint which outlines a business's overall marketing efforts. A marketing process can be realized by the marketing mix. According to Kotler and Keller (2009) the marketing plan can function from two points: strategy and tactics. In most organizations, "strategic planning" is an annual process, typically covering just the year ahead. In

filling the gap, occasionally, a few SMEs in Katwe may look at a practical plan which stretches three or more years ahead to enhance performance.

Joram (2009) noted that a formal, written marketing plan is essential; in that it provides an unambiguous reference point for activities throughout the planning period. However, perhaps the most important benefit of these plans is the planning process itself. This typically offers a unique opportunity, a forum, for information-rich and productively focused discussions between the various managers involved. The plan, together with the associated discussions, then provides an agreed context for their subsequent management activities, even for those not described in the plan itself. Additionally, marketing plans are included in business plans, offering data showing investors how the company will grow and most importantly, how they will get a return on investment. The gap left is the tracking of profit and nonprofit SMEs in Katwe, most businesses track their sales results; or, in non-profit organizations for example, the number of clients who will push the performance levels in terms of sales up. The more sophisticated track them in terms of 'sales variance' - the deviation from the target figures which allows a more immediate picture of deviations to become evident.

The structure of a market plan was illustrated by Arnold (2010), he asserted that a detailed plan may cover each of the 7 Ps (marketing mix), the focus will vary, depending upon your organization's specific strategies. A product-oriented SSE focused its plans for the 7 Ps around each of its products. A market or geographically oriented company concentrated on each market or geographical area. Each based its plans upon the detailed needs of its customers, and on the strategies chosen to satisfy these needs for example: Review of the marketing environment. In creating a nexus between the past work and the current study, the current study dwelt on the 4 elements

of marketing than the seven Arnold(2010) emphasized that is price, people, product and place could relevant and in this study could be relevant to the performance of SMEs in Katwe.

According to Ddumba (2010), operational planning is a subset of strategic work planning. He describes short-term ways of achieving milestones and explains how, or what portion of, a strategic plan will be put into operation during a given operational period, in the case of commercial application, a fiscal year or another given budgetary term. An operational plan is the basis for, and justification of an annual operating budget request (Duff, 2009). Therefore, a beginning SME needs to have operational plans supported by a budget that is well funded and not necessarily relying on borrowed money since most SMEs in developing countries fail and do not take off because of over reliance on borrowed money. Operational plans should establish the activities and budgets for each part of the SSE for the next 1 – 3 years. An operational plan draws directly from agency and program strategic plans to describe agency and program missions and goals, program objectives, and program activities that can enhance SME performance for example in Katwe most SMEs are not performing due to lack of clear market plans.

The researcher noted that operational planning is both the first and the last step in preparing an operating budget request. As the first step, the operational planning provides a plan for resource allocation; as the last step, the operational planning may be modified to reflect policy decisions or financial changes made during the budget development process. Operational plans should be prepared by the people who are involved in implementation to achieve performance.

Okello (2009), noted that the final stage of operational planning process is to establish targets (or standards) so that progress can be monitored. Accordingly, it is important to put both quantities and timescales into the marketing objectives (for example, to capture 20 percent by value of the market within two years) and into the corresponding strategies. Changes in the environment mean that the forecasts often have to be changed (Okello, 2009). Along with these, the related plans may well also need to be changed. Continuous monitoring of performance, against predetermined targets, represents a most important aspect of an SME. However, perhaps even more important is the enforced discipline of a regular formal review. Again, as with forecasts, in many cases the best (most realistic) planning cycle will revolve around a quarterly review. Best of all, at least in terms of the quantifiable aspects of the plans, if not the wealth of backing detail, is probably a quarterly rolling review planning one full year ahead each new quarter for an SME that is aiming at improving its performance.

2.3.2 Access to Credit and Performance

SMEs are increasingly on the international agenda, recognized as a key part of a comprehensive solution to the problems of increased poverty. In Uganda, the attitude towards SMEs is increasingly changing to that of cooperation and control rather than suppressing the practice (Mougeot, 2014). Planners and policy-makers are encouraging SMEs as a critical revenue source to improve performance. However, despite the developments, very few entrepreneurs access credit in most districts in Uganda. Generally, the entrepreneurs may benefit if credit is easily accessed. Mougeot (2014)'s study remains silent on the relevance of access to credit by SME proprietors, yet in filling the gap it is important to know how SMEs in Katwe access credit.

In case of South Africa, Kivumbi (2013) argues that for SMEs to benefit poor households, it is important that policies like credit policies are streamlined to enable SME's access credit from financial institutions. Other incentives/support services include improved distribution and marketing to reduce spoilage of food and ensure good performance. The study by Kibuuka (2013) was qualitative and so in creating a nexus between the earlier study and this study, the researcher used mixed methodological approaches.

Similar support services have been suggested for SME entrepreneurs in other countries in Africa (Balala, 2013). In Namibia, the Ministry of Industry is supporting several initiatives to improve vegetable production through improved access to credit, albeit there is still no clear policy on access to credit in SMEs in Katwe.

The gap in the above study is that the author does not identify the ways in which entrepreneurs have been helped to access credit by SMEs in Katwe.

World Bank (2012) argues that the rapid increase in farmer's access to credit will enhance SME growth. In Latin America, Non-Governmental Organisations (NGOs) have been instrumental in supporting and promoting economic growth thereby improving entrepreneur's access to credit to enhance performance (World Bank, 2012). The report does address the end results but does not deal with the issue of the means, yet the mean to attain access to credit by SMEs in Katwe was relevant.

Griffin (2000) noted that access to credit is the key to SME growth in low developing nations. As late as the 1920s, most of the innovations in Europe and the United States arose in the small factories and were gradually diffused by word of mouth. Such on-farm innovation continues, but the scientific revolution in industry has made the discovery of technical innovations much more dependent on knowledge and capital

investment. Very few farmers even in the United States cannot access credit to enhance performance given the growing attempts by the US government to commercialize agriculture since the administration of President Franklin Delano Roosevelt in the 1930s. SMEs in Katwe still encounter the challenge of inaccessibility to credit from financial institutions.

According to Balala (2013), livelihood programmes may call for wide extension of credit to SME which is a matter of policy concern, especially because not all entrepreneurs have equal access to credit. The gap is that very little has been done to help entrepreneur's access credit in most parts of the country. Even the inputs given under operation wealth creation are lumpy since some are brought late or when they have dried up.

Looking at the perspectives of development and its paradigms, a Government is a vehicle for national and local development as it performs it has to ensure that the farmers have access to credit. In terms of the study, when we are talking about credit and its access, one needs to consider the number of people who are able to access credit given the high interest rates charged by financial institutions (Johan, 2014). In this case, the findings of Johan (2014) relied on the general idea of credit without considering access to credit on the side of entrepreneurs to enhance performance in developing towns in small towns like Katwe in Kampala.

Kibirige (2016) defines macroeconomic stability as "the expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them. According to Muluuma (2016), the environmental conditions in which the Ugandan SME industry has thrived over the past years can generally be described as unfavorable given the rising interest rates charged by financial institutions, including

macroeconomic stability, strong and competent financial institutions, practitioners and donors committed to best practices. The industry was also able to overcome the results of former instability and bad practices like enhancing performance in SMEs. The long-lasting civil strive has probably destroyed part of Uganda's social capital, the history of poorly managed credit schemes has damaged the credit culture in some parts of the country, and the closure of a great many banks has eroded the trust of clients into financial institutions that would lend to SMEs in Katwe at low interest rates . It was found out that although Katwe has many savings schemes, the SME owners have not been able to access credit from other financial institutions in the country.

2.3.3   Market Information and Performance

Muleba (2013) redefining market information and providing technical assistance to SME proprietors as essential support services by key stakeholders, which improved SME performance (Muleba, 2003). The study was qualitative and in filling the gap the researcher in the current study investigated the research problem using mixed methodological approaches

Graen (2013) notes that given the large number of SME entrepreneurs within a typical developing country. Price policy for SME products has not reached intervention by most entrepreneurs quite directly while being amenable to effective government control hindering SME performance. Consequently, knowing the role of relative prices in influencing the behavior of entrepreneurs is extremely important in Katwe that is the SME hub in Kampala. This study is silent on the issue of market information yet it is a very important aspect in this case.

In the recommendations, Graen (2013) dwelt on the aspect of pricing and marketing without considering the area of market information, so this study will focus on marketing information.

Kisuze (2014) noted that the effectiveness of prices in changing producer decisions depends on entrepreneurs' allocative and technical efficiency and on the market information available. It is a mistake to think that entrepreneur's responsiveness to price is somehow immutable and is given exogenously to the sector. Even if all entrepreneurs were narrow-minded profit-maximizers of their available production functions, there would be substantial scope for altering both the production function and the economic environment in which the maximization takes place to enhance SME performance. The market information talked about by Kisuze (2014) is the general market information and not market information specifically for SME products, this is a gap that this study sought to fill.

Ddumba (2010) noted that only under highly restrictive and unrealistic assumptions about the completeness of markets and access of all households to them can production and consumption decisions be analyzed separately. In rural areas of developing countries, the need to make connected production and consumption decisions within a single household obviously complicates life for the household; the value of additional time spent in food preparation or tending the children must be balanced against the productivity/performance of an additional hour.

In filling the gap, the study looked at market access yet the current study concentrated on market information by SMEs in Katwe. For households with inadequate access to market first and foremost need information on market and its nature.

Kibuuka (2013) noted that Productive livelihood programmes are measured in one of two ways: in output per hectare, or output per agricultural worker. Despite the focus by

scientists on the welfare perspective, access to market information is more important. Market information is relevant as a vehicle for raising output per worker. For the purposes here getting access to information on the prices of the product and where to sell the products may help the entrepreneurs easily harvest knowing where to distribute the products to enhance the performance of SMEs in Katwe.

Meyer, Stamer and Jorg (2014) emphasizes that the biggest problem to entrepreneurs in Uganda is access to market information. Most governments in Africa have not laid strategies on how entrepreneurs can easily access market information. It is observed that market information and the need for this information has become a more holistic issue. There is need to focus on building competitive advantages with more sources of information on market availability in Africa. The gap from the onset was critical as it underscored the fact that market information is not adequately available to SMEs in Katwe leading to their poor performance. However this found out that access to market information was a big challenge. Government as a stakeholder has not helped the SME owners to access market information.

2.4 Summary of the Literature Reviewed

The literature review above confirms that different scholars have conducted several studies to establish the factors affecting the performance of small and medium enterprises in Uganda. However, a number of gaps have been identified as per the literature reviewed which this study bridged. The gap on planning is on implementation of the idea adumbrated (planning). Although modernization has been popularized by Raham(1993) in his Modernization Theory and promoted ideas on development to the developing world, the approach used in invoking this theory by entrepreneurs raises questions. Many entrepreneurs get into business without drawing plans yet plans are very important in any

business, it is against this background that in filling this gap, the study will emphasize the essence of financial planning, operational planning and market planning and how these can be handled in SMEs. Most of the works look at credit as an issue of minor importance, given that many farmers lack collateral and other requirements to enable them access credit. The gap is that access to credit is more theoretical in most countries; there is no theory that can be identified as being specific to explain why access to credit remains a mystery to many entrepreneurs in Africa. Meyer, Stamer and Jorg (2014) emphasizes that the biggest problem to entrepreneurs in Uganda is access to market information. The gap from the onset remains critical as it underscores the fact that market information is not adequately available to entrepreneurs in most parts of Uganda. Therefore the literature review above confirms that different scholars have conducted several studies to establish the correlation between market information to SME entrepreneurs. However, most of the studies are silent on how SME entrepreneurs can access this information.

CHAPTER THREE

METHODOLOGY

3.0   Introduction

This chapter presents and describes the approaches and techniques the researcher used to collect data and investigate the research problem. They include the research design, study population, sample size and selection, sampling techniques and procedure, data collection methods, data collection instruments, data quality control (validity and reliability), procedure of data collection, data analysis and measurement of variables.

3.1   Research Design

A descriptive cross sectional survey design was adopted for the study. According to Barifaijo, Basheka and Onyuu (2010) a cross sectional design is a type of design where data is collected from a cross section of respondents at a single point in time. Creswell (2009) asserted that a cross sectional survey design is a design that focuses on a cross section of respondents to whom surveys are administered at one point in time. Since the questions are purely structured, then the cross sectional design suited the type of questionnaire to be administered.

A cross sectional survey design was chosen over other designs because it is less time consuming, quick and a least costly alternative. Kothari (2004) states that cross sectional survey; contain multiple wealth of details, totality and variation which allows the author to understand fully how and where intervention may have worked collectively with correlated general effects. The descriptive cross sectional survey designs validate emerging constructs and proposition in the data set; guiding the study of various units within the identified case by underlining the mechanism by which an incident is brought

to being (Kothari, 2004). A cross sectional survey contributes significantly to a researcher's own learning process by shaping the skills needed to do a good research. The above design is usually the simplest and least costly alternative. Though proof may be hard to come by owing to absence of hard theory, learning is certainly possible (Kothari, opcit). The study also applied both quantitative and qualitative approaches. Creswell (2003) noted that quantitative methods are more objective and help to investigate the relationships between the identified variables. This study applied qualitative approaches which involved indepth probe and application of subjectively interpreted data. As pointed out by Kothari (2004) qualitative researchers aim to gather an in-depth understanding of human behavior and the reasons that govern such behavior.

The quantitative and qualitative approaches were adopted in sampling, collection of data, data quality control and in data analysis. Triangulation was adopted for purposes of getting quality data. Triangulation means using more than one method to collect data on the same topic (Ezeani, 2005). This is a way of assuring the validity of research through the use of a variety of methods to collect data on the same topic, which involves different types of samples as well as methods of data collection (Creswell, 2003). However, the purpose of triangulation is not necessarily to cross validate data but rather to capture different dimensions of the same phenomenon (Kothari, 2004).

3.2   Study Population

There are 2856 SMEs in Katwe Area employing over 285,054 Ugandans (Makindye Division Statistical Abstract, 2016). The study population was 285,054 respondents. The researcher concentrated on only 10 SMEs for this Study. The accessible population was 132 who included 10 owners of SME (because they are the key decision makers in their businesses, 100 supervisors and employees (are key decision

makers) and 32 Suppliers of inputs/products (they participate in the running of the businesses). The study population consisted of both male and female respondents. According to Mugenda and Mugenda (1999) involving both sexes in the research avoids bias.

3.3 Sample Size and selection

The sample size of 109 was drawn from a population of 132 that is determined using statistical tables by Krejcie & Morgan (1970).

Table 3. 1: Population, Sample Size, Sampling Techniques Table

Category	Access population	Sample size	Sampling technique
SME Owners	10	10	Purposive
Supervisors and Employees	100	80	Simple random
Suppliers of inputs/products	22	19	Purposive
Total	**132**	**109**	

Source: Primary Data (2017)

3.4   Sampling Techniques and Procedures

3.4.1   Probabilistic Sampling

Probability sampling is a type of sampling that adopts random sampling techniques and among the types under it is simple random sampling. Simple random sampling was adopted in sampling the supervisors and employees of SMEs. According to Creswell (2009), simple random sampling ensures that every member has an equal chance of being recruited into the sample. A sample frame was constructed and then the members were

randomly sampled.

3.4.2 Non Probabilistic Sampling

Non Probability sampling is a type of sampling that adopts non random sampling techniques and among the types under it is purposive sampling. The study used purposive sampling techniques. Purposive sampling was adopted when sampling SME owners and suppliers of inputs. According to Creswell (2009), purposive sampling enables a researcher choose participants of his/her own interest based on education and experience.

3.5 Data Collection Methods

Both primary and secondary data methods which are (qualitative and quantitative in nature) was used for this particular study. The questionnaire which was close ended was quantitative and the interview was qualitative.

3.5.1 Questionnaire Survey

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. Although they are often designed for statistical analysis of the responses, this is not always the case (Ezeani, 2005). The researcher used the questionnaire survey because it is practical, large amounts of information can be collected from a large number of people in a short period of time and in a relatively cost effective way. Closed ended questionnaire was used because according to Amin (2005), they provide specific responses which are easy to analyze. Mugenda and Mugenda (1999) noted that questionnaires are economical in terms of time and money. The results of the questionnaires were usually quickly and easily quantified by either a researcher or through the use of a software package and can be analyzed more 'scientifically' and objectively than other forms of research. A questionnaire was used because it is cheap, a large group of

respondents is covered within a short time, it also allows in-depth research, to gain firsthand information and more experience over a short period of time (Earl-Babbie, 2013).

3.5.2 Interviews

Interviews were person to person verbal communication in which one person was interviewed at a time. Interviews were used follow up ideas and get in depth data for the study (Creswell, 2003). Interviews were used because they have the advantage of ensuring probing for more information, clarification and capturing facial expression of the interviewees (Amin, 2005). In addition they also gave an opportunity to the researcher to revisit some of the issues that have been an over-sight in other instruments and yet they are considered vital for the study. Interviews were used because they have the advantage of ensuring probing for more information, clarification and capturing facial expression of the interviewees (Creswell, 2003). In addition they also gave an opportunity to the researcher to revisit some of the issues that have been an over-sight in other instruments and yet they are considered vital for the study.

3.5.3 Documentary Review

In the secondary analysis of qualitative data, good documentation cannot be underestimated as it provides necessary background and much needed context both of which make re-use a more worthwhile and systematic endeavor. Secondary data was obtained through the use of published and unpublished documents. Various publications, magazines and newspapers reports, historical documents and other sources of published information were reviewed by the researcher. According to Ragin (2011), secondary data can be helpful in the research design of subsequent

primary research and can provide a baseline with which the collected primary data results can be compared to other methods. According to Ragin (2007), documents can be helpful in the research design of subsequent primary research and can provide a baseline with which the collected primary data results can be compared to other methods.

3.6 Data collection instruments

The key data collection instruments used were the questionnaires, interview guide and documentary review checklist.

3.6.1 Questionnaire

A questionnaire is a reformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. The questionnaire were used on the basis that the variables under study cannot be observed, for instance, respondents' views, opinions, perceptions and feelings. The questionnaires were equally used because the information had to be collected from a large sample in a short period of time yet the respondents could read and write (Ezeani, 2005).

A self-administered questionnaire was used to draw information regarding the study. The researcher chose the questionnaire as an instrument because the study is virtually descriptive and the tool is an easy method of data collection. There is one set of questionnaires whose variables are measured on the 5 point Likert scale that was administered to SME owners and supervisors. The choice of the Likert scale measurement is that each point on the scale carries a numerical score which was used to measure the respondents' attitude and it is the most frequently used summated scale in the study of social attitude. According to Bill (2011), the Likert scale is able to measure perception, attitudes, values and behaviors of individuals towards a given phenomenon. A copy of the

interview guide is appended labeled Appendix I.

3.6.2 Interview Guide

The researcher used the interview guide while conducting interviews. The interview guide was structured according to the variables and indicators as laid down in the conceptual framework. The interview guide was made up of unstructured questions on each of the variables that is planning, access to credit, market information and access and performance of SMEs. Using the interview guide, the researcher is able to probe and ask follow up questions for further classification as suggested by Amin (2005). Interviews were conducted with 4 suppliers of inputs. A copy of the interview guide is appended in the list of appendices Marked Appendix II.

3.6.3 Documentary Review Checklist

A documentary review list was used to review the related documentary data. Documentary data was obtained through the use of published and unpublished documents for example National Development Plan (2008). According to Amin (2005), documents can be helpful in the research design of subsequent primary research and can provide a baseline with which the collected primary data results can be compared to other methods. According to Groves et.al (2009), documents can be helpful in the research design of subsequent primary research and can provide a baseline with which the collected primary data results can be compared to other methods. A copy of the documentary review checklist is appended in the list of appendices labeled appendix III.

3.7 Pre-testing/Quality Control in Data Collection

Data quality control techniques ensured that data collected is valid and reliable; the instruments were first tested to ensure validity and reliability.

3.7.1 Validity of the Instruments

Validity refers to the truthfulness of findings or the extent to which the instrument is

relevant in measuring what it is supposed to measure (Earl-Babbie, 2013). The validity of the instrument quantitatively was established using the Content Validity Index (CVI). This involved the expert scoring of the relevance of the questions in the instrument in relation to the study variables. The instruments that yielded a CVI above 0.7 was within the accepted ranges. Index (CVI) was computed using the formula below:

$$CVI = \frac{\text{Number of relevant items}}{\text{Total number of items}} \times 100$$

To establish validity qualitatively , the instruments was given to the experts (supervisor) to evaluate the relevance of each item in the instrument to the objectives and rate each item on the scale of very relevant (4), quite relevant (3), somewhat relevant (2), and not relevant (1).

Table 3. 2: Content validity Index Results

Summary		Results	
		Test	Items
1	Variables		
	Business planning	.705	6.0
	Access to Credit	.811	6.0
	Market Information	.722	7.0
	Project Success	.744	5.0
Independent Variable: Factors Dependent Variable: Performance			

Source: Primary Data (2017)

The Content Validity Index test was carried out and the test results revealed that business planning had a validity result of .705, access to credit had a validity test result of .811, market information had a validity test result of .722 and lastly the dependent variable (performance) had a validity test result of .744. All the variables had results above the standard value of .70 (70%) which showed that all items in the instruments were valid.

3.7.2. Reliability of the Instruments

Qualitatively, the reliability of the instruments was established through a pilot test of the questionnaire to ensure consistency and dependability and its ability to tap data that would answer the objectives of the study. The results were subjected to a reliability analysis. Quantitatively, reliability was established using the Cronbach's Alpha Reliability Coefficient test. Upon performing the test, if the values 0.7 and above, the items in the instrument were regarded reliable. Based on Cronbach's Alpha Coefficient, the scales for the variables were reliable. In the case of psychometric tests, must fall within the range of 0.7 above for the test to be reliable (Bill, 2011).The formula below was applied to test reliability of the instruments:

$$\alpha = \frac{N.r - bar}{1 + (N - 1).r - bar}$$

Where,

a is the Cronbach's alpha

N is equal to the number of items,

r-bar is the average inter-item correlation among the items.   .

Table 3. 3: Cronbach Alpha Reliability Results

Summary			
		Test	Items
1	Variables		
	Business Planning	.777	5.0
	Access to credit	.743	6.0
	Market information	.753	8.0
	Performance	.704	6.0
Independent Variable: Factors			
Dependent Variable: Performance			

Source: Primary Data (2017)

The Cronbach Alpha Coefficient test was carried out and the test results revealed that business planning had a reliability result of .777, access to credit had a reliability test result of .743, had a reliability test result of .788 and lastly the dependent variable (performance) had a reliability test result of .790. All the variables had results above the standard value of .70 (70%) which showed that all items in the instruments were reliability.

3.8 Procedure of Data Collection

The researcher through proper channels asked for an introductory letter from Uganda Management Institute which she used for purposes of introduction before the participants when collecting data from the field. The researcher ensured confidentiality of the survey sheet since the identities are not important. Participants were given time to respond and after the researcher collected the surveys the next day.

Considering that the study mostly follows a conceptual approach, data was collected using surveys, interviews and conducting a documentary review.

3.9 Data Analysis and Presentation

The researcher used both qualitative and quantitative methods of data analysis. Data was sorted using the Statistical Package for Social Scientists (SPSS) method. The analysis relied on both descriptive and inferential statistics. The descriptive statistics included use of frequency tables, mean, and standard deviation.

3.9.1   Quantitative Data Analysis

Quantitative data got from the questionnaires was computed into frequency counts and percentage. Data was sorted using the Statistical Package for Social Scientists (SPSS) method. The researcher adopted bivariate analysis techniques in analyzing her data. Bivariate analysis is the simplest form of quantitative (statistical) analysis. In addition to frequency distribution, tables, mean, standard deviation and other measures of central tendency was used in data analysis. Regression analysis and Correlations (Pearson's Product Moment Correlation Co efficient) was used to analyze and measure the degree of relationship between the independent variables and dependent variables. The correlation coefficient is a numerical way to quantify the relationship between two variables, e.g. X and Y and it is denoted by the symbol R (Ezeani, 2005). The correlation coefficient is always between -1 and 1, thus $-1 < R < 1$. According to Creswell (2003), a correlation study is most appropriate to conduct the study in the natural environment of an organization with minimum interference by the researcher and no manipulation.

3.9.2   Qualitative data analysis

Qualitative data collected from interviews and documentary review was sorted and grouped into themes under the content and thematic analysis process. The researcher therefore was evaluate and analyze the adequacy of information in answering the research questions through coding of data, identifying categories and parameters that emerged in the responses (Glenn Firebaugh, 2013). While analyzing qualitative data, summaries was made on how different themes/variables are related.

3.10   Measurement of study variables

According to Bill (2011), a Likert scale is able to measure perception, attitudes, values and behaviors of individuals towards a given phenomenon. The independent variable and the dependent variable was measured on a five point Likert type scale (1- strongly disagree, 2-Disagree, 3-Not sure, 4- Agree and 5-Strongly agree). The choice of this measurement is that each point on the scale carries a numerical score which is used to measure the respondents' attitude and it is the most frequently used summated scale in the study of social attitude.

3.11   Ethical Considerations

Creswell (2009) noted ethics framework is essential as it entails the voluntary informed consent of the participants. This required giving the participants adequate information about what the study involved and an assurance that their consent to participate would be free and voluntary rather than coerced. According to Sekaran (2003) participant's informed consent was obtained using a letter specifying what the research involves, laid down procedures the participants expect to follow and explaining the ways in which their confidentiality was assured. In this case, a letter was obtained for this purpose. The letter from the Uganda Management Institute was

used to seek the consent of the participants during the data collection exercise. The tape recorder was used to record interviews but this was done after seeking the respondents consent. Some respondents required further verbal assurance that the tapes under no circumstances were handed over to their supervisors. Respondent's names were withheld to ensure anonymity and confidentiality in terms of any future prospects. In order to avoid bias, the researcher interviewed the respondents one after the other and ensure that she informs them about the nature and extent of her study and on the other hand she gave them reasons as to why is interviewing them. Plagiarism was avoided by acknowledging sources used whenever they are cited in text.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter presents the findings, analysis and interpretations to the findings. The findings are presented according to the objectives of the study. The study focused on examining the economic factors affecting the performance of Small and Medium Enterprises in Katwe, Kampala Uganda. The study was specifically premised on the following research objectives: to establish the relationship between business planning and the performance of Small and Medium Enterprises in Katwe, Kampala, to examine the relationship between access to credit and the performance of Small and Medium Enterprises in Katwe, Kampala and to establish the relationship between market information and access and the performance of Small and Medium Enterprises in Katwe, Kampala.

4.2 Response Rate

Presentation of tabulated data according respondent's response rate

Table 4. 1: Response Rate

Instrument	Target	Actual Response	Response rate
Questionnaire	109	61	55.9
Interviews	05	04	80
TOTAL	114	65	135.9

Source Primary Data (2017)

Table 4.1 above presents the response rate from the study. The number of questionnaires distributed were 109 and 61 were returned making a response rate of

55.9%. Face to face interviews were carried out with the respondents; in total 04 respondents were interviewed. Creswell (2003) notes that a response rate above 50% of the target number is adequate

4.3 Findings on Background Characteristics

This section presents findings on demographic characteristics of the respondents is presented below.

4.4 Sex characteristics of the Respondents

The gender characteristics of respondents were investigated for this study, and findings are presented in Table 4.2.

Table 4. 2: Summary statistics on the sex of the Respondents

		Frequency	Percent
	Male	28	45.9
Valid	Female	33	54.1
	Total	61	100.0

Source: Primary Data (2017)   *N=61*

Table 4.2 shows that the majority of the respondents were male (45.9%) and female were (54.1%). Although the sex findings indicated a discrepancy in favour of females, the study was representative of all sexes since both males and female were included in the study sample. This implied SMEs are equal opportunity employers.

4.5 Age of the Respondents

The study looked at age distribution of the respondents by age using frequency distribution. The results obtained on the item are presented in Table 4.3 below.

Table 4. 3: Age of the Respondents

		Frequency	Percent
	20-29	18	54.5
	30-39	5	15.2
Valid	40-49	7	21.2
	50 Above	3	9.1
	Total	61	100.0

Source: Primary Data (2017)   *N=61*

From the above Table, the majority of respondents who took part in the study were between 20-29 years making a total percentage of 54.5% , 15.2% were between the age of 30 -39 , those between 40-49 years were 21.2% and those that who were above 50 years were 9.1%. This indicated that all categories of respondents in reference to different age groups were represented in this study.

4.6 Respondents by Highest Level of Education the Respondents

The table 4.3 presents the summary statistics on highest level of education of the respondents.

Table 4. 4: Distribution of Respondents by Highest Level of Education the Respondents

		Frequency	Percent
	Bachelors	10	16.3
	Diploma	13	21.3
	Certificate	25	40.9
	Others	12	19.6
	Total	60	98.4
Missing	System	1	1.6
Total		61	100.0

Source: Primary Data (2017)   *N=61*

The majority of the respondents were certificate holders making a total percentage of 40.9, diplomas were 21.3% and the Bachelor degree holders were 16.3% and the drop out belonged to the category of making a total percentage of 19.6. These results indicate that the respondents had good qualifications and the right skills and knowledge to deliver. Besides, the respondents were able to understand, read, interpret the questionnaire and gave relevant responses.

4.7 Empirical Results on factors affecting the performance of Small and Medium Enterprises

In this section, the empirical results for each of the specific research objectives is presented, analysed and interpreted with an overall goal of examining the factors affecting the performance of Small and Medium Enterprises in Katwe

4.8 Objective One: business planning and the performance of Small and medium Enterprises

The items on business planning were structured basing on the objectives of the study. Items were measured on a five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Not sure, 4 = Agree and 5 = Strongly Agree. The data is presented and analyzed basing 10 items which are statistically tabulated and presented in the table below with the frequencies and percentages according to the responses collected. The data is presented and analyzed basing 10 items which are statistically tabulated and presented in the Table 4.5 below with the frequencies and percentages according to the responses collected;

Table 4. 5: Summary Statistics on business planning

SD-Strongly disagree, D-disagree, N-not sure, A-agree, SA- strongly agree.

Items	SD	D	N	A	SA	Mean	Std. Dev
I draw a budget before starting my business	14.8%(9)	6.6%(4)	24.6%(15)	39.3%(24)	9.8%(6)	3.24	1.24
I set goals before beginning this business	8.2%(6)	7.8%(5)	13.1%(8)	45.9%(28)	21.3%(13)	3.63	1.17
I set aside money to cater for risk and other uncertainties in my business	1.6%(1)	3.3%(10)	8.2%(5)	47.5%(29)	34.4%(21)	4.15	.854
I am able to draw business plans every time I want to begin a new business idea	8.2%(5)	11.5%(7)	11.5%(7)	32.8%(20)	27.9%(17)	3.80	1.68
I am in position to manage my business applying the management skills I acquired from school	3.3%(2)	14.8%(9)	16.4(10	26.2%(16)	36.1%(22)	3.79	1.20
I come up with new innovations to make my business prosper	3.3%(2)	11.5%(7)	9.8%(6)	36.1%(22)	29.5%(18)	3.85	1.12
I keep books of account in my business	4.9%(3)	11.5%(7)	13.1%(8)	31.1%(19)	32.8%(20)	3.80	1.20
I do maintain a thorough understanding of my marketing plan	4.9%(3)	3.3%(2)	13.1(8)	36.1%(22)	37.7%(23)	4.03	1.07
I always work to satisfy my customers' demands	4.9%(3)	9.8%(6)	6.6%(4)	31.1%(19)	39.3%(24)	4.20	1.23
The management has put in places means to quicken service delivery	6.6%(4)	8.2%(5)	9.8%(6)	37.7(23%)	34.4%(21)	3.88	1.19
Management tries to ensure that there is good customer care	9.8%(6)	16.4%(10)	9.8%(6)	32.8%(20)	26.2%(16)	3.51	1.34

Source Primary Data (2017)   *N=61*

As to whether they draw a budget before starting their businesses, the respondent's responses indicated that cumulatively, 14.8% strongly disagreed, 6.6% disagreed, 24.6% were Not sure 39.3% agreed and 9.8% strongly agreed. The mean = 3.2 indicated that the majority of the respondents agreed that they draw a budget before starting their businesses.

A respondent was of the view that

they draw a budget before starting their businesses but this is rarely done in the businesses in Katwe. NPA (2015) noted that the budget allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. This organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving future income.

Relatedly, a respondent had this to say

Responses to the question as to whether they set goals before beginning this business 8.2% strongly disagreed, 7.8% disagreed, 13.1% not sure, 45.9% agreed and 21.3% strongly agreed. The mean = 3.63 indicated that they set goals before beginning this business.

A Supervisor noted that

Our boss set goals before beginning this business, NPA (2015) noted that without these specified and preferably defined goals in the financial plan, the business most likely the SME may not perform to the expected levels. As a result, these detailed financial forecast programs are the most important, practical outcome of the whole planning process. The laid down goals become a working document which will guide the campaigns taking place throughout the organization over the period of the plan.

With respect to whether they set aside money to cater for risk and other uncertainties in the business, 1.6% strongly disagreed, 3.3% disagreed, 8.2% not sure, 47.5% agreed, and 34.4% strongly agreed. The mean = 4.15 which corresponded to agreed indicated that they set aside money to cater for risk and other uncertainties in my business.

A respondent was of the view that

Some businesses do set aside money to cater for risk and other uncertainties in the business. Most SME management team members do not poses the necessary skills needed for risk planning and mitigation. The findings are in line with Kakuru (2000) risk management plan drawn by a skilled team may help the organization mitigate risk so as to improve performance.

As to whether they are able to draw business plans every time they want to begin a new business idea, 8.2% strongly disagreed, 11.5% disagreed, 11.5% not sure, 32.8% agreed and 27.9% strongly agreed The mean = 3.80 meant that the respondents the respondents agreed that they are able to draw business plans every time they want to begin a new business idea.

Findings revealed that very few SME draw risk management plans given that most of the owners are semi illiterate and yet they don't seek such services from experts

Financial planning helps to improve the firm's performance in relation to profitability since whatever is to take place is planned.

With respect to whether they are in position to manage their business applying the management skills they acquired from school, 3.3% strongly disagreed, 14.8% disagreed, 16.4% were not sure, 26.2% agreed, 36.1% strongly agreed. The mean = 3.79 which corresponded to agreed indicated the majority of the respondents agreed

that they are in position to manage their business applying the management skills they acquired from school.

Responses to the question as to whether they come up with new innovations to make their business prosper 3.3% strongly disagreed, 11.5% disagreed, 9.8% were not sure, 36.1% agreed, and 29.5% were not sure. The mean = 3.85 indicated that the majority of the respondents agreed that they come up with new innovations to make my business prosper

As to whether they keep books of account in their business, the respondent's responses indicated that 4.9% strongly disagreed, 11.5% disagreed, 13.1% not sure, 31.1% agreed, and 32.8% strongly agreed. The mean = 3.80 indicated that the majority of the respondents agreed with the item noting that they keep books of account in their business.

A manager noted that

Very few SMEs keep books of account in their businesses, and those that do keep ledgers mostly

 NPA Report (2015) noted that it is very important to keep books of account in a business for purposes of proper accountability that helps to enhance business performance.

Responses to the question as to whether they do maintain a thorough understanding of my marketing program, and use it to extract advantages from the marketplace 4.9% strongly disagreed, 3.3% disagreed, 13.1% not sure, 36.1% agreed, and 37.7% strongly agreed. The mean = 4.03 indicated that the majority strongly agreed that they do maintain a thorough understanding of my marketing program, and use it to extract advantages from the marketplace.

A respondent noted that

they do maintain a thorough understanding of their marketing program. NPA (2016)
noted that marketing plans/programmes are included in business plans, offering data
showing investors how the company will grow and most importantly, how they will
get a return on investment a measure for performance in this study.

With respect to whether they always work to satisfy my customers' demands, 4.9%
strongly disagreed, 9.8% disagreed, 6.6% not sure, 31.1% agreed and 39.3% strongly
agreed. The mean = 4.20 which corresponded to agreed indicated that they always
work to satisfy my customers' demands.

As to whether the management has put in places means to quicken service delivery,
6.6% strongly disagreed, 8.2% disagreed, 9.8% not sure, 37.7 agreed, and 34.4%
strongly agreed. The mean = 3.88 meant that the respondents the respondents agreed
that the management has put in places means to quicken service delivery

> *Customers are served with what they want this is because the service of our*
> *SME aims at satisfying the interests of our clients*

Balala (2013) noted that today's business life has its own challenges and especially
when it comes to customer relations, this may be affecting business performance.
Companies can no longer compete only with price or with products, they need to
develop services and experiences that truly matter to their customers and that
competitor cannot replicate too easily to enhance their performance.

With respect to whether management tries to ensure that there is good customer care,
9.8% strongly disagreed, 16.4% disagreed, 9.8% not sure,   32.8% agreed,
6.2% strongly agreed. The mean = 3.51 which corresponded to agreed indicated the

majority of the respondents agreed that management tries to ensure that there is good customer care

the management takes note of the customer demands, in this perspective, NPA Report (2011) pointed out that expectations serve as one standard, based on which customers form their satisfaction judgments and upon which business owners base to judge the performance of their businesses. Balala (2013), even though for many years scholars alike have discussed the concept of expectation, the concept is still proves to be difficult to grasp

4.9 Hypothesis Testing One:

Hypothesis one stated that there is a significant positive relationship between business planning and the performance of Small and Medium Enterprises in Uganda. The hypothesis was tested using the Pearson correlation coefficient and the regression analysis results of the hypothesis are given below.

Table 4. 6: Correlation Matrix for business planning and the performance of Small and Medium Enterprises

<div align="center">Correlations</div>

		Business Planning	Performance of SME
Business Planning	Pearson Correlation	1	.688[**]
	Sig. (2-tailed)		.007
	N	61	61
Performance of SME	Pearson Correlation	.688[**]	1
	Sig. (2-tailed)	.000	
	N	61	61

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Data (2017)   *N = 61*

The coefficient was .688** and p=0.000<0.05 and the significance level was 0.000. The result indicates that there is a significant positive relationship between business planning and performance of SMEs in Katwe. Bettering business planning in SME is key to the survival of performance of SMEs in Katwe. Therefore, the alternative hypothesis that was earlier stated in chapter one is upheld.

4.10 Objective Two: access to credit and the performance of Small and medium Enterprises

The six (6) items on access to credit were structured basing on the objectives of the study. Items were measured on a five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Not sure, 4 = Agree and 5 = Strongly Agree. The items are statistically tabulated and presented in the table 4.7 below with the frequencies and percentages according to the responses collected.

Table 4. 7: Summary Statistics on access to credit and the performance of Small and medium Enterprises.

The data is presented and analyzed basing 6 items which are statistically tabulated and presented in the table below with the frequencies and percentages according to the responses collected; **SA-strongly agree, A-agree, N- not sure, D-disagree, SD-strongly disagree**

Items	SA	A	N	D	SD	Mean	Std. Dev
Financial institutions that offer loans are spread across Katwe	9.8%(6)	11.5%(7)	16.4% (10)	27.9% (17)	26.2% (16)	4.26	5.64
Financial institutions ask for high interest rates	19.7%(12)	9.8(6)	18 (11)	27.9% (28)	19.7% (12)	3.18	1.43
Credit cannot easily be accessed without collateral security by a farmer	14.8%(9)	11.5%(7)	27.9% (17)	29.5% (18)	7% (11.5)	3.89	1.24
Entrepreneurs are educated on good use of the loans extended.	14.8%(9)	8.2%(5)	18% (11)	31.1% (19)	19.7% (12)	3.89	4.27
Loans are given on time to entrepreneurs seeking to access credit	16.4%(10)	11.5%(7)	14.8 (9)	37.7% (23)	11.5% (7)	3.17	1.32
The grace period for repayment of the principal is favourable to entrepreneurs	8.2%(5)	13.1%(8)	21.3% (13)	32.8% (20)	19.7% (12)	3.44	1.21

Source Primary Data (2017)   *N=61*

With respect to whether financial institutions that offer loans are spread across Katwe, 9.8% strongly disagreed, 11.5% disagreed, 16.4% Not sure, 27.9% agreed and

53

26.2% strongly agreed. The mean = 4.26 which corresponded to agreed indicated the majority of the respondents agreed that financial institutions that offer loans are spread across Katwe.

Responses to the question as to whether the financial institutions ask for high interest rates, 19.7% strongly disagreed, 9.8% disagreed, 18% were Not sure, 27.9% agreed and 19.7% strongly agreed. The mean = 3.18 indicated that the Financial institutions ask for high interest rates.

As to whether credit cannot easily be accessed without collateral security by a farmer, the respondent's responses indicated that 14.8% strongly disagreed, 11.5% disagreed, 27.9% were not sure, 29.5% agreed, 7% strongly agreed. The mean = 3.89 indicated that the majority of the respondents agreed that credit cannot easily be accessed without collateral security by a farmer.

One respondent in relation to the above noted

> *the interest rates are high and SMEs can't benefit fully from the loans they get from the financial institutions that is why they resort to SACCOs because the interest rates a bit low compared to financial institutions.*

Study findings revealed that some SMEs are performing poorly in Katwe because they have failed to access credit from financial institutions. Birungi (2004) noted that financial Institutions demand for collateral or security as a prerequisite for accessing loans yet most SME owners don't have any kind of collateral. The respondents comprising eleven percent cited lack of security as a challenge faced while accessing the Financial Institutions. The group collateral had also become a problem since it was reported that it was becoming rather difficult to get trustworthy group members by eleven percent. This was because members would join the group only to access

credit and after doing so they would relocate to an unknown destination for some time. Some group members' businesses would neither break even nor make any profit yet the Financial Institutions wanted the group repayment made on schedule.

When asked about the procedure of loan acquisition, one respondent was of the view that

> *"it is long and cumbersome and would not love to talk about it. One day, I gave up on the loan after the lengthy procedure only to be called on the last minute that the loan is successful. The banks demand for titled land as collateral yet ours is not titled but customary land"*

The long procedure of accessing the loan was also mentioned by eleven percent of the respondents as a big challenge that could be contributing to the poor performance of SMEs in Katwe. It was however reported that the period between the application and the actual disbursement was too long for business owners in Katwe. At times the entrepreneurs lost hope, forgot and tried other means only to be summoned by Financial Institutions offices that their applications had been successful. The paper work involves in filling the forms and signing agreements and contracts was cited by five percent of the respondents as affecting the speed with which the entrepreneurs handled the applications. It was also pointed out that there were letters of recommendations required from local authorities or employers that would not be readily available and in some instances money was paid for the stamps. This discouraged the SME owners from accessing the Financial Institutions loans

Responses to the question as to whether entrepreneurs are educated on good use of the loans extended, 14.8% strongly disagreed, 8.2% disagreed, 18% not sure,31.1% agreed and 19.7% strongly agreed. The mean = 3.89 indicated that the majority of the respondents agreed that entrepreneurs are educated on good use of the loans extended.

With respect to whether loans are given on time to entrepreneurs seeking to access credit, 16.4% strongly disagreed,11.5% disagreed   14.8 were not sure, 37.7% agreed and 11.5%   strongly agreed. The mean = 3.17 indicated that the majority of the respondents agreed that loans are given on time to entrepreneurs seeking to access credit.

As to whether the grace period for repayment of the principal is favourable to entrepreneurs, 8.2% strongly disagreed, 13.1% disagreed,   21.3%   were   not   sure, 32.8% agreed and 19.7% strongly agreed. The mean = 3.44 meant that the grace period for repayment of the principal is favourable to entrepreneurs.

About 48% of the SME owners sampled complained about the repayment period being too short affects their business performance. This was because some Financial Institutions require the SME owners to make the repayments weekly which are sometimes difficult. This was rather too short a period for the business to have yielded any returns from which to get money to service the loan. The respondents also revealed that they had been forced by these circumstances to join as many Financial Institutions as possible so as to service the loans while they wait for the business to progress steadily. The SME owners who have been wise are getting credit from SACCOs at low interest rates compared to Financial Institutions.

The short repayment period as explained above affected the flow of money from the business to the Financial Institutions. Eighteen percent of the respondents revealed that they had to borrow from other Savings cooperatives to service the loans or risk the taking of their property by the Financial Institutions. The repayment period for some SACCOs is weekly while for others it was bi-weekly. For the respondents, this period was too short for any meaningful profits to have been realized from which to

get money for repaying part of the loan. Twelve percent of the respondents also mentioned that at times when they borrow from institutions, it is difficult for them to fulfill the repayment schedules and they ended up defaulting.

Whether the grace period for repayment of the principal is favourable to SACCOs, cumulatively the larger percentage (88%) agreed with 12% agreeing. The mean = 3.62 implied that the grace period for repayment of the principal is favourable to farmers.

About 61% of the respondents sampled explained that Financial Institutions had strict and rigid policies that could not be changed no matter what. Examples included paying of fines when one could not fulfill the repayment schedule, not granting the loan to a group even if it was only one member who had failed to pay and confiscating property when one had failed to pay. These policies affected the access to the services of Financial Institutions by SME management in the study area hence as well affecting the SME performance. This instilled fear and anxiety that made the SME owners to shy away from getting a loan from Financial Institutions.

Another challenge identified by the respondents was the lack of flexibility from Financial Institutions that is spread across when their clients are sick, lost family members or were involved in accidents. The respondents who were ten percent explained that *"Ssente ye'bbanja temanyi nnaku, temanyi kulwala, temanyi kufirwa"* in the Luganda language translated to mean that "borrowed money/loan did not know sorrow, did not know sickness, did not know death" in other words, whatever the situation of the client, the loan had to be serviced. This caused a lot of fear and anxiety among the beneficiaries.

4.11 Hypothesis Testing Two:

Hypothesis Two Stated that there is a significant positive relationship between access to credit and the performance of Small and Medium Enterprises. The hypothesis was tested using the Pearson correlation coefficient and results of the hypothesis are given below.

Table 4. 8: Correlation Matrix for access to credit and the performance of Small and Medium Enterprises

Correlations

		Access to Credit	Performance of SME
Access to credit	Pearson Correlation	1	.777**
	Sig. (2-tailed)		.000
	N	61	61
Performance of SME	Pearson Correlation	.777**	1
	Sig. (2-tailed)	.000	
	N	61	61

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Data (2017)   *N = 61*

The correlation coefficient was .777**. The results indicate that there is a positive significant relationship between access to credit and the performance of Small and medium Enterprises in Katwe. Therefore, the alternative hypothesis that was earlier stated in chapter one is upheld. Improving access to credit in SME is key to the survival and improved performance of SMEs in Katwe. If favourable conditions are created to easily access credit by SME Owners in Katwe, the performance of SMEs will also improve.

Table 4. 9: Summary Statistics on market information and access and the performance

Items	SA	A	N	D	SD	Mean	Std. Dev
My enterprise is near the market source	8.2%(5)	9.9%(6)	9.9%(6)	29.5%(18)	29.5%(18)	4.48	5.76
Market information is availed by Government to the entrepreneur	13.1%(8)	9.8(6)	8.2(5)	32.8%(20)	26.2%(16)	3.58	1.42
Access to market information has enabled the entrepreneurs set the price for their products.	8.2%(5)	6.6%(4)	18%(11)	39.3%(24)	21.3%(113)	4.13	4.03
The good road infrastructure has enabled entrepreneurs move to access market information	9.8%(6)	19.7%(12)	16.4%(10)	34.4%(21)	13.1%(8)	3.22	1.23
The entrepreneurs trust cooperatives for easy access to market information	13.1%(8)	8.2%(5)	18(11)	27.7%(17)	23%(14)	4.14	5.45
Availability of modern technology has enabled entrepreneurs access market information	8.2%(5)	13.1%(8)	19.7%(12)	27.9%(17)	10%(11)	3.39	1.24
There is able bodied leadership willing to look for market information and avail it	9.8%(6)	14.8%(9)	16.4%(10)	29.5%(18)	21.3%(13)	3.41	1.30
Entrepreneurs willingly invest resources to get access to market information even when the government cannot	14.8%(9)	18%(11)	6.6(4)	36.1%(22)	19.7%(12)	3.29	1.40

Source   Primary   Data   (2017)   *N=61*

4.12 Objective Three: relationship between market information and access and the performance of Small and medium Enterprises

The items on market information were structured basing on the objective of the study. Items were measured on a five-point Likert scale where code **1 = Strongly Disagree, 2 = Disagree, 3 = Not sure, 4 = Agree and 5 = Strongly Agree.**

Twelve (12) items which are statistically tabulated and presented in the table below with the frequencies and percentages according to the responses collected With respect to whether the enterprise is near the market source, 8.2% strongly disagreed, 9.9% disagreed, 9.9% not sure, 29.5% agreed and 29.5% strongly agreed. The mean = 4.48 indicated the majority of the respondents agreed that the enterprise is near the market source.

A respondent noted that

> *The discouraged product market value result in market polices regulating, and the low base of market infrastructure, lack of adequate marketing information system, and the unorganized sector, high transaction cost, which is mainly caused inadequate transport infrastructure and services undermining local markets and exports.*

Ministry of Trade and Industry Report (2015), thus, access to information is an important determinant to create competitiveness by effectively reducing transaction costs to stimulate SME performance. The application of the new information and communication technologies, and especially the internet and mobile offer increased effectiveness encourage and facilitate direct contacting between trade partners.

Responses to the question as to whether market information is availed by government to the entrepreneur 13.1% strongly disagreed, 9.8% disagreed, 8.2% were not sure,

32.8% agreed and 26.2% strongly agreed. The mean = 3.58 indicated that the majority of the respondents agreed that market information is availed by government to the entrepreneur.

Findings revealed that SME owners source of market information are: 88.8% is from fellow SME owners, 56% relatives and 37.5% traders, mobile phone 25% and radio/TV 23 % to find market price information but newspapers and cooperative societies covered by far less user. The government had done little to avail SME owners with market information. Very few access market information on radios/TVs, this could be impacting on the performance of SMEs

As to whether access to market information has enabled the entrepreneurs set the price for their products, the respondents' responses indicated that cumulatively, 8.2% strongly disagreed 6.6% disagreed, 18% not sure, 39.3% agreed, 21.3% disagreed. The mean = 4.13 indicated that the majority of the respondents agreed that access to market information has enabled the entrepreneurs set the price for their products.

A respondent noted that

> *Through training the entrepreneurs can get market information from extension workers. Access to training refers how and from whom farmers are getting the training to find crops price information. This will be an indicator to access updated information via the possible information delivering mechanism. In line with this, access to training is also used to diversify skills and knowledge to use an old and emerging technology via different means of interventions.*

During interviews, an entrepreneur said that, "our main problem is we do not have knowledge on how to access the daily price information, even nobody tells us about the daily market price conditions. Responses to the question as to whether the

entrepreneurs are into cooperatives for easy access to market information (47.5%) agreed while 29.5% disagreed. The mean = 3.22 indicated that the entrepreneurs are into cooperatives for easy access to market information

With respect to whether availability of modern technology has enabled entrepreneur's access market information, cumulatively the larger percentage (51%) agreed with 21.3% disagreeing. The mean = 4.14 which corresponded to agreed indicated that availability of modern technology has enabled entrepreneurs access market information. An entrepreneur noted we communicate price information using socio media like what'sapp.

In relation to the above, the DFID (2000) noted that in addition, internet-based market information systems work well in more developed, literate markets. Other media, such as mobile phones or community radio, could be appropriate alternatives in developing countries, particularly in sub-Saharan Africa. Mobile phone is an emerging technology which can be used to communicate with different bodies via calling, sending SMS and others. It is delivering different information via personal phone With mobile phones, entrepreneurs can simply make a call and determine the availability of inputs from an input supplier and this reduces the cost of traveling. In addition, the mobile phone is used to get information from managers of SMEs on markets. Yet, among the total respondents who owned mobile phone 28.6% have the information about the technology, the rest 71.4% of the respondent did not access the technology. Three major challenges were identified which are, 52.3 % did not know how to use their mobile to access the information, 32.3% of others did not have any information about the technology and 15.4 % of the rest could not understand the delivered information.

A manager further noted that;

Currently they are using modern technologies to store and transport the products to the market.

As to whether there is able bodied leadership willing to look for market information and avail it, cumulatively the larger percentage (37.9%) agreed with 21.3% disagreed. The mean = 3.39 meant that there is able bodied leadership willing to look for market information and avail it.

With respect to whether entrepreneurs willingly invest resources to get access to market information even when the government cannot, cumulatively the larger percentage (50.8%) agreed with 24.6% disagreeing. The mean = 3.41 which corresponded to agreed indicated the majority of the respondents noted that entrepreneurs willingly invest resources to get access to market information even when the government cannot.

With respect to whether they can tell that the business is doing well from the returns on capital employed 11.5% strongly disagreed, 6.6% disagreed, 8.2% not sure, 49.2% agreed 16.4% strongly agreed. The mean = 3.57 which corresponded to agreed indicated the majority of the respondents agreed that they can tell that the business is doing well from the returns on capital employed.

In confirmation, a respondent noted that;

"*they can tell that the business is doing well from the returns on capital employed*".

Rumumba (2015) noted that in order to achieve the maximum impact, the sales growth must increase. It needs to concentrate on the 20 percent of products or services, and on the 20 percent of customers, that will account for 80 percent of the volume and 80 percent of the profit.

Responses to the question as to whether they can tell that the business is performing well from the return on assets (63.9%) agreed while 18% disagreed. The mean = 3.76 indicated that they can tell that the business is performing well from the return on assets. A manager said *that they can tell that the business is performing well from the return on assets.* Ruthrock (2013) noted that the validity of the whole growth process implies accuracy in asset growth and sales growth hence garbage in, garbage out' applies with a vengeance.

As to whether expansion of the business in terms of size and the number employed indicates that the business is performing well, the respondents' responses indicated that cumulatively, 6.6% strongly disagreed,9.8% disagreed, 14.8% not sure, 34.4% agreed and 27.9% strongly agreed. The mean = 3.71 was above the median score, three, which on the five-point Likert scale used to measure the items indicated that expansion of my business in terms of size and the number employed indicates that my business is performing well.

A supervisor noted that;

> *Expansion of the business in terms of size and the number employed indicates that the business is performing well since there are signs of growth.*

Arnold (2009) Perhaps the most important factor in successful marketing is the "business market plan in a small scale enterprise

Responses to the question as to whether strong job retention indicates that my business is doing well (63.9%) agreed while 14.8% disagreed. The mean = 3.83 indicated that strong job retention indicates that my business is doing well.

With respect to whether when am able to pay off all debts is an indicator that the business is performing well, 6.6% strongly disagreed, 11.5% disagreed, 8.2% Not

sure, 39.3% agreed and 27.9% strongly agreed. The mean = 3.75 which corresponded to agreed indicated the majority of the respondents agreed that when am able to pay off all the debts is an indicator that the business is performing well

In contrast to survey findings a manager noted that when one is able to pay off all the debts is not an indicator that the business is performing well since many factors determine growth like capital employed, return on assets, investment and equity. Birungi (2004) further supplements that perception, return on investment, assets and ownership, organization and governance framework, legislation, improved professionalism and resources were identified as the major signs of sales growth.

Table 4. 10: Frequencies, Percentages and Means on Performance of SMEs

Items	SA	A	N	D	SD	Mean	Std. Dev
I can tell that my business is doing well from the returns on capital employed	11.5%(7)	6.6%(4)	8.2%(5)	49.2%(30)	16.4%(10)	3.57	1.23
I can tell that my business is performing well from the return on assets	8.2%(5)	9.8(6)	8.2(5)	32.8%(20)	31.1%(19)	3.76	1.29
Expansion of my business in terms of size and the number employed indicates that my business is performing well	6.6%(4)	9.8%(6)	14.8%(9)	34.4%(21)	27.9%(18)	3.71	1.20
Strong job retention indicates that my business is doing well	6.6%(4)	8.2%(5)	11.5%(7)	31.1%(19)	32.8%(20)	3.83	1.27
When am able to pay off all my debts is an indicator that my business is performing well	6.6%(8)	11.5%(7)	8.2(5)	39.3%(24)	27.9%(17)	3.75	1.21

Source Primary Data (2017)   *N=61*

4. 13 Hypothesis Testing Three:

Hypothesis Three Stated there is a significant positive relationship between market information and access and the performance of Small and Medium Enterprises in Uganda. The hypothesis was tested using the Pearson correlation coefficient and the regression analysis and results of the hypothesis are given below.

Table 4. 11: Correlation Matrix for market information and access and the performance of Small and Medium Enterprises

Correlations

		Market Information	Performance of SMEs
Market information	Pearson Correlation	1	.422[*]
	Sig. (2-tailed)		.000
	N	61	61
Performance of SMEs	Pearson Correlation	.422[*]	1
	Sig. (2-tailed)	.000	
	N	61	61

 *. Correlation is significant at the 0.05 level (2-tailed).

Source: Primary Data (2017)   *N =61*

The result in Table 4.11 shows that the correlation coefficient is .422*. The results show that there is a significant positive relationship between market information and the performance of SMEs in Katwe. Therefore, the alternative hypothesis that was earlier stated in chapter one is upheld. Improving market information and access in SME is key to the survival and improved performance of SMEs in Katwe. If favourable conditions are created for easy market information and access by SME Owners in Katwe, the performance of SMEs will also improve.

Conclusion: This chapter focused on presenting the findings, interpretation and analysis, the next chapter focuses on the summary of findings, discussion of the findings, conclusions, recommendations and areas for further research.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings, discussion, conclusions, recommendations and areas for further study based on the study objectives.

5.2. Summary of Major Findings

The summary of the major findings is presented based on the study objectives as laid in chapter one of this report.

5.2.1: Business Planning and Performance of SMEs

The results showed that the coefficient was .688** and p =0.000 < 0.05. Therefore according to the results there was a significant positive relationship between business planning and performance of SMEs in Katwe. Therefore, the alternative hypothesis that was earlier stated in chapter one is upheld. Improving business planning in SME is key to the survival and improved performance of SMEs in Katwe.

5.2.2: Access to Credit and Performance of SMEs

The results showed that the coefficient was .777** and p=0.000 < 0.05. Therefore according to the results there was a positive significant relationship between access to credit and performance of SMEs in Katwe. Therefore, the alternative hypothesis that was earlier stated in chapter one is upheld. Improving access to credit in SME is key to the survival and improved performance of SMEs in Katwe. If favourable conditions are created to easily access credit by SME Owners in Katwe, the performance of SMEs will also improve.

5.2.3: Market Information and Performance of SMEs

The result showed that the correlation coefficient was .422* and p=0.000 < 0.05. Therefore according to the results there was a positive significant relationship between market information and performance of SMEs in Katwe. Therefore, the alternative hypothesis that was earlier stated in chapter one is upheld. Improving market information and access in SME is key to the survival and improved performance of SMEs in Katwe. If favourable conditions are created for easy market information and access by SME Owners in Katwe, the performance of SMEs will also improve.

5.3. Discussion of Findings

The findings are discussed on the basis of the study objectives as laid down in chapter one

5.3.1: Business Planning and Performance of SMEs

Findings revealed that there was a positive significant relationship between business planning and performance of SMEs in Katwe, the coefficient was 0.688** and p =0.000. Study findings revealed that SME owners draw a budget before starting their businesses but this is rarely done in the businesses in Katwe. NPA (2015) noted that the budget allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. This organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving future income. Rostow in his Theory reiterated that growth is in stages and all stages are relevant, however it is prudent to satisfy all prerequisites.

Some SME owners set goals before beginning business, NPA(2015) noted that without the specified and preferably defined goals in the financial plan, the business most likely the SME may not perform to the expected levels. Relatedly, the Modernization Theory postulated that laid down goals become a working document which guides the campaigns taking place throughout the organization.

It was observed that some businesses do set aside money to cater for risk and other uncertainties in the business. Most SME management team members do not poses the necessary skills needed for risk planning and mitigation a factor that affects the performance of SMEs. The findings are in line with Kakuru (2000) risk management plan drawn by a skilled team may help the organization mitigate risk so as to improve performance.

Findings revealed that very few SME draw risk management plans given that most of the owners are semi illiterate and yet they don't seek such services from experts. Financial planning helps to improve the firm's performance in relation to profitability since whatever is to take place is planned. Rostow's Theory hinted on eventualities that may hinder a nation from moving from one stage of growth to another.

Very few SMEs keep books of account in their businesses, and those that do keep ledgers mostly

NPA Report (2015) noted that it is very important to keep books of account in a business for purposes of proper accountability that helps to enhance business performance.

It was revealed that SMEs do maintain a thorough understanding of their marketing program. NPA (2016) noted that marketing plans/programmes are included in business plans, offering data showing investors how the company will grow and most importantly, how they will get a return on investment a measure for performance in

this study. Rostow in his Theory noted that growth is all about how much time, resources and knowledge a person invests in a venture

Customers are served with what they want this is because the service of our SME aims at satisfying the interests of our clients. Balala (2013) noted that today's business life has its own challenges and especially when it comes to customer relations, this may be affecting business performance. Companies can no longer compete only with price or with products, they need to develop services and experiences that truly matter to their customers and that competitor cannot replicate too easily to enhance their performance.

The management takes note of the customer demands, in this perspective, NDP(2011) pointed out that expectations serve as one standard, based on which customers form their satisfaction judgments and upon which business owners base to judge the performance of their businesses. Balala (2013), even though for many years scholars alike have discussed the concept of expectation, the concept is still proves to be difficult to grasp.

5.3.2: Access to Credit and Performance of SMEs

Findings revealed that there was a positive significant relationship between access to credit and performance of SMEs in Katwe, the coefficient was 0.777** and p =0.000. Findings revealed the interest rates are high and SMEs can't benefit fully from the loans they get from the financial institutions that is why they resort to SACCOs because the interest rates a bit low compared to financial institutions. Findings revealed that the interest rates are high and SMEs can't benefit fully from the loans they get from the financial institutions that is why they resort to SACCOs because the interest rates a bit low compared to financial institutions. Relatedly, Rostow in his

Theory noted that nations should create favourable conditions for growth for example the economic climate.

Study findings revealed that some SMEs are performing poorly in Katwe because they have failed to access credit from financial institutions. Birungi (2004) noted that financial Institutions demand for collateral or security as a prerequisite for accessing loans yet most SME owners don't have any kind of collateral.

It was observed the procedure for accessing the loan is long. It was however reported that the period between the application and the actual disbursement was too long for business owners in Katwe. At times the entrepreneurs lose hope. The paper work involves in filling the forms and signing agreements and contracts. It was also pointed out that there were letters of recommendations required from local authorities or employers that would not be readily available and in some instances money was paid for the stamps. This discouraged the SME owners from accessing the Financial Institutions loans to improve the performance of their SMEs. The Modernization Theory postulates that it is pivotal for all parts of a unit to support each other.

The short repayment period as explained above affected the flow of money from the business to the Financial Institutions. The repayment period for some SACCOs is weekly while for others it was bi-weekly. For the respondents, this period was too short for any meaningful profits to have been realized from which to get money for repaying part of the loan..

Another challenge identified by the respondents was the lack of flexibility from Financial Institutions that is spread across when their clients are sick, lost family members or were involved in accidents. Rostow in his Theory noted that the management of all entities must.

5.3.3 Market Information and performance of SMEs

Findings revealed that there was a positive significant relationship between market information and performance of SMEs in Katwe, the coefficient was 0.422* and p =0.000. Study findings revealed that the discouraged product market value result in market polices regulating, and the low base of market infrastructure, lack of adequate marketing information system, and the unorganized sector, high transaction cost, which is mainly caused inadequate transport infrastructure and services undermining local markets and exports. The Modernization theory calls for information circulation. Ministry of Trade and Industry Report (2015), thus, access to information is an important determinant to create competitiveness by effectively reducing transaction costs. The application of the new information and communication technologies, and especially the internet and mobile offer increased effectiveness encourage and facilitate direct contacting between trade partners.

Findings revealed that through training the entrepreneurs can get market information from extension workers. Access to training refers how and from whom farmers are getting the training to find crops price information. This will be an indicator to access updated information via the possible information delivering mechanism. In line with this, access to training is also used to diversify skills and knowledge to use an old and emerging technology via different means of interventions. The Theory of Modernization by Raham (1993) focused not just on generating knowledge about whether a program is effective, but also on explaining what methods it uses to be effective. Theory of Modernization (ToM) is a specific type of methodology for planning, participation, and evaluation that is used in the philanthropy, not-for-profit and government sectors to promote social change.

It was observed that entrepreneurs communicate price information using socio media like whatsapp In relation to the above, the DFID (2000) noted that in addition, internet-based market information systems work well in more developed, literate markets. Other media, such as mobile phones or community radio, could be appropriate alternatives in developing countries, particularly in sub-Saharan Africa. Mobile phone is an emerging technology which can be used to communicate with different bodies via calling, sending SMS and others. It is delivering different information via personal phone

With mobile phones, entrepreneurs can simply make a call and determine the availability of inputs from an input supplier and this reduces the cost of traveling. In addition, the mobile phone is used to get information from stakeholders on markets. Theory of Modernization defines long-term goals and then maps backward to identify necessary preconditions. Theory of Modernization can begin at any stage of an initiative, depending on the intended use (Sulin, 2003). A theory developed at the outset is best at informing the planning of an initiative.

5.3.4 Performance of SMEs

Study findings revealed that SME owners can tell that the business is doing well from the returns on capital employed. Rumumba (2015) noted that in order to achieve the maximum impact, the sales growth must increase. It needs to concentrate on the 20 percent of products or services, and on the 20 percent of customers, that will account for 80 percent of the volume and 80 percent of the profit.

Study findings revealed that SME owners can tell that the business is performing well from the return on assets. Ruthrock (2013) noted that the validity of the whole growth process implies accuracy in asset growth and sales growth hence garbage in, garbage out' applies with a vengeance.

It was observed that expansion of the business in terms of size and the number employed indicates that the business is performing well since there are signs of growth. Arnold (2009) Perhaps the most important factor in successful marketing is the "business market plan in a small scale enterprise. In contrast to survey findings, it was noted that when one is able to pay off all the debts is not an indicator that the business is performing well since many factors determine growth like capital employed, return on assets, investment and equity. Similarly, Birungi (2004) further supplements that perception, return on investment, assets and ownership, organization and governance framework, legislation, improved professionalism and resources were identified as the major signs of sales growth.

5.4 Conclusions

This study was designed to answer three research questions and this section will summarize the key findings of the study in relation to each research objective in order to formulate the recommendations of the study. Study conclusions were drawn basing on the different research objectives as shown below;

5.4.1 Business Planning and Performance of SMEs

Findings revealed that there was a positive significant relationship between business planning and performance of SMEs in Katwe, the coefficient was 0.688** and p =0.000. The betterment on business planning in terms of operational planning, market planning, and operational planning, the higher the performance of SMEs in Katwe, Kampala

5.4.2: Access to Credit and Performance of SMES

From the foregoing findings however, findings revealed that there was a positive significant relationship between access to credit and performance of SMEs in Katwe,

the coefficient was 0.777** and p =0.000. The betterment on access to credit by SME owners in terms of availability of financial institutions, source, amount, collateral and interest rate, the higher the performance of SMEs in Katwe, Kampala

5.4.3: Market Information and Performance of SMEs

Study findings revealed that there was a positive significant relationship between market information and performance of SMEs in Katwe, the coefficient was 0.422* and p =0.000. The betterment on access to market information by SME owners in terms of availability of source, timeliness, frequency and reliability, the higher the performance of SMEs in Katwe, Kampala.

5.5 Recommendations

The researcher recommended that;

5.5.1 Business Planning and performance of SMEs

Study findings revealed that there was a positive significant relationship between business planning and performance of SMEs in Katwe, the coefficient was 0.688** and p =0.000. There is need to introduce best value planning, best value planning is a method of awarding construction contracts in which bidders compete on the basis of technical and managerial merit, past safety and performance records, qualification of craftsmen, technical innovation, financial health, or other factors, in addition to price . In addition, to avoid delays in supply and provision of services, timelines have to be respected since most projects would have overruns. Payment processes should be well defined and efficient; appropriate checks and authorization processes should be put in place for paying invoices. For the success should ensure that proper mechanisms for project quality control and evaluation are put in place with the input of well qualified personnel with progress reports thereon escalated for necessary action.

5.5.2 Access to Credit and performance of SMEs

Study findings revealed that there was a positive significant relationship between access to credit and performance of SMEs in Katwe, the coefficient was 0.777** and p =0.000. A promising solution is to provide multi-purpose loans or composite credit for income generation, housing improvement and consumption support. The loans should be given at low interest rates since most of the SME owners cannot afford loans at high interest rates. Free collateral security loans would best help in this situation, however many institutions are reluctant to give loans that are not secured. Eventually it would be ideal to enhance the creditworthiness of the poor and to make them more "bankable" to financial institutions and enable them to qualify for long-term credit from the formal sector.

5.5.3: Market Information and Performance of SMEs

Study findings revealed that there was a positive significant relationship between market information and performance of SMEs in Katwe, the coefficient was 0.422* and p =0.000. Additional source of income by SMEs owners is a way for better source of information source choices. So, it is suggested to build up SME, accessing credit through organizing well-functioning SME group, strengthening cooperative and union are important. In addition, further study is needed to see cooperative and union in regarding with their potential and communication among SME owners. It is advised making the institutional factors more conducive for better accessing and to reduce frequent movement of entrepreneurs through availing market information via radio and easy way of information delivering by mobile phone and manual/modern price ticker using knowledge worker or farmers group.

5.6 Limitation of the Study

There were a number of limitations associated with decisions made regarding the methodology. They relate to the choice of participants, the type of data collected and the analytic process. The time for interviews was short and so some relevant information may not have been captured. Some interviews were interrupted by phone calls to the interviewee leading to loss of concentration. The structured questionnaire did not give room for capturing other relevant information for the study. For the key informants, given their busy schedules, some interviews were rescheduled to fit their timetables, but these also sometimes failed. The research took slightly long to conduct particular interviews which delayed the study. There was also a problem of absenteeism by some of the respondents at the designated place of carrying out the interviews. Therefore collecting data from them through the questionnaires proved to be a big challenge. In some instances, respondents wanted pay prior to providing information.

5.7 Areas for further research

The research was carried out in small businesses, there is need to carry out a similar research in a big business entity. There is need to do research on organizational practices affecting SMEs in Uganda. There is need to carry out a research on cultural business planning and the competitive advantage of SMEs in Uganda.

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APPENDICES

APPENDIX I

STUDY QUESTIONNAIRE
QUESTIONNAIRE FOR OWNERS OF SMEs AND SUPERVISORS

Dear Respondent**,**

I am **Sheila Nshemereirwe** a student of Uganda Management Institute undertaking a Master's Degree in Business Administration. In partial fulfillment of the requirements for the award of a master's degree in Business Administration, I am undertaking a research titled factors affecting the performance of Small and Medium Enterprises in Katwe. The questionnaire provides a set of structured questions seeking responses on the topic as provided. Please be as objective as possible in filling this questionnaire. All responses provided will remain confidential; and will be used purely for academic purposes.

SECTION A: Background Information *(Tick Where Applicable)*

1. Sex of Respondents

Sex	Tick	
Male		1
Female		2

2. Age Groups of Respondents

Age group	*Tick*	
20- 29Years		1
30- 39Years		2
40- 49Years		3
50 Years and Above		4

3. Highest Level of Education

Education Level	Tick	
Certificate		1
Diploma		2
Degree		3
Post Graduate Qualification		4

4. **Respondents Marital Status**

Marital Status	Tick	Measure
Married		1
Single		2
Divorced		3
Separated		4
Widow		5
Others		6

SECTION B:

PART I- Please fill in appropriately, by ticking to rank the questions provided under each section, according to the scores provided; *(5, 4, 3, 2 and 1)*

		SCORES				
		Strongly Agree	**Agree**	**Not sure**	**Disagree**	**Strongly Disagree**
		5	**4**	**3**	**2**	**1**
Section B1: Planning **Financial Planning**						
1.	I drew a budget before starting my business					
2.	I set goals before beginning this business					
3.	I set aside money to cater for risk and other uncertainties in					

		SCORES				
		Strongly Agree	**Agree**	**Not sure**	**Disagree**	**Strongly Disagree**
		5	**4**	**3**	**2**	**1**
	my business					
4.	I am able to draw business plans every time I want to begin a new business idea					
5.	I am in position to manage my business applying the management skills I acquired from school					
6.	I come up with new innovations to make my business prosper					
7.	I keep books of account in my business					
8.	I normally set out a plan on how to pay the creditors to avoid being inconvenienced					
9.	I take record of every transaction that I make in my business					
	Market Planning					
10.	I do maintain a thorough understanding of my marketing program, and use it to extract advantages from the marketplace					
11.	Because of the location of my business I get new customers every day					
12.	Nobody complains about the location of my business					

		SCORES				
		Strongly Agree	**Agree**	**Not sure**	**Disagree**	**Strongly Disagree**
		5	**4**	**3**	**2**	**1**
13.	I easily access raw materials where am					
14.	The location of my business has made it easy for me to access the market					
15.	I always work to satisfy my customers' demands					
16.	I try to promote our products on the local market					
17.	I try to advertise my products locally using the media and use of brochures					
	Operational Planning					
18.	I do keep records on every transaction made					
19.	The management has in places means to quicken service delivery					
20.	Management tries to ensure that there is good customer acre					
21.	The customers get instant response to their demands					
22.	The SME responds to the customer demands					
23.	The services offered are within the reach of the customers in terms of time					
24.	The services offered are within the reach of the customers in terms of price					
25.	Management supports the quality assurance in relation to the existing services					

Section B2: Access to Credit

26.	Financial institutions that offer loans are spread across Katwe	5	4	3	2	1
27.	The Financial institutions ask for low interest rates					

28.	Credit can easily be accessed without collateral security by a farmer					
29.	Entrepreneurs are educated on good use of the loans extended.					
30.	Loans are given on time to entrepreneurs seeking to access credit					
31.	The grace period for repayment of the principal is favourable to entrepreneurs					
B3: Market Information						
32.	My enterprise is near the market source					
33.	Market information is availed by government to the entrepreneur					
34.	Access to market information has enabled the entrepreneurs set the price for their products.					
35.	The good road infrastructure has enabled entrepreneurs move to access market information					
36.	The entrepreneurs are into cooperatives for easy access to market information					
37.	Availability of modern technology has enabled entrepreneurs access market information					
38.	There is able bodied leadership willing to look for market information and avail it					
39.	Entrepreneurs willingly invest resources to get access to market information even when the government cannot					

		SCORES				
		Strongly Agree	**Agree**	**Not sure**	**Disagree**	**Strongly Disagree**
		5	**4**	**3**	**2**	**1**
Section B4: Performance of SMEs						
40.	I can tell that my business is doing well from the level of capital my business has					
41.	I can tell that my business is performing well from the growth rates					
42.	Expansion of my business in terms of size and the number employed indicates that my business is performing well					
43.	Strong job retention indicates that my business is doing well					
44.	When am able to pay off all my debts is an indicator that my business is performing well					

Thank you for your cooperation

APPENDIX II

INTERVIEW GUIDE FOR SUPPLIERS

1. To what extent do SME Entrepreneurs in Katwe draw business plans?

2. What are the obstacles to planning in SME at Katwe?

3. To what extent do SME in Katwe have access to credit?

4. To what extent are SMEs in Katwe able to access market information?

5. What are the challenges to credit access by SME owners in Katwe?

6. What are the challenges to market information access by SME owners in Katwe?

7. How best can the government help entrepreneurs have easy access to credit in Katwe?

8. How best can the government help entrepreneurs have easy access market information?

APPENDIX III

DOCUMENTARY REVIEW CHECKLIST

1. National Development Plan(2008)

2. SME Reports

3. Loan forms/Agreements

4. Financial Statements

5. Business Plans

APPENDIX IV

TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
"S" is sample size.

Krejcie, Robert V., Morgan, Daryle W., "Determining Sample Size for Research Activities", Educational and Psychological Measurement, 1970.

APPENDIX V

ANTI PLAGARISM TEST

APPENDIX VI

LETTER TO THE FIELD