

CREDIT ACCESS AND FINANCIAL PERFORMANCE SMALL AND MEDIUM
ENTERPRISES IN NTUNGAMO DISTRICT: A CASE STUDY OF KAJARA SACCO,
RWASHAMAIRE BRANCH

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UNIVERSITY

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DECLARATION

I **AKANKUNDA SHIVAN**,**declare** that this research report is my original work and it has never been presented to any institution or University for any academic award.

Signature ●●●●●●●●●●●●●●●●

Date:12/02/23

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APPROVAL

This research report entitled "Credit policy and financial performance of SME's in Ntungamo District. A case study of Kajara Sacco Rwashamair branch has been done under my supervision and is now ready for submission.

Signed~

Date **21/02/23**
.....

CPA LABSONTURY AMUSHANGA

(Research Supervisor)

DEDICATION.

This work is dedicated with joy and love to my Mum **Mrs. Mbabazi Jovulet**, my brothers **Mr. Arinda Nelson and Mr. Kananura Richard**, sisters **Mrs. Ninsiirna Betty and Mrs. Kyarimpa Sarah**, for their encouragement, and advice to take up this course and laid this foundation for my career and above all for educating me.

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ABSTRACT

The purpose of the study was to establish the relationship between credit access and financial performance of SMEs in Ntungamo District. The study was guided by the following objectives; to establish relationship between credit terms and financial performance of SMEs in Ntungamo District, to establish the effect of credit terms and access to credit on financial performance of SMEs in Ntungamo District and to establish the relationship between access to credit and financial performance of SMEs in Ntungamo District. The study was based on a correlation survey design. Primary data was collected using self-administered questionnaires issued to respondents who were owners/managers of the business. The sample size were 25 respondents (5 SACCO employees and 20 borrowers). The target population included credit officer and business borrowers of Kajara SACCO in Rwashamaire Town. The researcher used simple random sampling technique for the borrowers as this technique gave borrowers equal chances of engaging into the study, systematic sampling was used to select employees of Kajara SACCO. Primary data was obtained through the use of self-administered questionnaire to respondents following systematic and established academic procedures. Secondary data was obtained through the already existing bank's literature and any other literature from Kajara SACCO Financial annual reports, credit performance reports, Bank of Uganda Reports and journal articles. Data was collected from the primary source was compiled, sorted, edited for accuracy and clarity. The research findings showed that firms can easily get credit from Microfinance institutions, access of loan can help in growth of firm's business, their firms often fail to get enough loans they require from microfinance institutions, access to loans have helped in the growth of their business and the respondents also asserted that the length relationship between this firm and suppliers of credit is important in accessing credit. The research findings on the effect of credit terms on financial performance showed that 52% firm can afford the interest rates charged by microfinance institutions, 72% disagreed that loan repayment period given to this firm is convenient, 68% agreed that the interest rates paid remain fixed for the whole repayment period, 80% of the respondents agreed that the firms have sufficient collateral to enable them

acquire credit from microfinance institutions while 92% agreed that presence of collateralizable assets in this firm helps in business growth. In order to improve access to credit by SMEs, commercial banks and other lending institutions need to adjust credit terms in line with what borrowers can afford.

CHAPTER ONE

1.0 Introduction

This chapter presents an overview of the research starting with the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study and significance of the study.

1.1 Background of the study.

Credit Policies are standards applied by microfinance institutions in determining the ability to repay loans. These terms help in assessing credit worthiness of borrowers and hedge against the risk of loss in case of non-repayment. They include collateral, interest rate and repayment period (Agarwal, 2006).

Credit policy also involves the credit terms that includes availability of a supply of reasonable quality financial services at a reasonable cost. Financial performance is the ability of the business to contribute to job and wealth creation through business startup, survival and growth (Sandberg, 2002). Improved access to credit helps businesses grow and advance their financial performance (Claessens, 2006 and Bamford, 1997). On the other hand, acquisition of such credit has proved to be difficult due to credit terms that are perceived to be unfavorable.

In Uganda, Micro finance institution loans according to Vachani, (1994) are defined as those funds obtained by individuals with collateral security. Micro finance institution loans are funds given out mostly in developing countries to combat poverty. These loans are typically unsecured but also may be secured in some cases. However, all of these programs have been characterized by high delinquency rates and low levels of self-sufficiency (Taylor, (2000)). For example, most clients have conceived of Entandikwa as politically motivated, because loans have often been approved through local councils. This perception has encouraged loan recipients to default. Other problems with Entandikwa include unsustainably low interest rates, insufficient institutional capacity and lack of staff for monitoring and supervision. Currently, Entandikwa is in the process of being converted into a line of credit for MFIs (Taylor, 2000).

A study by Saito and Villanueva, (2012), disclosed that Pride Micro Finance has extended micro credit to small business enterprises. It has been extending various micro credit product designs/loans to small agricultural business enterprises such as poultry piggery, goat rearing, heifer projects and vanilla farming; which would not be considered creditworthy in mainstream financial institutions. A number of micro credit products-village group guaranteed loans, urban group loan schemes and individual loan schemes have been extended to the poultry farmers. Like in most micro credit programs, the loans extended are all short term ranging from 4 to 18 months and only to continuing businesses. Kajara SACCO makes sure that they must be serviced immediately within one week without any grace period. In group loans where a group usually contains not less than 5 members, access to credit depends on how fast members can service their loans.

Despite the important role that SMEs are expected to play in the economy of Uganda, there are a number of constraints which act as barriers to the emergence and growth of a sustainable small and micro enterprises sector. The ministry of finance and economic planning (2000), UNCTAD (2002) and Stevenson and St. Onge (2005) emphasize that the major constraints that the SME sector faces include: operations as an informal sector, the size of their operations is too small to enable enjoyment of economies of scale, poor production technology, limited access to markets, limited managerial skills, government bureaucracy and limited access to banking facilities.

Small scale and Medium enterprises contribute approximately 75 percent of the gross domestic product and employ approximately 2.5 million people, signifying their importance in the economic development of Rwanda. Their success is therefore paramount to the country. This success however depends on their access to credit. The researcher therefore seeks to investigate the effect of credit terms on financial performance of SMEs.

1.2 Statement of the problem.

Since the introduction of prosperity for all in Uganda, the economy has been more liberal and has favoured financial institutions to give short term and long term loans to people in need of starting business enterprises. Numerous businesses ranging from small to medium, national to international have survived on the loan schemes given out by microfinance institutions (Taylor, 2000). According to World Bank (1994), loan schemes have made a remarkable impact, and as a

result, small scale business growth and prosperity has. got its financing base on these micro finance institutions. However, some businesses have collapsed because of loan schemes from micro finance institutions, making one wonder the reason for the failure of some businesses. The above background thus give the researcher a need to find out the effect of loan schemes towards the development of small scale business enterprises in Uganda, focusing on Kajara SACCO, Rwashamairebranch. Although factors noted here are important in explaining SMEs" financial performance, the extent to which they have influenced performance in SMEs is not well known.

1.3 Objectives of the study.

General Objective.

The purpose of the study was to analyze the effect of credit accessibility on financial performance of SMEs in Ntungamo District.

Specific Objectives.

- (i) To establish the relationship between credit terms and financial performance of SMEs in Ntungamo District.
- (ii) To examine the effect of access on credit on financial performance of SMEs in Ntungamo District.
- (iii) To establish relationship credit policy and financial performance of SMEs in Ntungamo District.

1.4 Research Questions

- (i) What is the relationship between access to credit and financial performance of SMEs?
- (ii) What is the relationship between credit policy and financial performance of SMEs?
- (iii) What is the effect of credit policy and access to credit on financial performance of SMEs?

1.5 Scope of study

1.5.1 Subject scope.

The researcher sought to investigate the effect of credit terms and access to credit on financial performance of SMEs. The study was limited to credit policy and financial performance of SMEs as a dependent variable.

1.5.2 Geographical scope.

The research was carried out in Nyagatare SACCO, Nyagatare District. Nyagatare town was chosen because it has one of the regions with the highest concentration of businesses in Nyagatare District. Nyagatare town had almost majority of the Small-scale enterprises in the district compared to the rest of the areas in Nyagatare area. As a district, it had the highest distribution of employment (District Development plan, 2013-2018).

1.5.3 Time scope

In terms of time, the study collected information in relation to period of six years (2020-2022) and took a period of only six months. This is the period when there is high development of SMEs that needs credit support to sustain them.

1.6 Significance of the study.

The study is expected to be important to microfinance institutions in Rwanda, government and other stakeholders.

This study will provide information which can be used to inform Microfinance institutions on the extent to which credit provided to the SMEs affect their financial performance, with a special emphasis on improving the entrepreneurs' welfare through their businesses specially focusing on the growth and development of entrepreneurs.

The study would be useful to the government in policy making regarding the financing of the Small and Medium Enterprises through microfinances and other financial institutions. The policy makers will obtain knowledge on the best mechanisms that should be adopted to finance the Small and Medium enterprises. This study is therefore to act as a guide in designing appropriate

policies that will guide Micro Finance institutions in financing the Small and Medium Enterprises.

The study would be of great importance to other researchers and academicians who can find it useful in providing information on the small and medium enterprises of microcredit financing on financial performance of SMEs in Ntungamo District and in Uganda as a whole. It can also be of significant to researchers as it provides basis upon which further studies can be carried out on broad subject's microcredit financing of SMEs.

1.8 Organization of the study.

The study was composed of the five chapters

chapter one that is composed of the background of the study, statement of the problem, objective of the study, scope of the study, significance of the study, profile of the case study and organization of the study.

Chapter two was composed of related literature to the study according to the predetermined research objectives

chapter three consists of the research methodology

chapter four covered data presentation and analysis

chapter five is summary of findings, conclusions and recommendations of the study.

CHAPTER TWO: LITERATURE REVIEW.

2.0 Introduction.

This chapter examines available literature on the relationships between the different variables used in this study. The researcher reviewed literature on the relationship between credit terms and financial performance, the effect of credit terms and access to credit on financial performance of SMEs and the relationship between access to credit and financial performance of SMEs in Ntungamo District.

2.1 Credit policy

Credit policy refer to standards or negotiated terms (offered by a seller to a buyer) that control the monthly and total credit amount, maximum time allowed for repayment, discount for cash or early payment, and the amount or rate of late payment penalty (Rwema , 2014). According to Agarwal (2009), credit terms include factors such as interest rate, collateral and loan repayment periods. Collateral required by microfinance institutions in developing countries has been a contentious issue in SME financing. However, real-estate collateral provides an incentive and a justification to lend and repay, as well as a means to offset losses in case of default (Otero and Lopez, 2001; Aryeetey, 1994).

Stiglitz and Weiss (1981) in their credit rationing theory argue that in an equilibrium market with problems that are commonly found in financial markets, it would be rational for banks to engage in credit rationing. Due to problems of asymmetric information and agency, microfinance have difficulty distinguishing good risks from bad risks and in monitoring borrowers once funds have been advanced (Organization of Economic Cooperation and Development, 2006).

2.2 Access to credit.

Access to credit is defined as an absence of price and non-price barriers in the financial services (IBRD/World Bank, 2008). Financial access is measured by number of loans in a given Period/frequency and average loan amount/volume relative to per capita income (CGAP, 2009). There is growing consensus in the literature that small businesses as opposed to larger firms face

specific constraints in raising external finance as observed by (Berger, 1998). SMEs do not have access to public capital markets and hence depend on banks for funding. When there is a difference between the demand for funds by SMEs and the supply of funds, a financing gap is said to occur. A clear distinction must, however, be made between "actual gaps" and "perceived gaps". An actual financing gap is said to exist if firms that merit financing cannot obtain it due to the existence of market imperfections (OECD, 2006). The fact that some enterprises experience difficulties in accessing financing is not an indication of the existence of an "actual gap". **2.3 Financial performance of SMEs.**

An organization's financial performance can be measured by total sales, liquidity, and profitability (Kelley and Nakosteen, 2005; McMahon, 2001; Miller, Wilson and Adams 1988; Birley and Westhead 1994). The performance of SMEs is their ability to contribute to job and wealth creation through business startup, survival and growth (Sandberg, 2002). Maintaining optimal liquidity demonstrates that there are economies of scale associated with the cash levels required to confront the normal transactions of the firm. Sales growth is often used as a measure of performance. Thomas and Mason (2007) have argued that if sales increase, profits will eventually follow. Information on financial performance is useful in predicting the capacity of the enterprise (Levasseur, 2002).

2.4 Effect of credit terms and access to credit on financial performance of SMEs.

Due to the high collateral requirements, unfavorable interest rates and untimely delivery of credit SMEs are reluctant to obtain loans. In addition, access to credit by SMEs is limited since banks have failed to expand SME loans due to imperfect information, high transaction costs, large number of borrowers and low returns from investments. This will result in reduced financial performance in terms of sales, profits and liquidity (Olutunla and Obamuyi, 2008).

Atieno (2006) and Steel (2004) have further explained that limited access to credit can also negatively affect profitability and financial survival **if** firms operate under poor economic conditions and high interest rates. On the other hand, if credit is accessible and reasonably priced, firms can address their liquidity constraints in turn aiding profitability (Laferrara, 2003). In assessing the creditworthiness of borrowers, banks apply standard and stringent requirements to determine the performance of the business and the ability to repay the loans. Suppliers of

credit may also choose to offer high interest rates and credit rationing that would leave significant numbers of potential borrowers without access to credit (Stiglitz and Weiss, 1981). Lack of available external finance can result in firms being unable to adequately fund operations and pursue market opportunities hence hindering their performance (OECD, 2006).

2.5 The relationship between credit terms and financial performance of SMEs.

The majority of SMEs still face inadequate financing to support their private initiatives. This is due to the high transaction costs and inability of SMEs to provide collateral required by banks (Beyene, 2002). Shortage of finance and the high cost of loan funds negatively affect financial performance of SMEs. Indeed, in UNCT AD (1995), it is reported that the persistent constraints on SMEs financing, and the restrictive terms and conditions on approved loans, are a universal and significant problem among SMEs in developing countries. In presence of favourable credit terms, access to finance is enhanced. Hence a firm can invest in more ventures and increase its sales volume. Higher sales volume and production will lead to increased revenues and profitability which means improved financial performance (Kogut, 1985; Grant, Jammine and Thomas, 1988).

Berger and Udell, (1995) argue that, given the strong relationship between lenders and borrowers it is highly unlikely that the borrower fails to honour his debt, otherwise it would be very difficult to find other banks willing to grant loans at the credit terms. Consequently when SMEs meet their loan obligations financial performance is improved.

SMEs firms find it difficult to obtain microfinance financing, especially long-term loans, for a number of reasons, including lack of collateral, difficulties in proving creditworthiness, small cash flows, inadequate credit history, high interest rates, This is evidenced in the works of Galindo and Schiantarelli (2003), and Beck and Demirgily-Kunt (2006).

2.6 The relationship between access to credit and financial performance of SMEs.

SMEs face difficulty in accessing finance from financial institutions, due to an information gap, which prevents them from knowing how and where to obtain this finance on acceptable terms, and the risk associated with their failure to pay back funds. The implication is that small businesses face funding limit, and are discriminated against in credit markets, which leads to

large firms crowding out smaller firms in the market. The lack of adequate funding means that SMEs will experience low incomes, low profits and low capital formation. However, improved access of credit by SMEs resulting from their ability to meet commercial bank credit terms, leads to survival, increased sales, higher profitability and low cost of doing business (Ogujiuba, 2004; Ojo, 1992 and CBN, 2007).

Small and medium enterprises (SMEs) are always constrained in accessing capital, especially from the formal financial institutions. The lack of accessibility to finance the enterprises, therefore, is attributed to both the supply and demand factors in lending. On the supply side, banks are reluctant to grant loans to SMEs because of lack of reliable information on borrowers, low transparency of operations and poor accounting standards, lack of discipline in the use of credit facilities, the perception of the SME sector as risky, and difficulties in enforcing loan contracts. On the demand side, borrowers are constrained by the absence of collateral, improper bookkeeping, high rates of loan diversion and their inability to prepare feasibility studies. In less developed countries where there is a dearth of information on the operations of SMEs, there is always risk aversion by the financial institutions in funding the sector (Ogujiuba, 2004).

Due to limited access to long-term loans SMEs find it difficult to finance their capital investment and daily operational needs. SMEs have to pay a higher rate of interest and comply with more restrictive requirements on institutional credit obtained by them (Aryeetey, 1994 and Webster, 1991). In the presence of favourable credit terms, there is improved access to credit and therefore financial performance will be enhanced. Additionally, the coefficient of loan amount is associated with financial performance of SMEs. This implies that bank loan is positively related to firm's profitability and that profits of SMEs tend to increase with increasing amount of loans. This further confirms the work of McMahon, (1993) that the financing decision impacts upon the profitability of an enterprise, and as stated by Keasey and Watson (1991), the use of banks' financing by SMEs is associated with higher business performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter shows how the research was conducted. It describes the research design, study population, sampling procedure and sample size, data sources and collection instruments, measurement of variables and data analysis.

3.2 Research Design

A cross-sectional survey design was used to study the relationship between credit policy and financial performance of SMEs. The survey is analytical and descriptive in nature studying the state of affairs of the SACCO at a point in time.

3.3 Study Population

The target population included credit officer and business borrowers of Kajara SACCO in Rwashamaire Town. According to the Kajara SACCO credit report for financial year 2021, the bank disburses loans to business borrowers and community at large. Therefore, the responses from borrowers were represented by the number of the average monthly business borrowers.

3.4 Sampling size and sampling technique

3.4.1 Sample size.

The sample size was 25 respondents (5SACCO employees and 20 borrowers) were selected basing on a table for determining sample size by (Krejcie& Morgan, 1970). Simple random sampling was used to select the business borrowers whereas; purposive sampling was used to select the staff.

Sample size

Table 1: Showing the sample size

Staff Category	Sample
Employees	5
Borrowers	20
Total	25

3.4.2 Sample size determination.

According to Morgan (1997) s

= required sample size.

X₂ = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

$$S = \frac{X^2 NP(I-P)}{d^2 N - 1 + X^2 P(1-P)}$$

$$d^2 N - 1 + X^2 P(1-P)$$

$$\frac{3.841(60)(0.5)(1-0.5)}{(60-1) + 3.841(1-0.5)}$$

$$(60-1) + 3.841(1-0.5)$$

$$S = 25$$

The study used the sample size of 25 respondents including 5 employees of Kajara SACCO and 20 Small and medium enterprises borrowers of Kajara SACCO.

3.4.3 Sampling techniques.

According to Gay (2000), sampling is a process of choosing a sub set of cases in order to come up with the conclusions about the population. The researcher used simple random sampling technique for the borrowers as this technique gave borrowers equal chances of engaging into the study, systematic sampling were used to select employees of Kajara SACCO.

3.5 Data collection.

3.5.1 Data Sources

Primary Data

Primary data was obtained through the use of self-administered questionnaire to respondents following systematic and established academic procedures, as suggested by Nunnally and Bernstein (1994). The questionnaires were used for the collection of data from borrowers and staff.

Secondary Data

Secondary data was obtained through the already existing bank's literature and any other literature from Kajara SACCO Financial annual reports, credit performance reports, Bank of Uganda Reports and journal articles. The reason for this is to make comparison of secondary data with primary data.

3.5.2 Data collection instruments.

A self-administered questionnaires were used to collect data from respondents given that they were many in numbers that it may take much time to interview them face to face. More precise information was collected from the different categories of the respondents.

3.6 Data processing and presentation.

According to Gamson (2007), data is presented and interpreted in two forms both qualitatively and quantitatively. The data was collected from the field and was carefully edited, classified basing on clarity, completeness, accuracy, and consistence. Simple descriptive statistics like frequencies and percentages were used to generate thus tables, charts, and graphs were used to present the data collected.

3.7 Data analysis.

Data was collected from the primary source was compiled, sorted, edited for accuracy and clarity, classified, coded into a coding sheet and analyzed using a Statistical Package for Social Science (SPSS 16.0).

During data analysis, cross tabulations, and frequency tabulations, Pearson's correlation analysis and regression analysis was used *to* present the results of the study. The cross tabulations and frequency tabulations were used to present the results for the sample characteristics, the Pearson's correlation analysis was used *to* present the relationships between the study variables and a regression analysis was used to study the variance in credit policies and financial performance of small scale and medium enterprises in Rwashamaine Town.

3.8 Research Limitations.

- i) Respondents withholding information due *to* fear of being victimized. However, the researcher assured them that the information would be kept confidential **3 will be mainly used for just study purposes.**
- ii) Unwillingness of respondents to fill questionnaires. The researcher ensured consistency in contacting the respondents and made reminders to enable fill **1 questionnaires in time.**
- iii) Respondents having a view of not obtaining any direct benefit from the research results. However, the researcher assured them that they would benefit in the long **run when the pertinent issues are raised to management and acted upon.**

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS.

4.0 Introduction.

This chapter contains the results and the interpretation relating to the sample characteristics of the survey respondents. The presentation was guided by the research objectives and the statistics were generated with the aim of generating responses from the research questions. The presentation was guided by the following research objectives;

- (i) To establish the relationship between access to credit and financial performance of SMEs in Ntungamo District.
- (ii) To examine the effect of credit policy and access on financial performance of SMEs in Ntungamo District.
- (iii) To establish relationship credit policy and financial performance of SMEs in Ntungamo District.

4.1 Sample Characteristics

4.1.1 Gender distribution of the respondent.

The results in table I below were generated to explore the distribution of the gender of the respondents

Table 2: Gender of the respondents.

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	09	36.0	64.0	64.0
Female	16	64.0	36.0	100.0
Total	25	100	100.	
Source: Primary Data, March 2022			0	

From table 2 above, results revealed that the majority of the respondents were female constituting 64.0% compared to their male counterparts representing 36.0% in the sample. This shows that female respondents were more cooperative than the male respondents who mostly

claimed they were too busy. Female respondents were more cooperative than the male respondents who mostly claimed they were too busy.

4.1.2 Number of employees

Table 3: Number of employees

Number of employees	Frequency	Percent	Valid Percent	Cumulative Percent
	11	44.0	44.0	44.0
2 to 4	5	20.0	20.0	64.0
5 to 8	3	12.0	12.0	76.0
9 to 10	2	8.0	8.0	84.0
More than 10	4	16.0	16.0	100.0
Total	25	100	100	

Source: Primary Data, April 2022

From table 3 above, results showed that most of the employees are between 0-1 representing 44.0%, between 2- 4 employees constituting 20.0%, 5 to 8 employees comprising of 12.0% and the least were between 9to 10 and more than 10 representing 8.0% and 16.0% respectively in the entire Sample. This implies that majority of the businesses were small sized enterprises.

4.1.3 Age of manager

Table 4: Age of owner/ manager

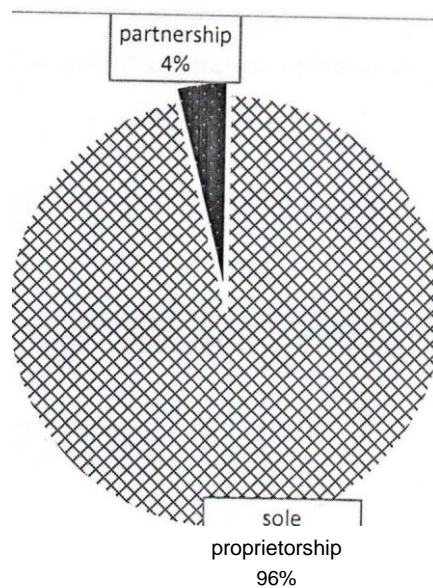
Age of owner	Frequency	Percent	Valid Percent	Cumulative Percent
			Percent	Percent
28-37	17	68.0	68.0	68
38-47	5	20.0	20.0	88.0
48-57	1	4.0	4.0	92.0
58+	2	8.0	8.0	100.0
Total	25	100	100	

Source: Primary Data, April 2022

From table 4 above, findings revealed that majority of the respondents were in the age group of 28-37 years representing by 68.0%, followed by 38-47 constituting years 20.0% and least were in the age bracket above 58 years and 48-57 years constituting 4.0% and 8.0% respectively. This implies that most owner/managers of the businesses are between 28 and 37 years of age.

4.1.4 Ownership of the business

Figure 1:Ownership of the business.



From figure 2 above, findings revealed that ownership of most businesses was sole proprietorship representing 96.0% and least were partnership owned comprising of 4.0% in the entire sample.

4.1.5 Kind of business the firm is engaged in

Table 5: Kind of business the firm engaged in

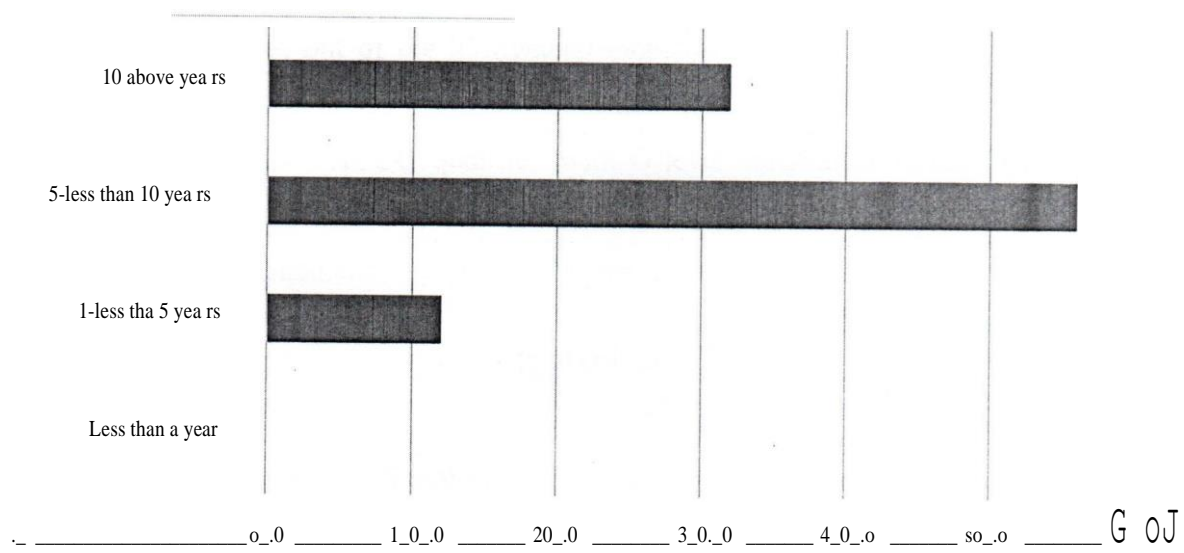
Age of owner	Frequency	Percent	Valid Percent	Cumulative Percent
Manufacturing	2	8.0	8.0	08
Services	6	24.0	24.0	32.0
Trade	17	68.0	68.0	100.0

Tota **25** **10** **100**
l **0**
Source: Primary Data, April 2022

From table 5 above, findings show that most of the respondents are engaged in the trade kind of business constituting 68.0% followed by service type of business representing 24.0% and the least were observed to be in the manufacturing kind of business comprising of 8.0% in the entire sample. This meant that trade was the most dominant business activity carried out by SMEs while manufacturing was the least dominant activity.

4.1.6 Length of existence in business.

Figure 2: Showing Length of existence in business.



Source: Primary Data, April 2022

Results from figure 3 above, revealed that most of the organizations have been in existence for a period less than 10 year constituting 56%, followed by 10 years and above representing 32% and the least have been in existence for a period less than 5years representing 12% in the entire sample. This signifies higher stability levels in businesses that have existed longer and therefore stand a better age to access credit than those existing for shorter periods and therefore improved financial performance.

4.1. 7 Level of education.

Table 6: Level of education

level of education	Frequency	Percent	Valid	Cumulative
			Percent	Percent
Degree	7	28.0	28	28
Diploma	11	44.0	44	72.0
A'level	4	16.0	16	88.0
O'level	3	12.0	12.0	100.0
Total	25	100	100	

Source: Primary Data, April 2022

From table 6 above, out of the 25 owners/ employees of SACCO, 44% had diploma level of qualifications, 28% qualified with degrees, 16.0% qualified with A-level and least of the owners/ employees of Kajara SACCO qualified with O-level constitutes 12.0%. This implies that the majority of the respondents had post graduate qualification, meaning that the population sample was made up of learned and experienced owner/ employees of Kajara SACCO.

4.2 The relationship between access to credit and financial performance of SMEs in

Ntungamo District.

Table 7: Showing the relationship between access to credit and financial performance of SMEs in Ntungamo District.

	Strongly agree		Disagree		Uncertain		Agree		Strongly disagree	
	f	%	f	%	f	%	f	%	f	%
The firm can easily get credit from Microfinance institution	9	36	1	4	2	8	13	52	0	0
Frequency of access of loan can help in growth of firm's business.	11	44	2	8	1	4	7	28	4	16
The firm often gets the loan size it requires	4	16	6	24	9	36	2	8	4	16
The Security required to get loans limits the	0	0	1	4	21	84	0	0	3	12

firm's ability to borrow from microfinance institutions										
The firm has reliable security guaranteed to access credit	8	32	3	12	1	4	11	44	2	8
Access to loans helps in growth of the firm's business	14	56	0	0	0	0	0	0	11	44
Length of relationship between this firm and suppliers of credit is important in accessing credit	3	12	1	4	4	16	1	4	16	64

Source: Primary Data, April 2022

As shown in table, above, the majority of the respondents, 88% revealed the firm can easily get credit from Microfinance institutions, and 4% of the respondents disagreed that MFIs do not access finances and capital constraint to their clients while 8% were uncertain whether the firms can easily get credit from Microfinance institutions.

72% agreed that frequency of access of loan can help in growth of firm's business, 4% were uncertain on the issue while 24% frequency of access of loan cannot help in growth of firm's business. According to the interview conducted with one of the business man in Rwashamaire Town, He asserted that "Most of us fear to take loans from the microfinance institutions as they put their collaterals on the risk of being sold due to fail to pay loans in time.". He also said that "Business nowadays are no longer profitable. There is not advisable to take up loans from microfinance institutions."

From the research findings majority of the respondents asserted that their firms often fail to get enough loans they require from microfinance institutions as supported by 40% of the respondents while 24% of other respondents their firms get the loan size it requires from Microfinance institutions while 36% were uncertain on whether firms get enough loan size to enable them accomplish their planned investment. Majority of the entrepreneurs said that the microfinance institutions usually provide them with less loan size due to lack of enough collateral security for required loan sizes.

84% of the respondents were uncertain whether the Security required to get loans limits the firm's ability to borrow from microfinance institutions since most the small-scale entrepreneurs had security inform of assets that they used to acquire loans from microfinance. 12% of the respondents disagreed with the statement and asserted that Microfinance through lending in groups does not require collateral security.

From the research finding, the majority 76% of the respondents agreed with statement that firms have reliable security guaranteed to access credit from microfinance institutions 4% were uncertain whether the firms have reliable security guaranteed to access credit from microfinance institutions and these mainly were using group loans while 20% asserted that firms do not have reliable security guaranteed to access credit to access microfinance institutions. These firms were mainly owned by the youth who have just joined the entrepreneurship sector.

All respondents agreed that the access to loans have helped in the growth of their business. One of the businessman asserted that "I started my small business with the limited capital after I acquired a loan from the Kajara SACCO to increase capital in my business. After acquiring the loans my business growth increased highly and I had to increase my investment opportunities".

Also as shown in the table above 68% majority of the respondents disagreed with the statement that length of relationship between this firm and suppliers of credit is important in accessing credit.16% of other respondents said that the length of the relation between their firms and suppliers of credit is important in accessing credit while Other 16% of other respondents were uncertain whether the length of relationship between their firms and suppliers of credit is important in accessing credit.

4.3 The relationship between credit policy and financial performance of SMEs

Table 8: Showing the relationship between credit policy and financial performance of SMEs

	Strongly agree		Disagree		Uncertain		Agree		Strongly disagree	
	f	%	f	%	f	%	f	%	f	%
This firm can afford the interest rates charged by microfinance institutions	1	4	6	24	9	36	2	8	7	28
The loan repayment period given to this firm is convenient	5	20	15	60	1	4	1	4	3	12
The Interest rates paid remain fixed for the whole repayment period	7	28	4	16	3	12	10	40	1	4
This firm has sufficient collateral to get credit from microfinance institutions.	13	52	2	8	0	0	7	28	3	12
Presence of collateralizable assets in this firm helps in business growth	17	68	2	8	0	0	6	24	0	0
This firm always uses the loan according to its original purpose	15	60	3	12	1	4	4	16	2	8
This firm's credit history helps it access credit	17	68	4	16	2	8	2	8	0	0
Most loans obtained by the firm have to be paid back within one year	14	56	2	8	3	12	6	24	0	0
This firm gets incentive from banks after paying back loan in terms of increase in loan amount	8	32	3	12	1	4	11	44	2	8
This firm has never defaulted on any loan obligation	17	68		0		0	8	32	0	0

Source: Primary Data, April 2022

From the research findings the majority of the respondents 52% disagreed with the statement that firm can afford the interest rates charged by microfinance institutions. They asserted that the interest rate charged by microfinance institutions plus shared they require the clients to buy when applying for loans is too high to induce the clients to apply for loans. 12% of other respondents

agreed with the statement while 36% of other respondents were uncertain on whether microfinance institutions charge high interest rates. Bhuyan, (2006) noted that one of the serious limitations of the microfinance institutions tend to increase their borrowing rate because the rate, the central bank lend at higher interest rate to microfinance institutions thus increasing interest rate to its borrowers.

72% disagreed that loan repayment period given to this firm is convenient. The revealed to the researcher that in most cases microfinance institutions allow the clients to pay within one year, 24% agreed that repayment period given to this firm is convenient while 4% of the respondents were uncertain on whether the loan repayment period given to this firm is convenient.

The majority of the respondents 68% agreed that the interest rates paid remain fixed for the whole repayment period, 16% were uncertain on whether the interest rates paid remain fixed for the whole repayment period while 16% disagreed with the statement. Ledger (1999), notes that of the borrower who signed for loan at least 20% of the value of loan. This seems to point out that even if borrowers failed to pay back, the microfinance could at least get 30% of the loan back because of collateral requirement.

80% of the respondents agreed that the firms have sufficient collateral to enable them acquire credit from microfinance institutions while 30% of other respondents revealed that firms do not have sufficient collateral to get credit from microfinance institutions. Mosley (1996), collateral security depends on the value of loan, this acts as security in case of the borrower fails to pay back.

The majority 92% agreed that presence of collateralizable assets in this firm helps in business growth, 8% disagreed that presence of collateralized assets in this firm helps in business growth. This implies that the presence of the collateralizable assets helps the firms to grow since they are able to obtain loans from the microfinance institutions.

Most of the respondents (76%) agreed that firm always uses the loan according to its original purpose, 4% were uncertain on whether all clients always use the loan according to its original purpose without diverting them to other functions which are non -economical while 20% disagreed with the statement and asserted that firms always use the loans to other activities than original purposes which are non-economical like weddings and purchase of luxury items.

72% of respondents agreed that firms credit history helps it access credit as the banks officials develop trust in them, 8% were not sure whether the firm's credit history helps it to access credit 16% disagreed with the statement ascertained that the firm's credit history helps it to access credit. The respondents said that the only thing that allow the SACCO client to obtain loan from the bank is collateral security and guarantors.

In terms of loan obtained by the firm have to be paid back within one year, majority of the respondents 80% said that most of the firms' have to be paid back within one year, 12% were uncertain on whether the most of the loans have to be paid within one year while 8% said that some times loans obtained by the firm have to pay loans in more than one year.

From the research findings , the majority of the respondents 76% of the respondents agreed with the statement that firms gets incentive from banks after paying back loan in terms of increase in loan size ,4% were uncertain on whether firms gets incentive from banks after paying back loan in terms of increase in loan size while 20% disagreed that firms gets incentive from banks after paying back loan in terms of increase in loan amount, they asserted that increase in loan size depends on the collateral security provided to the microfinance institutions. Also from the study findings all respondents agreed that their firms have never defaulted any loan obligation. This implies that clients of Kajara SACCO pays well loans obtained.

**4.4 The effect of access on credit on financial performance of SMEs in Ntungamo District. Table 9:
The effect of access on credit on financial performance of SMEs in Ntungamo District.**

	Strongly agree		Disagree		Uncertain		Agree		Strongly disagree	
	f	%	f	%	f	%	f	%		%
Daily sale volume is increasing	12	48	3	12	1	04	7	28	2	08
Average monthly profit is increasing	8	32	0	0	7	28	10	40	0	0
Monthly business saving is increasing	11	44	4	16	1	04	9	36	0	0
Number of customers are increasing	21	84	2	08	3	12	0	0	0	0

Number of staff or employees are increasing	19	76	1	04	0	0	5	20	0	0
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From table above, majority of the respondents 76% overwhelming revealed daily sale volume have been increasing since after acquiring loans from microfinance institutions, 4% were uncertain on whether daily sales is increasing while 20% disagreed with the statement. The findings are in line with Berger and Udell, (1998) and Galindo and Schiantarelli (2003) who observed that both in the developing and developed world, small firms have been found to have less access to external finance and to be more constrained in their operation and growth. On their part, Schiffer and Weder (2001) showed that small firms consistently report higher growth obstacles than medium-size or large firms. The findings are also collaborated by Beck et al. (2003) who observed that size, age and ownership are the most reliable predictors of firms' financing obstacles. The authors found that older, larger and foreign-owned firms

On the average monthly profit, 72% of the respondents agreed with the statement that average monthly profit have increased from their firms, 28% of other respondents revealed to the researcher that they are uncertain on whether there is increase in average monthly profits in the firms. This implies some entrepreneurs do not carry out record keeping that can help in determining the loss and profit in their firms.

As shown on Table above, 80% of respondents said that their monthly business saving have been increasing as the result of acquiring loans from microfinance institutions. 4% were uncertain while 16% of the respondents disagreed with the statement, they illustrated to the researcher the interest charged by microfinance institutions are high and cannot allow them obtain profits.

Also, from the table above 96% agreed that their customers have been increasing after acquiring Loans from Kajara SACCO since it has enabled them to purchase items in bulky at less prices. These has allowed them sell at low prices to the business community. However, 12% of respondents were not

As result of increase in the business /firm size , the businessmen have been able to employ more employees to working the companies this was supported by 96% of the respondents while 4% of other respondents were uncertain on whether their staff or employees have increased.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction.

This chapter presents the summary of the data findings on the effect of credit policy on the financial performance of SMEs in Ntungamo District. The conclusions and recommendations are drawn there to. The chapter is therefore structured into summary of findings, conclusions, recommendations and areas for further research.

5.1 Discussion of research findings

5.1.1 Relationship between credit terms and financial performance of SMEs.

From the research findings 88% revealed the firm can easily get credit from Microfinance institutions, 72% agreed that frequency of access of loan can help in growth of firm's business, firms often fail to get enough loans they require from microfinance institutions as supported by 40% , 84% of the respondents were uncertain whether the Security required to get loans limits the firm's ability to borrow from microfinance institutions since most the small-scale entrepreneurs had security inform of assets that they used to acquire loans from microfinance, 76% of the respondents agreed with statement that firms have reliable security guaranteed to access credit from microfinance institutions , All respondents agreed that the access to loans have helped in the growth of their business and 68% majority of the respondents disagreed with the statement that length of relationship between this firm and suppliers of credit is important in accessing credit. This finding is consistent with Kogut (1985); Grant, Jammine and Thomas (1988), who affirm that in presence of favourable credit terms, access to finance is enhanced with improved liquidity to finance their capital investment and daily operational needs. Hence a firm can invest in more ventures and increase its sales volume. Higher sales volume and production will lead to increased revenues and profitability which means improved financial performance. This implies that in the presence of favorable credit terms, financial performance

of SMEs will be enhanced with ease of acquisition of loans. Similarly, stringent credit terms make it difficult for firms to access loans.

5.1.2 Effect of access to credit on financial performance of SMEs.

Results indicated that there was a significant positive association of credit terms and access to credit on financial performance of SMEs. From the research findings 76% overwhelming revealed daily sale volume have been increasing since after acquiring loans from microfinance institutions, 4% were uncertain on whether daily sales is increasing while 20% disagreed with the statement. , 72% of the respondents agreed with the statement that average monthly profit have increased from their firms , 80% of respondents said that their monthly business saving have been increasing as the result of acquiring loans from microfinance institutions, 96% agreed that their customers have been increasing after acquiring Loans from Kajara SACCO since it has enabled them to purchase items in bulky at less prices , the businessmen have been able to employ more employees to working the companies this was supported by 96% of the respondents , This position is supported by Laferrara, (2003), who argued that if credit is accessible and reasonably priced, firms can address their liquidity constraints in tum aiding profitability. On the other hand, SMEs are reluctant to obtain loans due to the high collateral requirements, high interest rates and untimely delivery of credit. This has resulted in reduced financial performance in terms of sales, profits and liquidity (Olutunla and Obamuyi, 2008). Atieno (2006) and Steel (2004) have further explained that limited access to credit can also negatively affect profitability and financial survival if firms operate under poor economic conditions and high interest rates. The findings were also in line with the findings presented by Berger and Udell, (1998) and Galindo and Schiantarelli (2003) who observed that both in the developing and developed world, small firms have been found to have less access to external finance and to be more constrained in their operation and growth. On their part, Schiffer and Weder (2001) showed that small firms consistently report higher growth obstacles than mediumsize or large firms. The findings are also collaborated by Beck et al. (2003) who observed that size, age and ownership are the most reliable predictors of firms' financing obstacles. The authors found that older, larger and foreign-owned firms.

5.1.3 Relationship between credit policy and financial performance of SMEs.

Results indicated that there was a significant positive association of credit terms and access to credit on financial performance of SMEs. From the research findings 76% overwhelming revealed daily sale volume have been increasing since after acquiring loans from microfinance institutions, 4% were uncertain on whether daily sales is increasing while 20% disagreed with the statement. , 72% of the respondents agreed with the statement that average monthly profit have increased from their firms , 80% of respondents said that their monthly business saving have been increasing as the result of acquiring loans from microfinance institutions, 96% agreed that their customers have been increasing after acquiring Loans from Kajara SACCO since it has enabled them to purchase items in bulky at less prices , the businessmen have been able to employ more employees to working the companies this was supported by 96% of the respondents. The results were consistent with existing literature that easy credit accessibility by SMEs" facilitates further growth and expansion of their businesses (Berger and Udell, 2006). More so, Schmidt & Kropp (1998) assert that for SMEs, reliable access to short term and small amounts of credit are more valuable and emphasizing it may be more appropriate in credit programs aimed at such enterprises success. This means that in the presence of improved access to credit financial performance will be enhanced. This was in line with Ogujiuba (2004); Ojo (1992) and CBN (2007), who argue that improved access of credit by SMEs leads to survival, increased sales, higher profitability and low cost of doing business.

However, SMEs have been unable to obtain finance from financial institutions, due to an information gap, which prevents them from knowing how and where to obtain this finance on acceptable terms, and the risk associated with their failure to pay back funds. The implication is that small businesses face funding limit, and are discriminated against in credit markets, which leads to large firms crowding out smaller firms in the market. The lack of adequate funding means that SMEs will experience low incomes, low profits and low capital formation.

5.2 Conclusions.

In conclusion, it was observed that there was a positive significant association among the study variables which included credit terms, access to credit and financial performance of SMEs.

Discussion of findings indicate that favorable credit terms including interest rates, collateral and repayment periods enabled businesses to access required amounts of credit thus leading to improved financial performance in terms of sales volumes, profitability and liquidity management. However, unfavorable credit terms such as high interest rates, lack of collateral security and short repayment periods deprived some enterprises from accessing credit therefore leading to failure of business. Furthermore, there are other factors that were found to influence financial performance of SMEs not limited to this study such as information gap between lenders and borrowers and transaction costs involved. When there is an information gap, SMEs are unable to know which how and where to obtain this finance on acceptable terms, and the risk associated with their failure to pay back funds leads to stringent credit terms and therefore difficult in accessing finance and high transaction costs also influence access to finance and eventually affect firm performance negatively.

5.3 Recommendations.

In light of the findings, discussions and the conclusions, the following recommendations are hereby stated; The findings of the paper imply that the government should formulate policies that will compel microfinance institutions to relax their restrictive regulations and operations which may discourage borrowing and offer more credit facilities for SMEs.

The government should empower the SMEs to access and get credits from the microfinance institutions through formal and informal entrepreneurship education for SMEs to develop their managerial capabilities, accounting skills and overall, be more credit worthy.

Furthermore, initiatives to support emerging businesses should be intensified in order to achieve sustainable socio-economic growth. Initiatives such as giving entrepreneurs incentives inform of capital from the government and more business associations.

Business entrepreneurs should be encouraged to upgrade their managerial competencies by going for training courses and attending business development services that will improve their skills and knowledge. This will enable them compete favorably in the competitive environment.

Based on the findings, it can therefore be recommended that in order to improve the financial performance of SMEs, there is need by the owners to fulfil the set credit terms in order to

maintain a good relationship with the microfinance institutions. This will help to receive favourable terms when they wish to borrow again because of the good track record. This in return will help them maintain adequate liquidity because they can always access cash resources when need arises.

5.4 Areas for further research

This study focused on credit policy and financial performance of SMEs in Ntungamo District.

However, areas for further research are suggested below:

Effect of managerial competence, information availability and other factors that affect the general performance of SMEs.

Criteria followed by microfinance institutions in issuance of loans to SMEs.

There is need to research further on the external factors that have an impact on the access to credit by the Small and Medium Enterprises like the adequacy of the financial systems, regional imbalances in the economy among others.

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APPENDIX I: QUESTIONNAIRE

Dear respondents;

I am AKANKUNDA SHIVAN, a student at Kabale University carrying out research on Credit Policy and Financial Performance of SMEs in Ntungamo District, a case study of Kajara SACCO R washamaire Branch. This research is pre-requisite for the award of degree of Business Administration. Some questions require the respondents to tick the most correct answer. The study is purely academic and all responses received will be treated with utmost confidentiality and will only be for the purposes of research work. Kindly answer these questions as objectively as possible so that the results of the data analysis are fairly accurate.

Thank you very much for your cooperation.

Section A: Bio data for respondents.

1.Location

2. Ownership

Sole proprietorshipC:=J corporations

partnerships c:J.mited liability companies

3 .Number of employees

2to4[=:J 5 to 8 9to 10 more than 10

4. Gender of owner /manager

Male Female

5.Age of owner /manager

18-27

28-37

38-47

48-57

58+

6.For how long has this business been in existence?

Less than a year

I-less tha 5 years

5-less than 10 years

10 above years

7. What kind of business is the firm engage in

Manufacturing services

Trade

CJ

others specify

8. Owner/Manager's level of education:

PLE CJO-Level

C=;)Level

Degree

Other (Specify)

Section B: The relationship between access to credit and financial performance of SMEs in Ntungamo District.

9. My firm has borrowed money from microfinance institutions

Never

1 - less than 3 times

3- less than 5 times

5- less than 10 times

10. The single largest amount ever borrowed was

Less than 1 Million

1- less than 5Million

5- less than 10 Million

10-Less than 25 Million

25 Million or more

11. The total amount the firm has borrowed is

Less than 1 Million

5- less than 10 Million

25 Million or more

1 - less than 5Million

[Jo-Less than 25 Milon

Please mark the given statements according to your level of agreement. The numbers 1.5 represent levels of agreement from strongly disagree to strongly agree as detailed in Table below.

Table 1 :Levels of agreement

Strongly agree	Disagree	Uncertain	Agree	Strongly disagree
1	2	3	4	5

Please mark the given statements according to your level of agreement. The numbers 1.5 represent levels of agreement from strongly disagree to strongly agree as detailed in Table 1.

		1	2	3	4	5
12	The firm can easily get credit from Microfinance institution					

13	Frequency of access of loan can help in growth of firm's business.					
14	The firm often gets the loan size it requires					
15	Credit policies of microfinance institutions influence the firm's decision to get credit					
16	The firm has reliable security guaranteed to access credit					
17	The Security required to get loans limits the firm's ability to borrow from microfinance institutions					
18	The firm has reliable security guaranteed to access credit					
19	Access to loans helps in growth of the firm's business					
20	Length of relationship between this firm and suppliers of credit is important in accessing credit					

Section C: The relationship between credit policy and financial performance of SMEs Please

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

		1	2	3	4	5
21	This firm can afford the interest rates charged by microfinance institutions					
22	The loan repayment period given to this firm is convenient					
23	The firm feels collateral required by commercial banks is favourable					
24	The Interest rates paid remain fixed for the whole repayment period					

25	This firm has sufficient collateral to get credit from microfinance institutions.					
26	Presence of collateralizable assets in this firm helps in business growth					
27	This firm always uses the loan according to its original purpose					
28	This firm's credit history helps it access credit					
29	Most loans obtained by the firm have to be paid back within one year					
30	This firm gets incentive from banks after paying back loan in terms of increase in loan amount					
31	This firm has never defaulted on any loan obligation					

Section D: The effect of credit policy and access on financial performance of SMEs in Ntungamo District.

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

		1	2	3	4	5
32	Daily sale volume is increasing					
33	Average monthly profit is increasing					
34	Monthly business saving is increasing					
35	Number of customers are increasing					
36	Number of staff or employees are increasing					

Thank you for your time and responses.

APPENDIX 2: INTERVIEW GUIDE

Dear respondents;

I am a student of Kabale University carrying out research on Credit Policy and Financial Performance of SMEs in Ntungamo District, a case study of Kajara SACCO Rwashamairi Branch. This research is a pre-requisite for the award of Diploma of Business Administration. Some questions require the respondents to tick the most correct answer. The study is purely academic and all responses received will be treated with utmost confidentiality and will only be for the purposes of research work. Kindly answer these questions as objectively as possible so that the results of the data analysis are fairly accurate.

Thanks, you very much for your cooperation.

Section A: Bio data for respondents.

Section A:

I. Location 2.

Ownership

3. For how long has this business been in existence?

4. What kind of business is the firm engage in

5. Owner/Manager's level of education:

Section B: The relationship between access to credit and financial performance of SMEs in Ntungamo District.

6. Do your My firm borrow money from microfinance institutions?

7. **If** yes state the single largest amount ever borrowed by your firm.

8. Does the frequency of access ofloan help growth of firm's business?

If yes show how the firms have benefited from the frequency access to loans.

9.a) Is there any relationship between access to credit and financial performance of SMEs in Ntungamo District.

b) Give the reason for the above.

c) Explain the relationship between access to credit access and financial performance of SMEs in Ntungamo District.

Section C: The relationship between credit policy and financial performance of SMEs I 0.

Do the firms afford the interest rates charged by micro finance institutions?

11. Is the loan repayment period given to this firm is convenient?

12. State whether the firm feels collateral required by commercial banks is favourable.

13. Do the interest rates paid remain fixed for the whole repayment period?

14. State whether your firm has sufficient collateral to get credit from microfinance institutions?

15 a) Is there any relationship between credit policy and financial performance of SMEs ?

b) Give the reason for the above

c) Explain the relationship between access to credit policy and financial performance of SMEs.

Section D: The effect of credit policy and access on financial performance of SMEs in Ntungamo District.

16. State whether daily sale volume of your firm increases every time after accessing loans.

17. Does average monthly profit increase?

18. Do the Monthly business saving increase?

19. Compare the time before acquiring loan from the micro finance institution to the period before acquiring loan from microfinance institution state whether the Number of customers increase after acquiring loan from microfinance institution.

Thank you for your time and responses.

APPENDIX III: MORGAN TABLE

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Population Size	Confidence = 95%				Confidence = 99%			
	Margin of Error				Margin of Error			
	5.0%	3.5%	2.5%	1.0%	5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1000	278	440	606	906	399	575	727	943
1200	291	474	674	1067	427	636	827	1119
1500	306	515	759	1297	460	712	959	1376
2000	322	563	869	1655	498	808	1141	1785
2500	333	597	952	1984	524	879	1288	2173
3500	346	641	1068	2565	558	977	1510	2890
5000	357	678	1176	3288	586	1066	1734	3842
7500	365	710	1275	4211	610	1147	1960	5165
10000	370	727	1332	4899	622	1193	2098	6239
25000	378	760	1448	6939	646	1253	2399	9972
50000	381	772	1491	8056	655	1318	2520	12455
75000	382	776	1506	8514	658	1330	2563	13583
100000	383	778	1513	8762	659	1336	2585	14227
250000	384	782	1527	9248	662	1347	2626	15555
500000	384	783	1532	9423	663	1350	2640	16055
1000000	384	783	1534	9512	663	1352	2647	16317
2500000	384	784	1536	9567	663	1353	2651	16478
10000000	384	784	1536	9594	663	1354	2653	16560
100000000	384	784	1537	9603	663	1354	2654	16584