

**THE IMPACT OF INFRASTRUCTURE ON THE FINANCIAL PERFORMANCE
OF SMALL ENTERPRISES IN PALLISA DISTRICT**

BICHEKWA RONALD

BU/UP/2017/317

SUPERVISED BY: MR EMOJONG RONALD

**A RESEARCH REPORT SUBMITTED IN PARTIALFULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF
BACHELOR OF BUSINESS ADMINISTRATION, DEPARTMENT OF ECONOMICS AND
MANAGEMENT TO FACULTY OF MANAGEMENT SCIENCES,
BUSITEMA UNIVERSITY
JUNE 2020**

DECLARATION

I, BICHEKWA RONALD, hereby declare that this research report is my original work and has never been submitted or published to any Institution of higher learning for any award.

Sign

BICHEKWA RONALD

Date

APPROVAL

This is to certify that this research report has been compiled and submitted by Bichakwa Ronald a student of Busitema university registration number BU/UP/2017/317 under my approval as the University supervisor.

Sign:

Name: **EMOJONG RONALD**

Date:

DEDICATION

With profound difference and honor, I dedicate this piece of work to my family members for the great support rendered to me during the research period and since my childhood. I 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 Molo Robert, Ochwo Gasitafasi without forgetting Mandela and doreen for the corporation and love exhibited.may the almighty lord God award you according to his abundancy. Amen!

ACKNOWLEDGEMENT

I extend my sincere thanks to Mr. Benson and family who were so supportive to me during my reseach process.

My special thanks go to my Supervisor Mr. Emojong Ronald for the excellent support, continuous guidance and mentorship that always kept me on track.

I extend my appreciation to all Pallisa District for the amazing corpoation exhibited which made my research smooth and easy

With great pleasure, I thank my University Supervisor Mr. Emojong Ronald for the continuous guidance and support duringmy research priod.

Lastly, I thank all my lecturers specifically Mr. Wampande jowel, Emojong Ronald, emusugutu desterio and all other staff members of Busitema University for all the assistance and knowledge that they have imparted in me since I joined the ivory tower in 2017. I will always be proud of Busitema University for uplifting me and making me reach greater heights in education and I would recommend them to continue with this service to help others with the same spirit.

May God bless you all!

ABSTRACT

This study is to establish the extent to which infrastructure affects the financial performance of SMEs in Pallisa district. Specifically, the study sought to determine the effect of firm location [proximity to the roads and proximity to power] on the financial performance of small and medium enterprises, to determine the effect of technology access in terms of internet connectivity on the financial performance of SMEs and also to establish the effect of human capacity under dimensions of labour availability and skills training on financial performance of SMEs. The study used descriptive correlation, comparative and cross-sectional survey designs. Data collected from 40 respondents using self-administered questionnaires as the key data collection instruments. Data was analyzed using frequency counts, means, and SPSS. The findings revealed that there was a relationship between firm location, technology access and human capacity on the financial performance of small enterprises in pallisa district. The infrastructure development brings about effective, efficiency operations of the business which leads to high profit margins due to high sales. Recommendations based on the findings were that SMEs should embrace the use of technology in order to ensure quality, market expansion and to achieve high sales targets, owners of small enterprises should also focus on employee training programmes in order to improve on their skills, on the same not business owners should always consider strategically located places to allow easy accessibility by customers and lastly central and local governments should focus on improving the road networks within pallisa district to allow easy movements of materials, goods to the business and to the market respectively in order to boost on the financial performance of small enterprises allowing their survival in the system.

TABLE OF CONTENTS

<u>DECLARATION</u>	i
<u>APPROVAL</u>	ii
<u>DEDICATION</u>	iii
<u>ACKNOWLEDGEMENT</u>	iv
<u>ABSTRACT</u>	v
<u>TABLE OF CONTENTS</u>	vi
<u>LIST OF TABLES</u>	ix
<u>LIST OF FIGURES</u>	ix
<u>LIST OF ABBREVIATIONS</u>	x
<u>CHAPTER ONE</u>	1
<u>INTRODUCTION</u>	1
1.0 Introduction	1
<u>1.1 Background of the study</u>	1
<u>1.2 Statement of the problem</u>	3
<u>1.3 Purpose of the study</u>	4
<u>1.4 Research Objective</u>	4
<u>1.4.1 Specific objectives</u>	4
<u>1.5 Research questions</u>	4
<u>1.6 Scope of the study</u>	4
<u>1.6.1 Subject scope</u>	4
<u>1.6.2 Geographical Scope</u>	4
<u>1.7 Significancy of the study</u>	5
<u>1.8 Conceptual FrameWork</u>	6
<u>1.9 Definition of the terms</u>	8
<u>1.9.1 financial performance</u>	8
<u>1.9.2 profitability</u>	8
<u>1.9.3 liquidity</u>	8

1.9.4 market share	8
1.9.5 Small Enterprises	8
1.9.6 Infrastructure	9
1.9.6.1 firm location	9
1.9.6.2 Technology access	9
1.9.6.3 Human resource capacity	9
CHAPTER TWO	10
LITREATURE REVIEW	10
2.1 Introduction	10
2.2 Historical review	10
2.3 Theoretical review	11
2.3.1 Resource Based Theory	12
2.4 The effect of firm location on financial performance of small enterprises	12
2.5 The effect of technology access on financial performane of small enterprises	14
2.6 The effect of human capacity on financial performance of small enterprises	15
2.7The relationship between infrastructure and financial performance of small enterprises	16
2.8 Summary of literature	18
CHAPTER THREE	19
RESEARCH METHODOLOGY	19
3.1 Introduction	19
3.2 Research Design	19
3.3 Population and Sampling Design	19
3.4 Data Collection Methods	21
3.5 Research Procedures	22
3.6 Data Analysis Methods	22
3.7 Ethical considerations	23
CHAPTER FOUR	24
DATA ANALYSIS AND PRESENTATION OF FINDINGS	24
4.0 Introduction	24
4.1 Response Rate	24
4.2 Demographic Information	24
CHAPTER FIVE:	35

<u>INTERPRETATION OF FINDINGS, SUMMARY, CONCLUSION AND RECOMMENDATIONS</u>	35
<u>5.0 Introduction</u>	35
<u>5.1 Interpretation of the findings</u>	35
<u>5.2 Summary of the findings</u>	36
<u>5.3 CONCLUSION</u>	36
<u>5.4 Recommendations</u>	37
<u>5.5 Limitations of the study</u>	38
<u>References</u>	39
<u>APPENDICES</u>	42
<u>Appendix I: Letter of Introduction</u>	42
<u>Appendix II: Questionnaire</u>	43
<u>Appendix III: Work Plan for 2020</u>	46
<u>Appendix IV: Research Budget</u>	46

LIST OF TABLES

Table 1: Population of the Study

Table 2: showing the gender of respondents

Table 3: showing education level background

Table 4: showing age bracket

Table 5: showing positions held by respondents

Table 6: showing the period served in a business

Table 7: showing the form/type of the business

Table 8: showing the effect of firm location on financial performance of small enterprises

Table 9: showing the effects of technology access on financial performance of small enterprises

Table 10: showing the effects of human capacity on financial performance of small enterprises

LIST OF FIGURES

[Figure 1: conceptual framework](#).....6

Figure 2: illustration of Resource Based Theory

Figure 3: a pie chart showing the gender distribution

Figure 4: a histogram showing level of education

Figure 5: a bar graph showing the age brackets of the respondents

Figure 6: a histogram showing the age bracket of the respondents

Figure 7: a bar graph showing positions held

Figure 8: a pie chart showing the period served in the business

Figure 9: a bar graph showing the form of business

Figure 10: a bar showing the effects of firm location on financial performance of SMEs

Figure 11: a pie chart showing the effects of firm location on the financial performance of small enterprises.

LIST OF ABBREVIATIONS

SMEs.....Small and Median Enterprises

PTC.....Pallisa Town Council

FY.....financial year

FP.....Financial Performance

SE.....Small Enterprises

FL.....Firm Location

AoL.....Availability of Labour

RBT.....Resource Based Theory

DV.....Dependent Variable

IV.....Independent Variable