THE EFFECT OF MICRO-CREDIT FUND ACCESSIBILITY ON THE PERFORMANCE OF WOMEN-OWNED BUSINESSES

BY:

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JUNE 2011
APPROVAL

I certify that Atuhire Eunice carried out the study and wrote this report under my supervision. The report has been presented for examination with my approval as a University supervisor.

............................................ ..............................................

Mr. Wasswa Gabriel Date

SUPERVISOR
DECLARATION

I Atuhire Eunice declare that this is my original work, which has never been presented by any person to any institution for any academic award

.................................................. .............................................................

Atuhire Eunice Date
ACKNOWLEDGMENT

I wish to extend my gratitude to all who have been influential in the completion of this study. Am indebted to my supervisor Mr. Wasswa Gabriel who inspired me to continue with the subject herein and made suggestions to this work.

I would also like to thank the management and staff of Women of Uganda Network (WOUGNET) who have contributed generously to some of the data herein not forgetting all the women in Kawempe division, Kampala who willingly responded to my calls and questions.

To my Father and Mother I say am blessed with their moral, financial and spiritual support that has encouraged me all through. And all the people that have supported me throughout my study at Makerere university most especially my brothers Richard, Justus and Denis, Uncle James and aunt Azolyne.

Lastly to John Bosco (JB), Peace, Siyama, Slyvia and Paul who have made everything possible.
DEDICATION

I dedicate this book to my family members most especially Father and Mother.
# ABBREVIATIONS/ ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>SACCOs</td>
<td>Savings and credit cooperative organization</td>
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<td>WOBE</td>
<td>Women-owned businesses</td>
</tr>
<tr>
<td>ROSCAs</td>
<td>Rotating savings and credit associations</td>
</tr>
<tr>
<td>PFA</td>
<td>Prosperity for all</td>
</tr>
<tr>
<td>PAP</td>
<td>Poverty alleviation programs</td>
</tr>
<tr>
<td>ECS</td>
<td>Entandikwa credit schemes</td>
</tr>
<tr>
<td>MDI</td>
<td>Micro finance Deposit taking institutions</td>
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<td>UWFT</td>
<td>Uganda women finance trust</td>
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<tr>
<td>MFI</td>
<td>Micro finance institutions</td>
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<tr>
<td>NGOs</td>
<td>Non government organizations</td>
</tr>
<tr>
<td>KPI</td>
<td>Key performance indicators</td>
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<tr>
<td>AMFIU</td>
<td>Association of Microfinance Institutions of Uganda</td>
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<td>FINCA</td>
<td>Foundation for International Community Assistance</td>
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<tr>
<td>PFA</td>
<td>Prosperity for All</td>
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<td>UBOS</td>
<td>Uganda national Bureau of statistics</td>
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ABSTRACT

In 1993 the government of Uganda liberalized the economy opening it to investors. Since then, the economy has gone through a series of sectoral transformations, from agricultural, transport, manufacturing to banking and financial services. This study was intended to examine the effect of micro-credit fund accessibility on the performance of women-owned businesses in Uganda, Kawempe Division Kampala. The objectives of the study were: To identify the accessibility to micro-credit fund for women owned businesses, To establish the impact of micro-Credit fund on the performance of women owned businesses and to find out other factors affecting the performance of WOBES. The study used both qualitative and quantitative methods in collection, analysis and presentation of the research findings. The study sample was 50 respondents, random and purposive sampling techniques were used. 

The findings of the study reveal that majority of Ugandan women entrepreneurs fall in the 20-50 age brackets, borrow below 200,000 and have little education. They are driven more by necessity than opportunity which is not the case for most of the other developing economies where the reverse holds. Findings also reveal that the performance of WOBES is less affected by the accessibility to Micro-credit, in other words there are several other factors affecting their performance largely. The findings also reveal that there are some slight increments or improvements that accrue to the business with the receipt of micro credit fund in terms of profits, output, and the general quality of the business. The study also reveals that there are a number of people who put the loan funds to some other personal purpose because of the dependants. Limitations of the study included financial constraints, time constraints, Hoarding of information by some women and uncooperative respondents.
CHAPTER ONE

1.0 INTRODUCTION;

1.1 Background of the study

The origins of microcredit in its current practical incarnation can be linked to several organizations founded in Bangladesh, especially the Grameen Bank. The Grameen Bank, which is generally considered the first modern microcredit institution, was founded in 1976 by Muhammad Yunus. Yunus began the project in a small town called Jobra, using his own money to deliver small loans at low-interest rates to the rural poor. His first loan consisted of $27 from his own pocket which he lent to a woman who made Bamboo furniture, which she sold to support herself and her family. However, traditional banks were not interested in making tiny loans to poor people who were considered poor repayment risks. [Grameen Bank] was followed by organizations such as BRAC in 1972 and ASA in 1978. Microcredit reached Latin America with the establishment of PRODEM in Bolivia in 1986; a bank that later transformed into the for-profit BancoSol (Armendariz, Beatriz 2005). Microcredit quickly became a popular tool for economic development, with hundreds of institutions emerging throughout the third world. Though the Grameen Bank was formed initially as a non-profit organization dependent upon government subsidies, it later became a corporate entity and was renamed Grameen II in 2002. Muhammad Yunus was awarded the Nobel Peace Prize in 2006 for his work providing microcredit services to the poor.

Lending to women has become an important principle in microcredit, with banks and NGO’s such as BancoSol, WWB, and Pro Mujer catering to women exclusively. Though Grameen Bank initially tried to lend to both men and women at equal rates, women presently make up ninety-five percent of the bank’s clients. Women continue to make up seventy-five percent of all microcredit recipients worldwide. Exclusive lending to women began in the 1980s when Grameen Bank found that women have higher repayment rates, and tend to accept smaller loans than men. Subsequently, many microcredit institutions have used the goal of empowering women to justify their disproportionate loans to women. Microcredit is a tool for socioeconomic development.

Uganda is one of the poorest countries in the world. In 2007, per capita income was about US$340 per annum. Life expectancy at birth is around 50 years and its population growth at about 3.2 percent, remains one of the highest in the world. According to the World Bank World Development
Indicators of 2002, 55% of the Ugandan population lives on less than $2.00 per day. In Kampala, Kawempe division there are several micro credit/finance institutions and non government institutions extending credit to both youth and women for example women of Uganda net work (WOUGNET) which aims at empowering women and youth in Kawempe. Micro credit institutions have many clients especially women who engage in small businesses such as crop and animal husbandry poultry keeping, wholesaling and retailing assorted merchandises, small restaurants and bars, beauty shops, bakeries among others. The basics of a microcredit loan are very similar to any other type of loan program. The lender gives the business a certain amount of money and then gives them a certain amount of time to pay it back. The loan has a monthly payment involved and it is based on the interest rate of the loan (Mc Naughton and Townsend, 1986). Micro credit/ finance institutions set standards by which clients are selected for loans and it includes; forming of groups of members between 20-28 who on writing the application for the loan are visited by the staff who verifies their residence and the existence of a productive business of each of the members of the aid group. The group must undergo training, and to qualify for a loan the applicant must have no outstanding balance with the institution.

The importance of microcredit in Uganda has soared in the recent decade and the instrument is now seen as one of the most effective tools to tackle poverty in the country. The strong belief in microcredit derives from the fact that the provision of credit to the active poor can contribute to poverty reduction and pass the test of sustainability at the same time. It recognizes the importance of the informal sector as a source of employment and income generation for the active poor members of society and thus a potential tool for development.

According to Bovinic (1998), most poor women have limited access to credit due to lack of collateral with which is the basic requirement by most banking institutions. The women have therefore resorted to relaying on micro credit/ finance institutions which so far have proven to be a good solution for this problem but still, accessibility to micro credit and other forms of business finance is a high hurdle for small enterprises looking forward to investing modest amounts of for example us$100-$300 in capital equipment especially women and this has constrained their performance in business. Such enterprises rarely qualify for traditional bank loans and require smaller amounts than are accommodated by commercial lending companies. In Africa on average
less than 20% of households have access to formal financial services with low population densities, poor transport and limited communications infrastructure contributing to lack of supply in extensive regions of the continent. Even when such services are available low income individuals and small and medium businesses may have difficulty in meeting eligibility criteria such as strict documentation requirements or the ability to provide collateral and hence poor performance and limited growth.

In Uganda Although women constitute a little over one half of Uganda's population, they rank lower than men in almost every social indicator in the country (UBOS, 2006). However, despite this, female entrepreneurs are increasingly prominent as employers, customers, suppliers, and competitors in the global community. More than one third of people involved in entrepreneurial activities are women (GEM, 2004). And though the contribution of women has been ultimately recognized as an important input to economic and social development of the nation and the Government has gone ahead to take keen interest in strengthening of the role of women in development of our country by making it a priority in its budget (Lubega 1990) women entrepreneurs have still continued to perform poorly

1.2 Statement of the problem

Developed countries specifically promote micro credit as a solution to the poor countries and they are deemed as a way to eradicate poverty (Scolly 2001). Consequently, many women owned businesses in poor countries like Uganda are established using the funds from micro credit institutions but they have continued to experience low levels of performance and growth in their numbers, size and profitability. Uganda investment authority has so far registered only 400 women owned businesses out of 5000 licensed projects in Uganda (New Vision Dr. Kigozi). The government intervention by ensuring that Micro-economic reforms are in place to increase access to micro credit and credit schemes such as Entandikwa Credit Scheme (ECS) were put in place to enhance women owned enterprises but still women owned enterprises have poor performance, which could be attributed to other factors of which Kawempe Division is not excluded and which if not checked could lead to the collapse of many women owned businesses. It is therefore not clear of how micro credit impacts on these businesses performance and hence the study.
1.3 Purpose of the study

The study aimed at investigating the effect of micro credit fund accessibility on the performance of women owned businesses.

1.4 Objectives

- To indentify the accessibility to micro credit fund for women owned businesses
- To establish the impact of micro credit fund on the performance of women owned businesses
- To find out other factors affecting the performance of women owned business.

1.5 Research questions

- How do women in business access micro credit fund?
- What is the effect of micro credit fund on the performance of women owned businesses?
- What are the other factors affecting the performance of women owned businesses?

1.6 Scope of the study

Geographical scope

The scope of the study covered the whole of Kampala district using Kawempe division, as the case study since resources are limited and the researcher cannot traverse the whole area coverage of Kampala from the date of its inception.

Conceptual scope

The study in terms of content covered the following; Micro credit fund accessibility will cover the areas of the loan size, loan repayment period, interest rates/ terms set by micro credit institutions of Kawempe in particular. On the other hand the performance of women owned businesses will cover variables such as; profitability, stock levels, cash balances, daily incomes from the business.
Time scope

The study focused mainly on the period between 2002 and 2008 with limited reference being made to the period before as far back as 1990 and up to 2011.

1.7 Significance of the study

- This study will aid Chief Executive Officers of micro credit/finance institutions, project coordinators of Non Governmental Organizations especially those involved in women activities, policy implementers in government ministries (Ministry of Gender, Labour and social development), researchers, academicians, and other groups interested in the advent of self sustaining and independent African woman in policy formulation to achieve their missions.

- Some of the aspects addressed herein will be important in availing answers to questions of how to maximally exploit the opportunity of accessibility of the micro credit funds by those who borrow these funds (women), in order to attain maximum yield for reinvestment especially in Kawempe.

- This study findings will serve as reference points for future micro-credit beneficiaries and researchers by providing some literature information (literature review) about other factors affecting the performance of women owned businesses.

1.8 Definition of important terms

- Micro credit; Is the extension of small loans to entrepreneurs too poor to qualify for traditional bank loan. In developing countries especially, microcredit enables very poor people to engage in self-employment projects that generate income. Microcredit is the most important part of microfinance filed, which can comprise all other financial products such as micro-insurance, saving and all others.
  However common day definition of microcredit/Finances tends to equate it to startup capital (Druckrer 1993). This is a fallacy. Microcredit/Finance is a dynamic process of creating wealth whether in small organizations or large organizations. The key characteristics of microfinance include: small amounts, loaned to small size firms, cover shorter periods.
- Microfinance: Refers to all the services (financial) offered to people who cannot afford services (financial) from formal financial institutions especially commercial Banks and these are usually small borrowers.

- Accessibility: Is a general term used to describe how easy it is for people to get to, use, and understand things. Geographically, it means a locational characteristic that permits a place to be reached by the efforts of those at other places.

A more recent use of the term Accessibility refers to full Internet navigation and content retrieval capabilities for a person with a disability, especially a visual or hearing impairment. Assistive technology that increases usability and improves internet accessibility includes web page coding, screen readers and magnifiers, Braille screens, voice recognition system, and hearing assistance devices.

In the context of accessing credit, in the broad sense, accessibility compasses the capacity to identify and obtain information and credit, in simple terms; how easy is it for WOBES to find people who give credit when needed, information on requirements that qualify one to get the credit and where to retrieve that information when needed.

- Performance in simple terms is defined as; the act of performing; carrying into execution or action, execution, achievement, accomplishment, representation by action such, as the performance of an undertaking or a duty. Performance covers all aspects of an operation. For instance when looking at business. Its scope of performance will include all resources, financial, human and all the activities to be carried out in order to meet the possibility objective of the business.
OVERVIEW OF MICRO CREDIT IN UGANDA

Meaning and scope

Here in Uganda formal micro-credit started in the late 1980s through the foreign funded NGOs and during the 1990s Government developed interest in this sector and actively participated in credit delivery through a number of programmes such as ECS, and young entrepreneurs scheme(YES) from 1993-97, and PAP from 1994-98. Although these programmes had noble objectives of providing seed money for the beneficiaries to undertake sustainable development activities, they were grossly misused, misdirected and had little or no impact. AMFIU (2008). Arising out of the above experience, subsequent approaches to microfinance delivery necessitated a reduction in government involvement in direct delivery of credit. The role of government in micro credit was directed towards the provision of a conducive policy, legal and regulatory environment for private financial service providers. In addition, there emerged a strong case for Government to invest in building the capacity of the private service providers to deliver microfinance since this was regarded a major impediment to efforts by private providers in their extension of micro-credit services to the poor households.

Whereas it has been thought that micro-credit is relatively a new development in Uganda, and that it and NGOs meet only a tiny proportion of the demand for the financial services, completion for clients and resources is increasing significantly there are a number of well managed micro credit/finance institutions reaching a significant number of people using different technologies and methodologies. Most of them are registered as Non Governmental organizations and incorporated as companies limited by guarantee. These institutions include FAULU, Uganda, MED Net World Vision, Uganda Women’s Finance Trust (UWFT), FOCCAS, FINCA Uganda, Uganda Microfinance Union, commercial micro finance, Feed the children and other have affiliations with international networks, others are local organizations. Most are concentrated in and around main towns, where competition for clients has intensified. A few reach in rural areas through small unit offices linked to main branches. The savings and Credit cooperatives now present a credible force in the market with the reinvigoration of cooperatives.

Financial services are not meant to be temporally but need to be part and parcel of the institutional fabric of society like educational and health services. However, financial intermediation is, unlike these last ones, an economic activity of the main sectors in most economies and therefore should generate income. Access to (quality) financial services is important for every one living in a cash/
market economy because it enhances economic security (meeting emergencies and long term needs through saving and insurance services) and enables use of economical and other opportunities through credit. The role of micro credit institutions in fostering the plight of the marginalized group especially the women cannot be underscored, through the credit policies these organizations employ, they have not only been able to give hope to many women owned business.

It is crucially important to note that there is a big number of micro finance institutions engraved under a strong national body that is association of micro Finance institutions of Uganda (AMFIU) formed in 1996 and registered formally as a company limited by guarantee in 1999 (AMFIU quarterly news letter 1999). Micro credit/ finance became prominent in Uganda in the 1980s.

Credit is a scarce source of business startup especially for the WOBEs (women owned businesses) and can only be obtained from few selected sources. The reason therefore that once acquired it needs to be carefully planned for, managed and controlled. Other sources of business credit to mention among others include: commercial bank term loans leases, personal/own savings, trade discounts, and trade credit, Relatives and Friends, Loan from village bank and Loans from cooperative banks (Entandikwa).

**Women in business (Uganda)**

Recent surveys have shown an increase in women participation in business since mid 1970’s (Stevenson, 1990) prompted partly by the economic crises facing countries coupled with resulting structural adjustment measures (Rutashoby, 1995; Tripp, 1990). In Uganda the phenomenon of urban business sector was not common until the breakdown of the economy due to civil strife that saw this sector as people moves from rural areas to urban areas for” greener pastures”. Women also took advantage of the emergence of the new sector and have increased in marketing of food, clothes, cosmetics and handcraft (MG&D, 1995).

There are different factors that encourage women to go into business. Scott (1986) reveals that the majority does so as result of negative push factors like the wish to escape a labour market that confines them to relatively insecure and low paying employment, this is coupled with the desire to escape the supervisory controls employment is associated with. The constraints of traditional domestic roles, economic hardships and high dependence burden as well as the changing patterns in the gender roles also push more women in business (MG & CG 1995). There is increasing demand
on women to provide household needs like food, education and clothing which has pushed more women in business (Made and Whande, 1998; Rutashobya, 1995; Greggs 1985). Similarly, according to Boroughs, 1990 a typical business woman seeks independence, achievement, satisfaction and money.

**Types of businesses women in Uganda operate**

Women mainly operate in low growth and traditionally female area service industry, small scale agricultural manufacturing, retail trade and other petty trade activities (Pincon and Ginnet, 1992; Parker et al, 1995; Obbo 1981; UNICEF, 1988). Most of the businesses are micro and home bases with accompanying low revenues and are known to be sectors that are technically unsophisticated and overcrowded. Most of these activities do not yield sufficient income to lift women out of poverty (Berger, 1989).

**PERFORMANCE**

**Measuring performance**

The level of performance in any business establishment can be measured by a number of millstones/tools referred to as performance indicator among others; sales turnover, number of outlets, number of employees and others employees depending on the nature of business. Performance indicators are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization. They will differ depending on the organization. A business may have as one of its key performance indicators the percentage of its income that comes from return customers. A school may focus its performance on the graduation rates of its students.

**Key features of performance indicators**

Reflect the organization goals for instance an organization that has as one of its goals “to be the most profitable company in our industry” will have key performance indicators that measure profit and related fiscal measures. “pre-tax profit” and “shareholder equity” will be among them comes from return customers or a schools performances indicator being “graduation Rate” and “Success in finding employment after graduation” though different, accurately reflect the schools mission and goals.
Quantifiable in that they can be accurately defined and measured against set targets.

Key to organizational success considering that many things are measurable, performance indicators must be essential to the organization reaching its goals

**Some selected performance indicators (KPIs)**

There are a number of performance indicators in use and they differ from organization to organization. The researcher has to select and examine a few.

**Sales turnover**

Another criterion for indicating the performance of WOBES is, the annual sales turnover. In Uganda conditions, in attempt to define who was eligible to participate in the Value Added Tax (VAT) Administrative structures, a figure of Ushs.20 million (US$ 20,000) was agreed on as threshold (Sejjaaka, 1997). The assumption here is that such an enterprise has a monthly sales turnover of about Shs.1.5 million (about US$ 1500) and a daily turnover of about Shs.75,000 (about US$75)

**The number of people**

The number of people varies from country to country. In Uganda the figure is put between 5-50. (Karlibbala, 1994; Ngabo, 1995) In India, the figure is between 30 and 100. In the European Union the figure including what they call medium enterprises is one that employs up to 250 people (The Netherlands, 1997). Stoner et al (1996) reports that in the United States, small enterprises are those, which employ less than 500 people. (Kibera and Kibera (1997) say that in Kenya businesses with 10 or a few workers are called micro enterprises. The more stable the numbers, the easier it is to measure the performance. Once numbers start dropping there is a possible indication that the firm's performance is declining and therefore can no longer sustain the number it started with may be due to un-corresponding sales or underemployment of staff.

**Capital employed**

The number of people employed may not be a good performance indicator especially if there is a labour intensive. This is true in countries like India where there is a labour intensive approach to
industrialization as a policy. In some cases trading organizations can transact huge sums of business worth transaction and yet they employ a few people. Consequently capital employed is at times used as a measure of defining small women owned business rather than in Uganda there is no proper agreement as to capital employed though a figure ranging between US$5,000- US$50,000 is a reasonable estimate. The Uganda Investment Authority has put this figure to now Shs.50 million (about US$50,000). The Ministry of Industry however had indicated a figure of an investment not exceeding US$300,000. This figure of course varies from country to country but in Ugandan conditions Shs.5-50 million (US$5,000- US$50,000) would be a reasonable amount for a company to increase from time to time, as its performance gets better.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter is to look at what other researchers and academicians have written about the variables under the study which are micro credit fund and the performance of women owned businesses in Kampala including their main ingratiates of these variables basing on the objectives of the study. The main sources include Text books, journals, and other publications by micro credit institutions and other documents, research bulletin, magazines, internet, and other research reports which have been published by scholars and academicians. The purpose of this chapter is to make comparisons about what others have studied.

According to Barnes et al (1998), micro credit/ finance institutions are very small informally organized business activities under taken by low- income populations. Communication from the commission, on the article in the micro credit/ finance and poverty reduction report/ pamphlet (May 1998), asserts that “micro finance” describes the provision of a range of financial services for example savings, credit and insuranc.

Most studies (Ngobo, 1995; Kibera and Kibera, 1997; Chijoringa and Cassiman, 1997), point to finance as a key constraint to small enterprise growth and performance. This is worsened by the absence of financial markets in the developing countries. Small enterprise owners like women cannot easily access micro credit/ finance to expand business and they are usually faced with problems of collateral feasibility studies and unexplained bank charges. This means that they cannot access finance to enable them improve performance and grow.

In Ngobo’s study of 1995, he makes a detailed analysis of finance as a constraining factor and includes collateral, interest rates, extra bank charges inability to evaluate financial proposals and lack of financial management skills as hindrances to performance of small enterprises needless to say they do not keep proper books of accounts.

According to Gibb (1993) social factors may also affect the performance of the business they involve personal background, family background, stage of career, early life experiences and growth environment.
Hebert et al. (1997) suggest that in certain contexts women may be more strongly driven by social pressures. This will automatically affect the business since there will be less concern for it and less interest.

Kirk and Belovics (2006) summarized that women start businesses or become entrepreneurs in order to balance work and family. This will affect the performance in the business since the person will have more other commitments to handle.

Langowitz and Minnitti (2007) found that women’s propensity to start new businesses is positively related to both their alertness to existing opportunities and self-assessment of having adequate skills and knowledge.

Cromie (1987) found that in their motives whether or not to become an entrepreneur, women are less concerned with making money and often choose entrepreneurship as a result of career dissatisfaction. They also see entrepreneurship as a means of simultaneously satisfying their own career needs and those of their children and family.

Innovativeness, risk taking propensity and perseverance are found to have significant influence on women entrepreneurs (Nelson and Cengiz, 2005). This is because for a business to perform it needs to have many innovations done by the management. But if it lacks then performance will be poor.

According to studies done by Schwartz (1976), Scott (1986) and Hisrich (1986), major motivations for women to start a business were the need to achieve, the desire to control and be independent, the need for job satisfaction and economic necessity.

Entrepreneurial activity arises from different circumstances and motives that drive the decision to start a business. The decision to become self-employed may stem from the push effect of (the threat of) unemployment, but also from pull effects induced by a thriving economy producing entrepreneurial opportunities. Opportunity-based entrepreneurship involves those who choose to start their own business by taking advantage of an entrepreneurial opportunity. Necessity-based entrepreneurship involves people who start a business because other employment options are either absent or unsatisfactory (Bhola et al., 2006). Generally, the opportunity entrepreneurs are more prevalent in high-income countries, while necessity entrepreneurs are more common in the low-income countries (Reynolds et al., 2002).
According to Parker & Torres (1994), since the women owned businesses are associated with poor accounting and financial records, the result is that entrepreneurs are unable to make business decisions on the basis of sound financial records. It also deprives third parties of vital sources of information upon which to evaluate performance and establish potential relationships with the women owned businesses. This is particularly true when MFIs are advancing micro credit to borrowers. They would not like to lend to women owned small scale businesses that cannot keep accounting records or do not have the personnel to manage the credit facilities properly for fear of default on micro credit extended.

Women growth in business is hindered by negative cultural attitudes and practices which prevent full participation which can be traced right from the house hold and community levels and political decision making structures (NGO report, 1995). Women are always regarded as subordinates to men, meant to be involved only in reproductive activities and less time on their businesses (Balunywa, 1997; Brydom and Chant, 1993; and World Bank Policy paper). Husbands therefore always interfere in women decision making; these customary prohibitions limit women’s rights to own and control economic resources.

Apart from being marginalized, women are affected by general lack of basic knowledge in management, accounting, advertising, and financial matters. This is coupled by their inability to access funds to foster the growth of their businesses. Although small businesses have grown by 68% over three years many have failed (ATP-USS IS SSI Survey, 1993) with suggested causes being market demand, resources, government policy, scale of economy, political stability Parker & Torres, 1994). Studies however show that the major failure of small businesses is lack of resources (Boserup, 1970; Kibera et al, 1997 and Hisrich and Brush, 1983

According to Sewanyanna, Mutazindwa, (1997), most entrepreneurs spend their time “fire fighting” than giving the strategic guidance businesses need. In line with accessing micro credit for improving business performance, the assumption of several roles played by one individual always slows or ends the process of securing credit managing it and repaying it hence affecting the performance. Because small women owned enterprises tend to concentrate all the key responsibilities upon themselves, they often assume the executive roles of chief Executive, Marketing Director and Financial controller. This poor delegation creates apathy, low level human
and technological performance and idleness on the staff otherwise expected to take lead on those functions.

When many countries have acknowledged the small women owned businesses have an important role in their economies, not much effort has been done to facilitate/ enhance and or improve their performance. They have to compete for credit/ finance, markets, personnel, and utilities like any other business unit (Mutazindwa, 1997), in a few countries especially India, there has been affirmative action to promote small businesses over a long period. In Uganda, the government has only paid a lip service. In fact, the Uganda Investment Authority (UIA), which was set up to promote investment would only support proposals from companies with more than US$50,000 to invest. The development banks in the country did not have programmes for small businesses. It is only the non government and specialized financial institutions that have come in to assist small women owned businesses (Balunyawa (2003) and Sejaaka (1997), it is easier for a large enterprise to get land for industrial development and license to operate the business than the small operator. Consequently there is no enabling environment to promote/ enhance the performance of small business operators who operate mostly on credit.

Njoku et al (1991), says that a loan to have an effect on the performance and be repaid, it should be adequate enough to allow production to take place. He adds that loans that are small to produce commitment to their productive use or repayment should be avoided while Nassuna et at (2003), says that a loan smaller than the amount required may also encourage the customers to divert funds to other purposes.

Divergently, Chirwa (1997) argues that relatively large loans may tempt poor borrowers to divert a portion of the loans for non business purposes thus reducing stimulation of business performance. In support of this view Nassuna et al (2003), says households or individuals obtaining larger loans are likely to default in difficult economic and political conditions than those who have smaller loans as larger loans are more likely to be diverted to current consumption. Therefore it can be argued that loan sizes granted to the women enterprises (borrowers) should depend on the purpose for which that money is borrowed, which purpose may include working capital requirement, investment or expansion requirements.
Wright (2001) says that if the loans grow bigger; it may necessitate the pulling out of large amount of money from the business in order to make weekly payments. This reduces on the working capital of the business and the subsequent profit hence deteriorating performance.

The weekly repayment are supposed to be borne by the business but one thing in common with many women owned businesses throughout the world they make their weekly loan repayment not from income arising from the loan income but from the family household income (Rutherford, 1999), he further notes that women owned businesses pay back after one or two weeks and they continuously make weekly installments for 4-6 months. This period varies from one institution to another. This period is considered too short to use credit and be able to pay back and as a result women owned businesses pay from other sources other than the business itself Rutherford (2000). The weekly repayment is possible with the first small loans later but later becomes a big problem, as loan grow bigger.

The weekly or monthly repayment schedules normally require investments that generate an immediate and rapid rate of return if repayments are to be made from the business income. Thus saving from household income is usually a primary source of the money used to make repayment (Mutesaasira, 1999). Thus the need to analyze the capital requirements of the business in order to determine the loan amount and repayment period the micro credit fund institutions could give to the borrower any one single time

The interest charged will greatly impact on the performance of the women owned enterprises. Interest rates of micro credit/ finance institutions have been an issue over which there have been many debates among financial practitioners. Existing MFIs in Uganda charge different rates and fees for the credit and other financial services offered (USAID, 2000). Murray (2000) noted that the interest rates charged by most micro credit/ finance institutions are four times higher than those of commercial banks and it is beyond a tolerable threshold. This leads to accumulated amounts payable by the women thus affecting their working capital base and profitability

A local newspaper “The Other Voice” of October 29, 2000 reported that Micro credit institutions are far better than banking institutions. The reporter however, ascertained the Micro credit/ finance loans are burdensome and trap borrowers in poverty and debt. The article also went ahead to report the women said that the loans increased people’s poverty instead of eradicating poverty for which they were introduced thus creating high indebtedness among the poor. On the centrally, the Micro
credit/fund institutions insist (The other voice) that their programs have helped boost many women in conducting their business and improving their economic and social welfare. They argue that if they were reaping women off, they would not be going in for more loans. On the note Winship (2000 Country Director of FINCA, Uganda) says that the MFIs are better than any other financial institution or banks which cannot let the rural people and poor people, access loans because unlike these institutions, MFIs do not demand securities which rural people cannot afford or don’t have.

Oliver Schmitt et al (2005), argues that high level of interest rates which is the price of acquiring a loan would be the core hurdle for the poor mostly women to access financial services and low loan repayment in the long run. The authors add that on the side of the borrower high interest rates is financial charge and therefore erode the little profit made on loan and interest repayment

Conclusion

Businesses stress the importance of provision if credit and availability of low interest finances to facilitate the businesses. MFIs such as FINCA, FAULU, PRIDE UGANDA to mention but a few have played an important role in provision of these finances. The changing roles in society have created many needs and responsibilities in family life and thus created a need to be self sustaining and independent. There is a tendency in modern society to draw away from the customary norms that a woman is meant to remain in a home and reproduce. Therefore, women are more inclined by their responsibility to engage in money making ventures. The presence of micro credit / finance institutions to facilitate the enterprises is important as they provide loans with no collateral requirement. Most of the women have no fixed assets such as land, buildings, and vehicles to act as security for the loans from commercial banks so MFIs are the definite alternative and this they have done making contribution to the economy. The success of the facilities offered are visible from the mushrooming women owned businesses in and around the community. However there is a deficiency in this forthcoming help from MFIs that seems to create a burden on the beneficiaries resulting from the credit accessibility policies therein which has not been a subject of scrutiny. It raises the question whether the low interest non collateral small size loans are actually just that and whether they actually have been able to achieve what they were set out to achieve. This is what this study seeks to answer. Micro credit / finance institutions need to design their products and services to suit the need of the clientele and ensure profitability and sustainability of both the scheme and the women owned businesses they finance
CHAPTER THREE

3.0 METHODOLOGY

3.1 Introduction

This chapter describes the process and the procedure involved in conducting the research study. It explains the research design, study area and population, sampling selection techniques and sample size data sources, data collection instruments, data processing and analysis and finally the limitations of the study.

3.2 Research Design

The researcher used qualitative and quantitative research designs to conduct the whole study. Qualitative research design seeks to locate the study in scholarly debates on micro credit financing and the performance of women owned business. Quantitative research design was also used to compare organizational performance and micro credit as well as other sources of credit to businesses and because the findings of the study are both numerical and non-numerical (respondents options and views about the study variables) and have to be quantified for easy interpretation and description accompanied. These designs enabled the researcher to process, present and analyze the findings of the study.

3.3 Study area and population

3.3.1 Study area

The study was carried out in Kawempe Division, Kampala district in Uganda. The researcher chose this case study because Kampala is considered the business hub of Uganda with an estimated population of 2.2 million people following the conducted population and housing census of 2002. Businesses boom in places like the taxi parks, various markets and trading centers of which Kawempe is not excluded.

3.3.2 Study population

The target population provided primary data about study variables. It includes the women owning businesses in Kawempe, their employees, Micro credit/ finance institutions.
3.4  Sampling technique

A representative sample of the respondents was selected from the total population of women owning business and their employees where micro credit fund is used to participate in the study. The researcher used simple random and purposive sampling techniques to choose the respondents to participate in the study. With simple random it means that every member in the sample population has an equal chance of being included in the sample size, this reduced on the researcher’s bias in obtaining the sample respondents. Also with purposive sampling it means that information was only obtained from the key informants who have ideas about the subject matter hence first hand information was obtained.

3.5  Sample size

The researcher used a sample size of thirty (50) respondents. This sample size is representative of the whole population and manageable to administer the research instruments. It is on these selected respondents that the data collection instruments collected and obtained the data.

3.6  Data source

The researcher generated data from one source that is the primary sources.

Primary sources

This was the main source of data. This formed first hand information that was obtained fresh from the field by the researcher using data collection instruments and or tools such as the interviews and questionnaires and direct observation.

3.7  Data collection methods/ instruments

The researcher used a combination of methods to obtain primary data from the field/ area of study about the research problem including;

   Questionnaires

   Interviews

   Observation
Focus group discussions

These methods can be explained as below

3.7.1 Questionnaire method

The researcher designed a set of questions and made a questionnaire. This was comprehensive enough to cover the extent of the problem and all aspects of the study variable basing on the objectives of the study chapter one (1.4). The questions contained in the questionnaire were both open and close ended that enabled the respondents express their views and opinions. Some of the questionnaires were delivered to employees of women owned enterprises and others to owners of businesses and then they were collected later or administered by the researcher and others were personally administered by the researcher, thus self- administered and researcher administered questionnaire respectively were used to obtain primary data.

3.7.2 Interview method

This was done through oral conversations in order to get information. To increase the response rate the researcher used interview method to obtain primary data. The interviews were informal or formal/ semi structured or structured involving a pre-designed interview guide. Here the researcher visited the selected women owned businesses during working hours and conduct interviews to seek respondent’s opinions about the effect of micro credit funds on their performance.

3.7.3 Direct observation

This involved the use of naked eyes to see what the researcher wants to know as concerns the variables. The researcher directly observed the size, premises where women businesses operate and the nature of products and services. While conducting interviews and delivery and administering questionnaires, first hand information was obtained using this method.

3.7.4 Focus group discussions

These are moderated discussion groups on a particular topic of interest which were used to provide information on the reasons why women owned businesses have failed to grow.
3.8 Data collection procedure

3.8.1 Pilot study

A pilot study/survey was conducted to attain evidence that many women owned businesses that depend on MFIs have low savings, low sales low profitability and low incomes for investment and therefore low performance and growth. This data was analyzed and conclusion arrived at.

3.8.2 Data handling

a) Data source

The researcher collected primary data from respondents using the questionnaire, interviews, and observation methods and secondary data was also used and sources included, bankbooks, unpublished research reports and textbooks

b) Editing

The questionnaires were edited to ascertain completeness, accuracy and uniformity, blank spaces with no answers were filled in according to the majority view by looking at all the questionnaires.

c) Data coding

Data was coded or given numbers 1 to “n” and the data entered with present questions into the computer and thereafter graphical representation derived.

3.9 Data analysis

Data collected from the field was carefully edited, sorted and coded to eliminate the inconsistencies and errors that were made during data collection. This involved the use of simple tables and percentages, graphs and charts.

After processing it, data was subjected to further analysis for easy understanding and interpretation. This involved the use of Excel computer package using statistical techniques such as charts, tables, and graphs. These techniques enabled the researcher to ascertain the extent to which micro credit fund accessibility affect the performance of small women owned enterprises.
CHAPTER 4

4.0 PRESENTATIONS AND DISCUSSION OF RESEARCH FINDINGS

4.1 Introduction

This chapter presents a detailed discussion of the findings and interpretation of the data collected from the field; these findings are descriptively by use of tables, graphs and charts. The research sought to find out the effect of micro-credit fund accessibility on the performance of women-owned business by answering the questions below:

How do women in business access micro-credit fund?

What are the other factors affecting the performance of women-owned businesses?

What is the effect of micro credit fund on the performance of women-owned businesses?

4.2 BACKGROUND INFORMATION

4.2.1 AGE

Table 1 AGE GROUP OF WOMEN BUSINESS ENTREPRENEURS

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>NO. OF WOMEN</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>07</td>
<td>14</td>
</tr>
<tr>
<td>25-35</td>
<td>11</td>
<td>54</td>
</tr>
<tr>
<td>35-50</td>
<td>27</td>
<td>22</td>
</tr>
<tr>
<td>50 and above</td>
<td>05</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data

Most women business owners are between the age of 25 and 35(54%) only 14% of respondents fall in the age group of 18-25, 22% in the age group 53-30 and 10% are above the age of 50.
The above table shows that a big percentage of the women entrepreneurs are of middle age 25-35 with a few above 50 years, and with family responsibilities, which have become a woman’s concern rather than a male responsibility as society used to assume.

**Figure 1 SEX**

![Sex Chart]

Source: primary data

The researcher also sought to find out if sex is a factor affecting the performance of women-owned enterprises. It has been found that 98% of the respondents are women and only 2% of the respondents are men.

### 4.2.3 LEVEL OF EDUCATION

**Table 2 LEVEL OF EDUCATION**

<table>
<thead>
<tr>
<th>EDUCATION LEVEL</th>
<th>NUMBER</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>“O” level</td>
<td>21</td>
<td>42</td>
</tr>
<tr>
<td>“A” level</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>University/Institution</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>None response</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data
The researcher sought to find out if the level of education is a factor affecting the level of performance for women owned businesses. It has been found out that most of the women in business in the area have got secondary (“O” level) education with 42% the rest being primary with 30%, “A” level with 18%, and finally university/ institution with 8% and 2% non response. This implied that they are less educated.

4.2.4 MARITAL STATUS

Table 3  MARITAL STATUS

<table>
<thead>
<tr>
<th>MARITAL STATUS</th>
<th>NUMBER</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>19</td>
<td>38</td>
</tr>
<tr>
<td>Single</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Divorced</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Widower</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Widow</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non response</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data

The researcher sought to find out if the marital status is a factor affecting the level of performance for women owned businesses. It has been found out that most of the women entrepreneurs are married with 38% followed by the divorced with 30%, single ones 16%, widower 14%, and finally widows. This implied that married couples are the most people in business and these have got a lot of commitments and dependants.

4.2.5 What kind of business are you involved in?

Respondents were asked what kind of business they were involved in, the forms of trade ranged from wholesale shops, medium retail shops, and kiosk size businesses and on road business premises. It is a policy that a beneficiary must be involved in some business before they can be given a loan. However the businesses are not monitored to ensure sustainability as long as one makes the required payments.
A bigger percentage operates medium size shops (59%), 13% operate wholesale shops, 20% operate road side businesses, and 8% operate in kiosks.

Figure 2 Businesses

<table>
<thead>
<tr>
<th>Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium size shops</td>
</tr>
<tr>
<td>Wholesale shops</td>
</tr>
<tr>
<td>Road side businesses</td>
</tr>
<tr>
<td>Kiosks</td>
</tr>
</tbody>
</table>

Source: Primary data

4.2.6 What is the size of your family and average expenditure?

A study on family expenditure and size was carried out to analyze the nature of expenses that expose the loan to be put to other purpose other than the commercial use for which it was obtained. Most families showed that they had a large number of expenses, housing, school fees, clothing, all of which are financed using the profits from the loan instead of being reinvested.

60% were found to have more than 7 dependants, 10% with 1-3 dependants and 30% with at least 7 dependants. This information

Table 4 What is the size of your family and average expenditure?

<table>
<thead>
<tr>
<th>No. of dependants</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>4-7</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>8-10</td>
<td>21</td>
<td>42%</td>
</tr>
<tr>
<td>More than 10</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data
Table 5  What is the size of your family and average expenditure?

<table>
<thead>
<tr>
<th>GROUP</th>
<th>MEAN</th>
<th>MINIMUM</th>
<th>MAXIMUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100,240</td>
<td>2,700</td>
<td>32,700</td>
</tr>
<tr>
<td>2</td>
<td>189,200</td>
<td>5,402</td>
<td>62,300</td>
</tr>
</tbody>
</table>

Source: primary data

Because of the enormous expenditure there is high dependence on the loan and consequently the beneficiary of the loan gets hooked to loans as a mode of financing their personal private livelihood. Group 2 are the people that were identified for purposes of comparing the expenditure of those who get the loan from micro-credit institutions and those who do not. It is clear from the pattern that the expenditure of those who are clients is higher which implies that they have more money to spend as a result of the loan.

4.3  Objective 1:

TO IDENTIFY THE ACCESSIBILITY TO MICRO-CREDIT FUND BY WOMEN

4.3.0  Have you got a loan since 2002?

Table 6  Have you got a loan since 2002?

<table>
<thead>
<tr>
<th>GROUP</th>
<th>NO. OF RESPONDENTS</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>37</td>
<td>74</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data

The researcher found out that most of the respondents got loans (micro-credit funds) with 74% and a few did not get the funds with a 26%.

4.3.1  Source of the loan

The respondents were asked the source of the loans they got, the answers provided grouped sources of the loans into 3 groups that is, the first group being from SACCOS, the second being from ROSCAS and finally from micro finance institutions. It was found out that most of the people that
got loans/ funds, got them from SACCOS with a higher percentage of 49% followed by a 9% from ROSCAS and 16% from micro finance institutions, 26% being a non response.

4.3.2 The respondents were asked the amount of the loan they received

Table 7 The respondents were asked the amount of the loan they received

<table>
<thead>
<tr>
<th>AMOUNT OF THE LOAN</th>
<th>NO. OF RESPONDENTS</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>None response</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>50,000-150,000</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>160,000-260,000</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>270,000-360,000</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>370,000-500,000</td>
<td>21</td>
<td>42</td>
</tr>
<tr>
<td>Above 500000</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data

The researcher found out that the bigger percentage got the funds that are in between 160,000-200,000 with a 42%. This implied that the people do not get big amounts of funds from the institutions as shown in the table 4.2.2

4.3.3 The date of obtaining a loan and the date of application

The researcher asked the respondents about the dates they obtained their loans; it was found out that 62% of the respondents had received their loans between 2002 and 2008, and 12% had received their loans between 2008-2010, 26% being a non response. Out of the 74% that got the loan 32% would get the funds 1-3 weeks after application and 42% would get the loan 42% would get the funds 3-5 weeks after application.

This implied that a bigger number of the applicants would take a slightly longer time to get the funds with a 42%, this can affect the performance of the enterprise.
4.3.4 The starting date of repayment, the repayment method and the expected date of full repayment

The researcher sought to find out if the starting dates of repayment can also affect the performance of the business in general. It was found out that a bigger number of respondents started their loan repayments after 1-3 weeks with a 63% and the rest started their payments after a month. Depending on the terms and conditions of the lending institution, the interest repayments are made in weeks or months. If the payments are made weekly, then the borrower pays interest per week until the date of paying the interest. This implied that the performance of the business can be affected since the borrower has got less time to repay both the interest and the principle.

63% of respondents showed the expected full repayments of the interest and the principle lied between one 5months and a year depending on the lending institution

4.3.5 The rate of interest paid

Table 8 The rate of interest paid

<table>
<thead>
<tr>
<th>Interest rates (%)</th>
<th>Number</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>2-6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7-13</td>
<td>33</td>
<td>66</td>
</tr>
<tr>
<td>14-19</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>20 and above</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

The responses provided on the rate of interest paid on the borrowed funds as shown in the table 4.2.5 show that a bigger percentage of borrowers pay interest between 7% and 13% with a 66%. This is found to be reasonable but it is clear that respondents find the weekly payments burdensome.

4.3.6 How many loans have you received since 2002?

The respondents were asked how many loans they have received since 2002 and it was found out that 57% had receive the 1 loans, and 17% had received 2-4 loans the rest did not respond. This implied that these businesses have become more dependent on loan funds.
4.4 Objective no.2

TO FIND OUT OTHER FACTORS AFFECTING THE PERFORMANCE OF WOMEN-OWNED BUSINESSES

4.4.0 Whether they are able to access the finance needed to run the business

Figure 3 Whether they are able to access the finance needed to run the business

![Bar Chart]

Source: primary data

The researchers found out the bigger percentage of 74% have access to the funds they need to run their business and the remaining 26% do not have access to the funds they needed. This implies that most women have got funds to run their businesses but the problem comes on managing them.

4.4.1 Whether at some point the respondents used the loan funds for some other purpose other than that it was got for.

The highest percentage showed that they sometimes use the loan money to meet their personal needs (non-commercial). 59% of respondents admitted that at some point they use loan funds for some other purpose and the rest of the respondents (41%) don’t. This implies that less money is committed to the women-owned business, hence negatively affecting their performance.

4.4.2 Whether the authorities or government in anyway hinder their business operations

The researcher found out that 72% of the respondents were not affected by the government, and a lesser percentage (28%) being affected as shown in the table below;
Table 9 Whether the authorities or government in anyway hinder their business operations

<table>
<thead>
<tr>
<th></th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>01</td>
<td>7.1</td>
</tr>
<tr>
<td>Limitation on the location</td>
<td>05</td>
<td>35.7</td>
</tr>
<tr>
<td>License</td>
<td>07</td>
<td>50</td>
</tr>
<tr>
<td>Registration</td>
<td>01</td>
<td>7.1</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: primary data

This implied that the government to a smaller extent affects through their policies like in the above table and that to a bigger extent the authorities do not hinder the performance of the business.

4.4.3 The respondents were asked how they recruit their workers

The researcher sought to find out how the business owners or women in business get their workers and if that could affect the performance of the business in general. It was found out that most small and medium WOBES get their workers through relatives with higher percentage of 53% and through friends with 33% and through existing workers with 11% and the remaining 3% being got through adverts. This implied that they employ incompetent workers.

4.4.4 How many workers do you employ?

The respondents were also asked how many workers they employ and most of them ranged from workers 10-15 with a higher percentage of 57 and between 5and 10 a percentage of 35 and 8% above 20 workers. It was also found out that most of the workers are friends and relative. This implied to the researcher that these businesses are understaffed.

4.4.5 How often do you take records of your business?

The researcher here wanted to use the number of times respondents take records as a measure of accountability in the business and therefore performance. Indicators showed that most of them take records daily with a 77%, but these records are taken on a single entry basis, where they only record sales, debts, purchases. This is not enough.
4.4.6 How do you keep your records?

Respondents were also asked how they keep their records and it was found out that most of them keep their records by books. 69% keep their records in books, 19% in the computer storage, and the remaining 12% use storage cards. This implied that a bigger percentage of these businesses do not keep their records well since books are more exposed to any kind of damage.

4.4.7 How do you find business?

Respondents were asked how they find business and by this the researcher sought to find out if the women in business have got a positive attitude towards their business which if not can affect their performance. Indicators showed that most women have got a negative attitude as shown in the figure below.

**Figure 4 How do you find business?**

![Business Preferences Chart](source: primary data)

The figure above indicates that 62% of the respondents find work challenging, 23% find it interesting and finally 15% find it bowering.

4.5.0 Objective no. 3
TO ESTABLISH THE IMPACT OF MICRO CREDIT FUND ON THE PERFORMANCE OF WOBES:

4.5.1: The loan acquired led to an increase in the profits of the business

Table 10 The loan acquired led to an increase in the profits of the business

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Not sure</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Disagree</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Non response</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: primary data

The researcher was mainly interested in finding out whether the loan acquired had made any increase in the profits of WOBEs. It was found out that to some extent the loan increased on the profits of the businesses and to a bigger extent it did not as shown in the table 4.4.1 above. This implied that the accessibility of the funds was not responsible for the poor performance of the businesses or enterprises.
4.5.2: The loan acquired improved the general quality of products for the business

Table 11 The loan acquired improved the general quality of products for the business

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Agree</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Not sure</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Disagree</td>
<td>19</td>
<td>38</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Non response</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data

From the above responses from the respondents it was found out that most respondents businesses general quality of the products was not improved by the acquisition of funds. 38% of the respondents showed that the funds did not improve on their business. This implied that there are other things that affect other than the access to micro credit fund.

4.5.3: The loan also increased on the level of output of business

Figure 5 The loan also increased on the level of output of business

Source: primary data
The researcher sought to find out whether the funds received from micro credit increased on the level of output, as shown in the table above most respondents showed that their output had increased. This implies that to some extent the funds impact positively on the output of the business.

4.5.4: The credit received helped the respondent to meet the target level output
Table 4.5.4

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Agree</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Not sure</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Disagree</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Non response</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data

The researcher sought to find out if the respondents were able to meet the desired target level of output. The findings showed that the most number of respondents did not meet the target. This implied that despite the accessibility to credit by the highest numbers there are other things to be done to meet the target.

4.5.5: The monitoring done after getting the loan encourages the respondents to put funds to proper use
Table 12 The monitoring done after getting the loan encourages the respondents to put funds to proper use

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Agree</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Not sure</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Disagree</td>
<td>19</td>
<td>38</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Non response</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data
The responses provided by the respondents showed that 2% strongly agreed that the monitoring done after receiving the loan encourages them to put the funds to proper use, 20% Agreed, 8% were not sure, 38% disagreed, 6% strongly disagreed and 26% did not respond. This implied to the researcher that monitoring is needed after giving out the funds by the micro credit institutions.

Comparing table 4.5.4 and 4.3.2

Table 13 Comparing table 4.5.4 and 4.3.2

<table>
<thead>
<tr>
<th>X</th>
<th>Y</th>
<th>RX</th>
<th>RY</th>
<th>d</th>
<th>D2</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>-2</td>
<td>4</td>
</tr>
<tr>
<td>1</td>
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<td>6</td>
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<td>2</td>
<td>4</td>
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<tr>
<td>3</td>
<td>3</td>
<td>5</td>
<td>6</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>17</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>9</td>
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<tr>
<td>21</td>
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<td>-2</td>
<td>4</td>
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<tr>
<td>7</td>
<td>13</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>50</td>
<td>50</td>
<td>21</td>
<td>20</td>
<td>1</td>
<td>23</td>
</tr>
</tbody>
</table>

From the formula $1-(6\sum d^2/ n (n^2-1))$

$= 1- (6*23/ 6(62-1))$

$= 1- (138/210)$

$= 1- 0.657$

$= 0.343$

Conclusion

From the above table, the researcher found out that there is a weak effect/ impact or relationship between accessibility to micro credit fund and the performance of women owned businesses, in other words the strong impact is brought about by the other factors. If someone is given money for business and he/ she uses it for some other purpose as seen earlier in the research, then the problem is not getting the funds but putting or committing them to its purpose. The other factors affecting the performance according to the research carried out include, the attitudes of the women in businesses, lack of enough equipment or technology, poor management, lack of entrepreneurial skills, poor record keeping, and many others which require more research.
CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter contains a summary of the findings of the study, and recommendations to the variables therein with the objective of remedying the effect of micro-credit fund accessibility on the performance of women-owned businesses or enterprises. The main objective was to establish the impact of micro credit fund on the performance of WOBEs. Using computer packages like SPSS (Statistical Package for Social Scientist) and Excel the study has made important findings, which are the basis of the policy recommendations entailed in this chapter.

5.2 SUMMARY OF MAIN FINDINGS

The hypothesis that micro credit fund accessibility is responsible for the low rate of performance for WOBEs is significantly is untrue. The research indicated that access to micro credit fund and performance of WOBEs are to a smaller extent positively correlated. In other wards the performance of WOBEs is strongly affected by the other factors. The research indicated that indeed the accessibility to micro-credit fund has contributed positively to the performance of women-owned businesses but to a smaller extent.

The researcher notes that the best government policy/ strategy will not fulfill its objectives if the softer aspects are not in place for example if the institutions necessary for planning, development and management of micro credit institutions are not themselves involved in monitoring performance of these WOBEs.

The research paper has analyzed the impact of access to micro credit on the performance of WOBEs or enterprises in Kampala Kawempe and came up with a number of findings. These findings may not be exhaustive of the research in this field but give a fairly good picture of how accessibility to micro credit can impact positively on the performance of Women Owned businesses.
The research was not directed towards the poorest business operators, but the researcher estimated that most of the women perform poorly in business. It was observed that those who graduated from the first to the 2nd loan on average experienced significantly higher growth in their profits and household income, as compared with otherwise similar business operators.

However there was a slight improvement in the performance of some business resulting from the acquisition of the loan (2nd loan) accompanied by the fact that the highest percentage of the people or women in business are married. Despite this, the researcher notes that WOBES were made worse particularly among the 57% or so who left the micro credit after getting one loan.

No significant relationship was found between borrowers and non borrowers but the researcher notes that the non borrower viewed the loan as a burden and that they would find difficulties in paying it back. The highest proportion of non borrowers compared to borrowers cited inaccessibility to credit as a reason for their falling profits.

The research findings suggest that as related to grid enforcement of fixed loan repayment schedules without regard to income fluctuations arising from ill health, customer loss, lack of management skills, poor accounting and financial records etcetera.

Under staffing problem of the WOBES thus the available staff is over whelmed by the work they are supposed to perform and therefore performance in some way is affected.

Finally the researcher suggests that there is a way of improving the performance by not only focusing on the availability of micro credit but also in the other affecting factors and addressing them to the women to be aware. This can be achieved through a number of instruments and partnership approaches as shall be seen in the recommendations that follow.
5.3 RECOMMENDATIONS

Having carried out the survey, the researcher notes that there is an accessibility gap that is unfilled, but this gap is small since 74% of the women access credit and it is only 26% that does not. And that it is not only accessibility to credit that affect the performance but mostly other factors. She therefore recommends strategic approaches/considerations for making women perform better in business by considering these factors; entrepreneurial skill equipping, education, accounting policies, proper management, proper use of funds, proper staffing, training, management information systems and many other.

The women of Uganda should be equipped with entrepreneurial skills; this can be through conducting workshops to teach these women how to start and maintain their businesses in proper state. This will help them to change their attitudes towards business and have positive attitudes. The researcher therefore recommends entrepreneurial skills equipping programs.

Ensure that these women are educated so that they can be equipped with managerial skills so as to manage, control and run their businesses properly. The researcher therefore recommends the use of managerial skills equipping workshops.

Proper management can exercised in the business that is through running of the business and control of the workers. Because irrespective of how much money is in the business if the management is poor the business will never perform.

The ways of recruiting workers should also be checked that is workers should not always be friends, relatives and neighbors but they should be competent people who can deliver to the expected.

The researcher recommends the proper record keeping methods be used to ease accountability. This can be done by use of double entry instead of single entry.
5.4 RECOMMENDED AREAS FOR FURTHER RESEARCH

Further research on the topic Micro-credit fund accessibility and the performance of WOBEs in Uganda should be based on aspects such as:

The econometric view on micro credit fund and the performance of Women owned businesses in Uganda

Other factors that affect the performance of women owned businesses other than micro credit accessibility

Interest rates and capacity to pay back and the effect on household incomes in Uganda.
REFERENCES

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QUESTIONNAIRE

Dear respondent,

I am a student of Makerere University conducting a research on the effect of micro credit fund accessibility on the performance of women-owned businesses in Uganda the case study being Kawempe Division, as part of the requirement for the award of the Degree of Bachelor of Commerce (Finance and Banking) of Makerere University. Your response to the questions below will be treated with utmost confidentiality and all information be used for only this purpose.

SECTION 1: BIODATA OF THE RESPONDENT

1. Age

☐ 18-25 ☐ 25-35 ☐ 35-50 ☐ 50 and above

2. Sex

☐ Male ☐ Female

3. Marital status

☐ Married ☐ Single ☐ Divorced ☐ Widower ☐ Widow

4. Level of Education

☐ Primary ☐ "O" Level ☐ "A" Level ☐ University /Institution

5. What kind of business are you involved in?

........................................................................................................................................................................................................................................................................................................
........................................................................................................................................................................................................................................................................................................
6. What is the size of your family and its average monthly expenditure?

..........................................................................................................................................................
..........................................................................................................................................................

SECTION 2: ACCESSIBILITY TO MICROCREDIT

1. Have you received /got a loan since 2002

☐ Yes  ☐ No

2. If yes please fill in the following table appropriately

<table>
<thead>
<tr>
<th>Source of the loan</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of the loan (UShs)</td>
<td></td>
</tr>
<tr>
<td>Date of application</td>
<td></td>
</tr>
<tr>
<td>Date loan obtained (day/ Month/ Year)</td>
<td></td>
</tr>
<tr>
<td>Starting date of repayment (day/ Month/ Year)</td>
<td></td>
</tr>
<tr>
<td>Repayment method (schedule or…)</td>
<td></td>
</tr>
<tr>
<td>Rate of interest required (%)</td>
<td></td>
</tr>
<tr>
<td>Expected date of full repayment (day/ Month/ Year)</td>
<td></td>
</tr>
<tr>
<td>How many loans have you received since then</td>
<td></td>
</tr>
</tbody>
</table>
SECTION 3  FACTORS AFFECTING PERFORMANCE

1. Are you able to access the finance (funds) needed to run the business?

☐ Yes  ☐ No

2. Do you at some point use the loan funds for some other purpose other than that it was got for?

☐ Yes  ☐ No

3. Do you have enough equipment or materials to use in your business?

☐ Yes  ☐ No

4. Do the authorities (government) in any way hinder your business operations?

☐ Yes  ☐ No

5. If yes, how? (tick the applicable answers)

a) Taxes

b) Limitations on the location

c) License

d) Registration

6. How do you get your workers?

a) Advertising in media

b) Through friends

c) Through relatives

d) Through existing workers
7. How many workers do you employ in your business?

☐ 5-10  ☐ 11-15  ☐ 20 and above

8. How many of your workers are relatives?

☐ 5-10  ☐ 11-15  ☐ 20 and above

9. How often do you take records of your business?

   a) Daily
   b) weekly
   c) Monthly
   d) Annually

10. How do you keep your records?

   a) Book recordings
   b) Computer
   c) Stock card

11. How do you find business?

   a) Interesting
   b) Bowering
   c) Challenging
## SECTION 4: THE IMPACT OF MICRO CREDIT FUND

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The loan acquired led to an increase in the profits of the business</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>The loan acquired improved the general quality of products for the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The loan also increased on the level of output of the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The credit received helped you meet the target level of output</td>
<td></td>
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</tr>
<tr>
<td>The monitoring done after getting the loan encourages you put</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>the funds to proper use</td>
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</table>