
**THE EFFECT OF ACCESS TO CREDIT ON FINANCIAL PERFORMANCE OF
WOMEN SMALL ENTERPRISES
A CASESTUDY OF PALLISA WOMENS COMPANY LTD**

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DECLARATION

This research project is my original work and has never been submitted for a degree or any other award in any other university.

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APPROVAL

This is to certify that this research report has been compiled and submitted by Mandela Salim Buluma a student of Busitema University registration number BU/UP/2017/327 under my approval as the University supervisor.

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Date:

DEDICATION

This research project is dedicated to my loving mother, Babirye Zahara Sidi, my father, Wabwire.S.F. Benard not forgetting the team that helped me in compiling this work especially Madam Akullo Doreen.

I also dedicate this research to the staff members of Busitema University. On a special note I also dedicate this research to my supervisor, Mr. Emojong Ronald for his endless guidance and my Lastly, to my friends and fellow researchers at Busitema University specifically Bichakwa Ronald, Nabasa Anthony Blair without forgetting Mwesigwa Elijah, Maina Timothy Omoding and Wanyama Kelvin for the corporation and love exhibited. may the almighty Most High Father award you accordingly, Amen!

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ABSTRACT

Women in the world account the highest economic growth through the economic activities they engage in. Even though women entrepreneurs in Pallisa district have been known to engage in small scale retail enterprises, there has been a need to grow their businesses beyond the current level. However, hindering factors such as lower academic standards, higher interest rates, low income from these businesses and socio-cultural constraints have contributed to poor growth and management of these businesses. Access to credit by these women has also been hampered by these factors. The study investigated the challenges of access to credit on the growth of women owned enterprises in Pallisa district. The study was guided by the overall objective of identifying reasons why women owning small enterprises do not access credit. The study reviewed related literature and identified a gap in the literature. Use of questionnaires and interview schedules to collect primary data was preferred in this study. The study adopted a descriptive survey research design. It targeted women entrepreneurs in Pallisa district and the management of various micro-finance institutions in the region. The desired sample size was identified using t Sample Sizes where the sample size comprised of 42 respondents. SPSS was used to code and enter data for analysis. The study adopted both the qualitative and quantitative analysis in order to achieve the objective of the study where the former used descriptive statistics where graphs, tables and pie charts have been used. This research used quantitative analysis to analyze collected data. The study established that education levels affects access to credit by women entrepreneurs, income levels affects access to credit by women entrepreneurs, interest rate affects access to credit by women entrepreneurs, socio cultural aspects affect access to credit by women entrepreneurs.

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LIST OF ABBREVIATIONS AND ACRONYMS

SMEs	Small Micro Enterprises
MFI	Microfinance Institutions
IDB	Inter-American Development Bank
MENA	Middle East and North Africa
IFC	International Finance Corporation
IGA	Income Generating Activities
SPSS	Statistical Package for Social Scientists
ILO	International Labor Organization
WOE	Women Owned Enterprises
WSE	Women Small Enterprises
SRE	Small Retail Enterprise

CHAPTER ONE

Introduction

This chapter is introducing the introduction to the study, the background of the study, problem statement, purpose and it has outline, the objectives of the study, it is providing the scope of the study, the research questions and the significance of the study is also being discussed in this chapter.

1.1 Background of the study

Financial performance (profitability and growth) is used, in the vast majority of existing studies, to measure business performance. However, the use of financial performance measures to evaluate organizational effectiveness has been criticized for being too narrowly focused. In a pioneering work by Hopwood, he explored the role of reliance on accounting performance measures (RAPM) accounting data in performance evaluation and pointed out five negative aspects. Access to credit refers to the availability of a supply of reasonable quality financial services at a reasonable cost. Business financial performance is the ability of the business to contribute to job and wealth creation through business startup, survival and growth. (Sandberg, 2002).

Cost of credit in Developed countries is very high, this generates a problem of Small Enterprises (SEs) not having access to public capital markets and hence depending on banks for funding. When there is a difference between the demand for funds by SEs 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).

Information availability is a critical enabler of firms’ customer management capabilities. Ives and Learmonth (1984) describe how firms can benefit from enabling information flows and support different stages of their customers’ purchasing process. It is report that firms with a better ability to plan and integrate their information resources so as to provide timely, accurate, and reliable information to key stakeholders who are more effective in improving customer

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