
**FINANCIAL MANAGEMENT AND GROWTH OF SMALL AND MEDIUM
ENTERPRISES (SMEs) IN PALLISA DISTRICT.**

BY

NAKIRIA DOREEN

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DECLARATION

I NAKIRIA DOREEN do declare that this is my personal original piece of work as a result of my own effort after the approval of the research topic, 'Financial Management on growth of SMEs in Pallisa District and has never been submitted to any institution, or University for the award of a Bachelor in Business Administration Accounting and Finance option.

SIGNATURE:

NAME: NAKIRIA DOREEN

APPROVAL

This is to certify that the research report done by **NAKIRIA DOREEN** on the topic; **‘FINANCIAL MANAGEMENT AND GROWTH OF SMES** has been produced under my supervision and it is now ready for submission to Busitema University, Faculty of Management Sciences.

ACADEMIC SUPERVISOR

SIGNATURE.....

NAME: MADAM SWAFIYYA NAKYEYUNE

DATE.....

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DEDICATION

I have a pleasure to dedicate this work to my Sponsors; aunty Marjorie Lunkuse, miss. Ssubi Ellen Eva, Mr. Ssubi Francis, my father Ojangole Peter, for their financial and physical support towards the completion of this report. I also dedicate the report to my Academic supervisor, madam Nakyeyune Swaffiya and my beloved Son Imran Wanjala

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LIST OF ACRONYMS

SMEs.....	Small and medium Enterprises
FM.....	Financial Management
AIS.....	Accounting Information System
FR.....	Financial Reporting
WCM.....	Working Capital Management
QFR.....	Quality of financial Reporting
IFRS.....	International Financial Reporting Standards
ROS.....	Returns on Sales
IM.....	Inventory Management
DM.....	Debt Management
IV.....	Independent variable
DV.....	Dependent variables

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ABSTRACT

This study examined on the effect of financial management on growth of SMEs in Pallisa District. The study applied a cross sectional research design and descriptive approach. Data were collected from 45 as a target population with accessible unit of inquiry being 40 respondents. Data were collected with the aid of a closed ended questionnaire and statistical package for social sciences was used for analyzing data from which frequency tables, descriptive statistics, reliability, validity, correlation and regression results were obtained. The study findings revealed that there is a positive and significant effect between accounting information system and growth of SMEs, financial reporting and growth, and working capital management on growth of SMEs. The study therefore recommends that to improve on growth of SMEs, there is need of a proper working capital management, and adopting a proper accounting information system, with a proper reporting system.

CHAPTER ONE:

INTRODUCTION

1.0 Introduction

This chapter presents the introduction, background of the study, problem statement, purpose of the study, objectives, research questions, scope of the study, conceptual framework, significance of the study, and definitions of key terms.

1.1 Background of study

Small and Medium enterprises (SMEs) make important contributions to economic and social development of the country. The small business sector is often looked upon as an economic seedbed where entrepreneurship is fostered and new ideas are tried out (Anderson, 1997). Given the great potential of SMEs to bring about social and economic development, it is of no surprise that the growth of the SMEs heavily depends on the business owner or manager (Menasha, 2020). Growth of small and medium enterprises has been commonly affected due to numbers of factors. For example; globally, according to Fairlie (2020) in California, the study revealed interesting findings in that SMEs in some parts of the country experienced the largest losses, eliminating 41% of business owners. Latinx also experienced major losses with 32% of business owners disappearing between February and April 2020. Immigrant business owners suffered a large drop of 36%, and female business owners suffered a disproportionate drop of 25%. due to low sales and low customer satisfaction in those firms hence a low growth of SMEs in California.

According to Alexander et al (2020) in Colombia. His results also indicated a poor growth in SMEs in that the low quality of products and poor customer care had already caused massive dislocation among small businesses, 43% of businesses had temporarily closed, and nearly all of these closures were poor customer satisfaction, also other businesses reported having reduced their active customer relations by 39% since January due to low quality product. The decline was particularly sharp in the Mid-Atlantic region where 54% of firms were closed and employment was down by 47% hence a low growth of SMEs in Colombia.

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