

**THE IMPACT OF FINANCIAL ACCESSIBILITY ON CAPITAL BASE
DEVELOPMENT OF SMALL BUSINESS: A CASE STUDY OF SEETA TOWN,
MUKONO DISTRICT**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF BUSINESS
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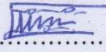


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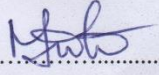
DECLARATION

I EGONDI SILVESTER Declare that this Research Report is my original work based on my own ability and knowledge and it has not been presented for any award or any other institutions of learning.

Signature.......... Date: 26th/09/2024.
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APPROVAL

This research Report titled the impact of financial accessibility on capital Base development by small businesses. A case study of Seeta Town, Mukono, District has been submitted by EGONDI SILVESTER REG NO: J22B05/201 for examination with my approval and is ready for presentation to the school of Business for award of a Bachelor degree in Business Administration of Uganda Christian University

Signed.......... Date.....26/09/2024.....

Name: MR. DUNCAN TUMUHAMYE

DEDICATION

I dedicate this work to the Almighty God who has enabled me to carry out this research successfully and to my beloved parents Mr. Egondi Wilson and Mrs. Nabwire Rose, my sponsors and Beyond Uganda organization for financial and prayer support throughout my academic journey May the good LORD richly bless you all.

ACKNOWLEDGEMENTS

I thank God who granted me the strength, good healthy, knowledge, understanding, wisdom, protection and provision in all the situations to the glory of His name. I humbly express my gratitude to my academic supervisor **Mr. Duncan Tumuhanye** for his kindness, good and God heart, advice, guidance and patience to make me so proud in academic journey, May the good LORD grant you mercy, peace, joy, good health, protection above all. I am grateful to Uganda Christian University for admitting for Degree course of Business Administration program. Special thanks to my dear friends and fellow BBA Students for their total support. I am grateful to my beloved parents, my brothers and my sisters, sponsors and other relatives who contributed tremendously to support me financially and in prayers throughout the long academic journey.

ABSTRACT

This study investigated the impact of financial accessibility on the capital base development of small businesses in Seeta Town, Mukono District, Uganda. The objectives of the study were to assess the current challenges small businesses faced in accessing financial services, explore the relationship between financial accessibility and capital base development, and identify potential solutions to improve financial accessibility and support business growth. The study utilized three theoretical frameworks: Credit Access Theory, Social Capital Theory, and Finance Growth Theory. Social Capital Theory and Finance Growth Theory examined the relationship between financial inclusion, social networks, and economic growth in the context of small businesses. Financial accessibility was found to be a critical factor for the growth and sustainability of small businesses, enabling them to access financial services, manage cash flows, and invest in expansion opportunities (World Bank, 2018). However, small businesses often faced significant barriers, such as limited collateral, poor credit history, lack of financial literacy, high-interest rates, and strict lending criteria. The research highlighted how credit access influenced capital base growth and how social capital facilitated financial inclusion, contributing to economic growth and development. A mixed-method approach was employed, combining both qualitative and quantitative data collection and analysis techniques. The study targeted a sample of 85 respondents, representing 100% of business owners in Seeta Town. Surveys, interviews, and focus group discussions were used to gather data. The findings demonstrated that financial inclusion and stability are closely linked, with financial inclusion enabling businesses to access services and manage risks. However, financial literacy remained a significant challenge, particularly in developing countries

KEY POINTS: Financial accessibility, Capital Base development, small businesses

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LIST OF ABBREVIATIONS

SB - Small Businesses

FA - Financial Accessibility

CB - capital Base

MFIs - Microfinance Institutions

CT - Credit Terms

ROI - Return on Investment

CHAPTER ONE

1.0 Introduction

This chapter covered the background of the study, problem statement, major objective, specific objectives, research questions, scope of the study, significance of the study, and conceptual framework.

1.1 Background of the study.

Small businesses were the backbone of economic growth and development in many developing countries, including Uganda, as they hold significant potential for job creation opportunities for the local population, advancement of local technology, diversification of outputs, promotion of local entrepreneurships, and integration with large firms or industries. However, small businesses in Seeta Town, Mukono District, however, their growth and survival are often hindered by an unfavorable business environment, high interest rates, stringent collateral requirements, low managerial skills and knowledge, limited access to modern technology, capacity building, inadequate innovation and creativity, limited information and access to potential markets, a lack of accountability and transparency, unfaithful customers or clients, changes in the needs of customers, and also price fluctuations in the domestic markets. Among these challenges, the lack of sufficient financial funds or resources and limited financial literacy stand as the major concerns to the majority of local businesses in this region. Adedipe, 2023; SMEDAN (2021). According to Bosma and Harding (2006), many small businesses in developing countries fail because the business owners and managers lack financial literacy and insufficient funds, which hinders entrepreneurial activity. It is the reality that small businesses are paramount for economic growth and development through a huge contribution to create bulk job opportunities and stimulate economic activities, contribute to the local economy and tax base, invest in business expansion and growth, manage cash flows and liquidity, increase productivity and efficiency, and technological development in new products and processes.

1.1. 1 Historical Perspective

Many scholars had shown that financial accessibility promoted growth for enterprises by providing credit to both new and existing businesses. Berger and Udell (2006) argue that financial accessibility is crucial for small businesses to access capital, manage cash flows, and invest in growth opportunities. Similarly, Beck and Demirguc-Kunt (2006) emphasize that financial accessibility is essential for small businesses to overcome financial constraints and achieve growth.

In the context of Seeta Town, Mukono District, small businesses faced significant barriers in accessing financial services. Kipesa (2007) notes that high interest rates, collateral requirements, and limited financial literacy are major obstacles to financial accessibility for small businesses in the region. Moreover, the lack of financial infrastructure, high transaction costs, and limited financial inclusion increased the challenges faced by small businesses (Mutebi, 2019).

According to Romano et al. (2019), financial accessibility enables small businesses to invest in capital assets, modernize their operations, and increase productivity. Ahunwan (2008) also argues that financial accessibility helps small businesses build a strong capital base, which is essential for economic growth and development. However, Kibuka (2018) notes that the lack of financial accessibility has hindered the capital base development of small businesses in the region due to limited access to credit, constraining their ability to invest in capital assets and grow their businesses. The high cost of credit and limited financial literacy have further exacerbated these challenges (Mutebi, 2019).

1.1.2 The Conceptual Perspective

The agency theory provided a conceptual perspective on financial accessibility and its impact on small businesses. Jensen and Meckling (1976) outline several potentially costly principal-agent relationships in publicly quoted corporations, where agents (managers) may not always act in the best interests of principals (owners). In small firms, the primary agency conflict is generally not between owners and managers but between inside and outside contributors of capital (Hand et al., 1982). Information asymmetries, resulting from a lack of detailed accounting information, exacerbate potential agency problems in small business. The primary concern for outside capital contributors arises from moral hazard, where the small business owner might have changed their behavior to the detriment of the capital provider after receiving credit. The firm owner may favor

high-return, high-risk projects. Debt providers minimize agency costs by employing various lending techniques. Baas & Schrooten (2006) proposed four lending techniques: asset-based lending, financial statement lending, small business credit scoring, and relationship lending. Asset-based lending and relationship-based lending dominate the literature. Kon & Storey (2003) note that lending to small businesses by banks is frequently collateral-based. The use of collateral was pervasive; Black et al. (1996) found that the ratio of loan size to collateral exceeded unity for 85 percent of small business loans in the UK. Berger and Udell (1990) report that over 70 percent of all loans to small businesses were collateralized. The use of debt finance is positively related to the provision of collateral. Firms at the start-up stage mostly experience significant informational opacity problems and have limited access to debt financing. As firms become established and develop a trading and credit history, reputation effects alleviate moral hazard problems, facilitating borrowing capacity (Diamond, 1991). As firms grow, they can accumulate assets as debt collateral, including inventory, accounts receivable, and equipment (Berger and Udell, 1998). Firms may also have increased fixed assets, such as land and buildings, that can secure mortgage financing. Long-term debt is typically secured on collateralized fixed assets, with its maturity matching the maturity of the pledged asset. Therefore, the use of long-term debt was expected to increase initially and decrease later as long-term debt is retired and firms rely increasingly on accumulated retained profits.

1.2 Problem statement

Despite the critical role of financial accessibility in promoting capital base development among small businesses, many entrepreneurs in Seeta Town, Mukono District, continued to face significant challenges in accessing financial services, including high interest rates, stringent credit terms, and limited financial infrastructure. This had resulted in limited capital base development, constraining the growth and sustainability of small businesses in the region.

Furthermore, the limited financial literacy and management skills among small business owners in Seeta Town, Mukono District, increased the problem making it difficult for them to effectively utilize financial services and improve their capital base development. This study aimed to investigate the impact of financial accessibility on capital base development among small businesses in Seeta Town, Mukono District, and explored strategies for improving financial inclusion and promoting sustainable growth among these businesses.

1.3 Main Objectives of the study

This study had assessed the impact of financial accessibility on capital base development of small businesses in Seeta Town, Mukono District

1.4 Specific objectives of the study

1. To assess the current level of financial accessibility challenges faced by small businesses in Seeta Town.
2. To understand the relationship between financial accessibility and capital base development among small businesses in the area.
3. To identify potential solutions to improve financial accessibility and support capital base development for small businesses in Seeta Town.

1.5 Research questions

For small businesses in Seeta town, specifically Mukono District the study investigated the following research questions

1. What was the current financial accessibility challenges faced by small businesses in Seeta Town, Mukono District?
2. How to understand the relationship between financial accessibility and capital base development among small businesses in the area?
3. What are the potential solutions to improve financial accessibility and support capital base development for small businesses in Seeta Town.

1.6 scope of the study

This study was divided into four parts mainly geographical scope, Content scope, Time scope and Theoretical scope

1.6.1 Geographical scope

The geographical scope of Seeta town, Mukono district encompasses various areas, including Seeta town center, Kalagala, Kira Town, Namilyango, Baggala, Ntinda, Gongobe, Kibedi, Kituntu, and Kabembe, which were home to diverse small businesses. The study focused on Seeta town center, Kalagala, and Kira Town, which represented the commercial hub, outskirts, and adjacent growing commercial center, respectively. These areas host various small businesses, such as retail shops, restaurants, hardware stores, construction materials suppliers, agricultural produce dealers, and service providers, providing a comprehensive understanding of the impact of financial accessibility on capital base development. By assessing these areas, the study identified challenges and opportunities, informing strategies for improving financial inclusion and business growth in Seeta Town, Mukono District.

1.6.2 Content scope

This study majorly assessed the impact of financial accessibility on capital base development by small businesses in Seeta Town, Mukono District.

1.6.3 Time scope

The study covered a period of three months from May to August 2024. This time frame allows for comprehensive assessment of the impact of financial accessibility on the capital base development by small businesses in Seeta Town, Mukono District over the reasonable period, taking into account any changes or trends that occurred during this selected time period.

1.6.4 Theoretical scope

This theoretical scope of assessed the impact of financial accessibility on the capital base development by small businesses Seeta Town, Mukono District has various concept and frameworks from finance, economics and entrepreneurship literature including the capital

structure theory, financial growth cycle theory, access to finance theory, financial inclusion theory, social capital theory, agency theory, credit access theory will prove the comprehensive foundation of understanding among small businesses in Seeta Town, Mukono District and how financial accessibility on capital base development affects the business growth, resource allocation and competitiveness

1.7 Significance of the study

The study provided a comprehensive understanding on how

- i) To improve business growth through access to capital, invest in growth opportunities and expand their operations to lead to increased revenue and job creation
- ii) To create more jobs for the local population to reduce on unemployment and poverty
- iii) To reduce on the income inequality by providing micro credits to small businesses borrowers to support their day to day operation which will help to promote economic growth and social justice in the community
- iv) The policy makers were able to make informed decisions to implement initiatives to improve on financial accessibility for small businesses in Seeta Town, Mukono District such as providing affordable credit facilities, establishing business development funds, financial literacy programs, drive economic growth, job creation and the poverty reduction in the region.

1.8 Definition of terms

Financial accessibility refers to the ability of small businesses to access financial services such as credit, deposits, payments, savings, insurance and other services

Capital base development refers to the growth and development of small business's capital base including its assets, liabilities and equity

Small businesses refer to enterprises with fewer than 50 employees and an annual turnover of less than UGX 100 million for example, retail shops, saloons, food vendors, market stalls, service providers like hair salon, small-scale manufacturers like bakeries and metal workshops, transportation services like taxi operators, and boda-boda riders.

Financial inclusion refers to the process of ensuring access to and usage of diverse, convenient, and affordable financial services needed by vulnerable groups by mainstream financial players. (Rajan, 2009; Nwanko, 2014).

Financial literacy refers to the ability of an individual to compile facts in order to make sound financial decisions through the use of financial resources available. Atkinson & Messy (2005)

Financial technology, more commonly referred to as Fintech, is a modern technology that seeks to develop, automate, and streamline financial services. or is a means by which opportunities are provided through the reduction of costs of providing financial services to promote financial inclusion. Demirgüç-Kunt et al. (2015).

Credit terms refers to standards or negotiated terms (offered by a seller to a buyer) that control the monthly and total credit amount, maximum time allowed for repayment, discount for cash or early payment, and the amount or rate of late payment penalty. Kakuru, (2007).

Micro credit was the extension of very small loans (microloans) to impoverished borrowers who typically lack collateral, steady employment, or a verifiable credit history. It is designed to support entrepreneurship and alleviate poverty.

Profitability was defined as the profit-earning capability of a business, product, project or program. When all expenses and taxes have been paid, the revenue that had been left as the profit
Liquidity referred to the ease with which an asset, or security, can be converted into ready cash without affecting its market price.

1.9 Conceptual framework

This conceptual framework helped in assessing the impact of financial accessibility on capital base development by Small businesses. The ability of a business to acquire and use financial

services that are affordable, beneficial and able to meet its needs in terms of money Clessens, (2006). According to Beck et al. (2009), it is possible to measure financial accessibility by using access to specific institutions, such as banks, insurance companies, or microfinance organizations, to be able to acquire services such as payment services, savings accounts, loans, and credits. Therefore, the independent variables in this study include financial accessibility like access to loans, credit terms, financial inclusion, interest rates, collateral requirements, financial literacy, and access to financial technology (fintech).

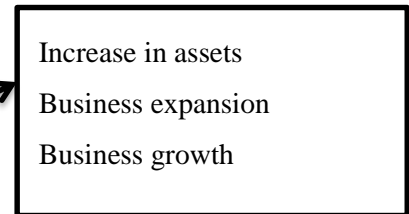
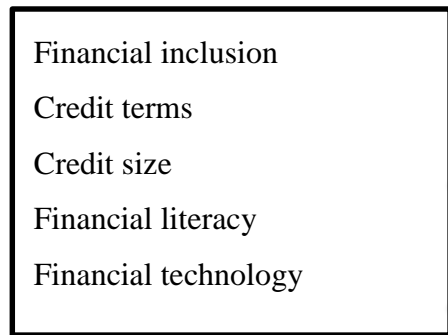
The dependent variables include capital base development as a result of an increase in assets, investment in equipment, business expansion, business growth duo to increase in revenue, employee numbers, market share, profitability such as increase in net income, return on investment, cash flow management in terms of ability to meet financial obligations, manage accounts receivable and payable, and business sustainability as ability to survive economic downturns and adapt to market changes.

Independent variables

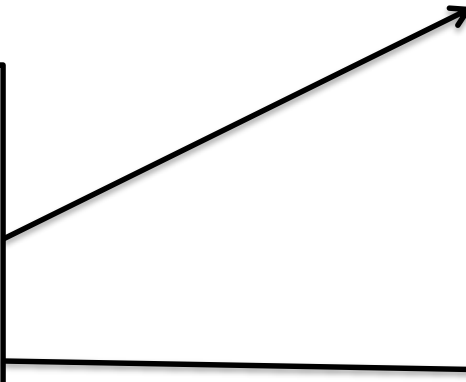
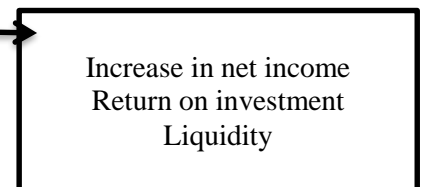
Dependent Variable

Financial accessibility

Capital Base by small business



Profitability



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Introduction

This chapter reviewed literature from various sources such as textbooks, magazines, newspapers, financial reports, newsletters, and prior research. The literature was analyzed based on the objectives of the study.

2.1 Empirical Review

Research by Amadasun and Mutezo (2022) demonstrated a significant positive relationship between access to funding and the growth of small businesses. Similarly, Kangoye (2020) and Stephannie (2019) found that small businesses with access to formal financing created more jobs compared to those without such access. These studies also noted that government credit guarantees positively contributed to the value addition in small businesses. According to Adamson (2023), the major challenges hindering the expansion of small businesses included financial constraints, government regulations, unreliable power supply, taxes, high loan interest rates, and poor infrastructure. Abanis and Arthur (2013) observed that inadequate funding and high finance costs significantly limited the growth of small businesses in Uganda. Love and Martinez Peria (2015) highlighted the positive impact of financial inclusion, particularly when linked to credit bureau coverage. Eton et al. (2018) emphasized the importance of legal protection and support for small businesses to ensure sustainable economic growth. Dugassa (2012) identified insufficient training and limited market size as critical challenges, while Katua (2014) advocated for government-backed training institutions to equip entrepreneurs with essential skills. Sempala and Mukoki (2018) underscored the importance of business management training for small business owners.

2.2 Theoretical Reviews

The theoretical framework relied on three main theories: Credit Access Theory, Social Capital Theory, and Finance Growth Theory. Stiglitz and Weiss (1981) developed a framework to analyze inefficiencies in financial markets. Their framework argued that information asymmetry was a key reason for the malfunctioning of financial markets in developing countries. Financial institutions, when extending loans, not only considered the interest rates but also assessed the associated risks. These institutions typically screened and monitored borrowers more efficiently than other investors because of their expertise in gathering and processing private information. Banks, due to their control of money and deposit accounts, also possessed crucial strategic information about firms' receipts, expenditures, and growth patterns (Aremu & Popoola, 2011).

2.2.1 Social Capital Theory

Social capital theory played a crucial role in discussions about financing for small businesses. This theory highlighted the importance of social networks and relationships in obtaining financial resources. Small businesses often struggled to secure formal financing from banks and other institutions due to a lack of collateral or perceived risk. In such cases, social capital became essential, as strong social ties enabled small businesses to access alternative funding sources, such as investments or loans from relatives, friends, or neighbors. Social capital also facilitated access to opportunities, knowledge, and information critical for small business growth. By being part of support networks, small businesses gained access to mentorship, guidance, and market insights from experienced entrepreneurs or experts. These networks also opened up new growth and expansion opportunities by connecting small businesses to potential customers, suppliers, and partners.

2.2.2 Credit Access theory

According to Stiglitz and Weiss (1981), who started a framework for analyzing financial market inefficiencies, this framework indicated that information asymmetry was the main cause of the financial market malfunctioning in developing countries. Financial institutions that advance loans to economic agents are not only interested in the interest they receive on loans but also in the risks of such loans. Most financial institutions screen and monitor borrowers more efficiently than other investors can. They specialize in gathering private information and processing it. Managing money and deposit accounts, banks own highly strategic information on firms' receipts and expenditures

as well as the way firms develop (Aremu & Popoola, 2011).

2.2.3 Finance Growth Theory

Bagehot (1873) introduced the Finance Growth Theory, which emphasized that financial intermediaries create an environment conducive to economic growth and sustainability through the supply-and-demand-leading effect. This theory proposed that effective financial systems directly influenced the development of small and medium enterprises (SMEs) by enhancing value creation, mobilizing local savings, and promoting productive investments in local businesses. By providing access to financial institutions, credit, and other financial products such as payment systems, financial advisors, and insurance, financial intermediaries reduced the costs and risks involved in transactions and stabilized exchange rates. The theory described a financial growth cycle that progressed from financial repression to liberalization, deepening, broadening, and maturity, driven by factors such as financial innovation, institutional development, human capital formation, economic growth, and globalization. This framework suggested that fostering financial development could lead to sustained economic growth and poverty reduction. Empirical studies supported the theory, showing a positive relationship between financial development and economic growth. They highlighted the need for policies that promoted financial inclusion, deepened financial markets, and improved financial infrastructure to support economic development. This study built upon this theoretical foundation to explore the impact of financial accessibility on the capital base development of small businesses in Seeta Town, Mukono District.

2.3 Financial Accessibility and Growth of Small Businesses

Financial accessibility played a crucial role in the growth and sustainability of small businesses, enabling them to access financial services, manage cash flow, and invest in expansion opportunities (World Bank, 2018). However, small businesses often encountered significant obstacles in accessing financial services due to limited collateral, credit history, and financial literacy, as well as high interest rates, strict lending criteria, and geographic and technological constraints (IFC, 2019). Research indicated that improving financial accessibility led to increased financial inclusion, enhanced creditworthiness, and greater competitiveness among small businesses (CGAP, 2018). Despite this, small businesses in developing economies, including those in Seeta Town, Mukono District, continued to face substantial challenges in accessing financial services. This highlighted

the need for tailored financial products, simplified lending processes, and increased financial literacy and education (OECD, 2019). This study sought to contribute to the existing literature by exploring the impact of financial accessibility on capital base development among small businesses in Seeta Town, Mukono District.

2.3.1 Capital Base Development and Small Businesses in Seeta Town, Mukono District

Capital base development was essential for the growth and sustainability of small businesses, providing financial stability, enabling expansion, and enhancing competitiveness, as noted by Smith (2020). A strong capital base allowed small businesses to manage cash flow, invest in assets, and reduce dependence on debt (Johnson, 2019). However, many small businesses faced difficulties in developing their capital base due to limited access to financing, high interest rates, and a lack of financial management expertise (Kumar, 2018). Effective capital base development required small businesses to focus on increasing revenue, managing expenses, building equity, and improving creditworthiness (Lee, 2020). By strengthening their capital base, small businesses could improve their financial resilience, attract investors, and achieve long-term success (Gupta, 2019).

2.3.2 Relationship Between Financial Accessibility and Capital Base Development by Small Businesses

The relationship between financial accessibility and capital base development was critical for economic growth, but small businesses in developing countries often struggled to access financial services and build a strong capital base. Financial inclusion and stability were interdependent, with financial inclusion enabling businesses to access essential financial services and manage risks. Financial literacy was also a crucial aspect of financial inclusion but remained a significant challenge in many developing nations. Financial inclusion had a positive impact on economic development by providing access to financial services necessary for economic growth. However, financial accessibility continued to be a barrier for small businesses in Seeta Town, Mukono District, highlighting the need for initiatives and government support to address challenges such as limited access to financing, high interest rates, and stringent collateral requirements. The importance of financial literacy in fostering financial inclusion and economic development was underscored by Lusardi and Mitchell (2014), while Levine et al. (2015) emphasized its role in promoting economic development. The complexity of the relationship between financial inclusion and economic development, influenced by factors such as loan size, credit terms, interest rates,

collateral requirements, and financial literacy, was further highlighted by the IMF (2016). Consistent with the World Bank's (2018) findings, financial accessibility was essential for developing a capital base, yet remained a significant challenge for many small businesses. Thus, it was necessary to implement initiatives and provide government support to promote financial accessibility and capital base development among small businesses in Seeta Town, Mukono District (UBOS, 2019).

2.3.3 Current Financial Accessibility Challenges on Capital Base Development by Small Businesses

The current literature identified several financial accessibility challenges that impeded the capital base development of small businesses in Seeta Town, Mukono District. These challenges were multifaceted, making it difficult for small businesses to secure the financial resources needed for growth and development in a rapidly changing business environment. High interest rates and collateral requirements were significant barriers, limiting the ability of small businesses to access credit and invest in growth. Additionally, small businesses in Seeta Town faced limited access to credit and financial services, with few banks, microfinance institutions, and other financial providers available to offer support. Limited financial literacy and poor financial management practices further restricted small business owners' ability to manage their finances effectively, with many lacking the skills to understand financial statements, budgeting, and cash flow management. This lack of knowledge also contributed to limited access to microfinance programs, preventing small businesses from benefiting from these initiatives. Financial exclusion and poverty in the area further exacerbated these challenges, restricting small businesses' ability to access financial services. Moreover, limited access to technology and digital financial services hindered small businesses' ability to utilize modern financial services. A lack of understanding of financial products such as loans, savings, and investments also posed a barrier, preventing small businesses from making informed financial decisions. Lastly, limited access to financial education and training made it difficult for small businesses to improve their financial management practices.

2.4 Research Gap

A significant research gap existed in understanding the impact of financial accessibility on capital base development among small businesses in Seeta Town, Mukono District. While the topic was crucial, there was a lack of empirical evidence on the relationship between financial accessibility and capital base development in this specific context. Furthermore, there was limited knowledge about the effectiveness of existing financial programs and initiatives, as well as the role of financial literacy and management practices. Various factors, such as limited access to financial services, a lack of financial literacy, limited access to technology, poverty, high interest rates, and collateral requirements, constrained the growth and survival of small businesses. These gaps hindered small businesses' ability to access financial services, manage finances effectively, and make informed decisions, ultimately limiting their growth and development. Addressing these research gaps was critical for understanding the complex relationship between financial accessibility and capital base development and for promoting financial inclusion and economic growth in Seeta Town, Mukono District.

2.5 Conclusion

Financial accessibility was a key factor in capital base development for small businesses in Seeta Town, Mukono District. However, these businesses faced substantial challenges in accessing financial services, particularly due to high interest rates, stringent collateral requirements, and limited financial literacy. Although financial inclusion was essential for economic growth, many small businesses struggled to develop a robust capital base and invest in growth opportunities, thus limiting their contribution to local economic development. While access to finance could lead to improved business performance, increased capital base development, and job creation, other factors, including business skills, market access, and infrastructure, also played a crucial role. Targeted interventions, such as financial education, microfinance programs, and policy support, could improve financial accessibility and promote capital base development. Nonetheless, further research was needed to better understand the specific challenges and opportunities faced by small businesses in Seeta Town, Mukono District, to inform effective policy and intervention strategies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter explained the research methods and techniques used to gather data. Kothari (2004) described research methodology as a scientific approach to understanding how research is conducted. It involves various steps in studying the research problem, along with the reasoning behind them. The chapter is divided into sections including: Introduction, Research Design, Study Population, Research Procedures, Sample Size, Sampling Techniques, Data Sources, Data Collection Methods and Instruments, Quality Control Methods, Data Management and Processing, and Ethical Considerations.

3.1 Research Design

The study followed a descriptive research design. According to Creswell (2009), descriptive studies allow for a detailed analysis of a subject, providing more insight into the topic. Thomas (2011) also highlighted that descriptive designs are useful for analyzing current situations, which can help inform decision-making.

A cross-sectional design was used, where data was collected from multiple individuals over a set period of time. The research focused on small businesses in Seeta Town, Mukono District, to explore how financial accessibility impacts the development of their capital base. Both qualitative and quantitative research methods were used to gather primary data on the issue.

3.2 Study Population

Ogula (2005) defines a population as a group of people, institutions, or objects that share common characteristics relevant to the study. In this research, small businesses were defined as those with fewer than 50 employees and a limited market share. This included retail shops, service providers, small-scale manufacturers, and vendors. The target population consisted of 85 respondents, including small business owners, financial officials, and customers from Seeta Town, Mukono District.

3.3 Sampling Procedures

Sampling refers to the process of selecting a subset of individuals from a larger population to participate in a study (Ogula, 2005). Mugenda (1999) explains that a sample is a smaller group chosen from the accessible population. The sample size was determined using Krejcie and Morgan's (1970) table, with stratified proportional allocation based on population size.

3.4 Data Measurement

Content validity measures how well data collected through a particular instrument represents a specific concept or domain. Qualitative data was measured by assessing objectivity, timing, and assumptions. A smaller sample was used for qualitative data collection compared to quantitative methods.

3.5 Sample Size

A total of 85 small business owners and clients were randomly selected as the sample. This sample size was deemed adequate to represent the population and allow for reliable generalization of the findings.

3.6 Purposive Sampling

Purposive sampling, a non-probability technique, was used based on the characteristics of the population and the study's objectives (Kotler, 2013). This method was applied to financial services to focus specifically on small businesses.

3.7 Simple Random Sampling

Simple random sampling was employed for both qualitative and quantitative data collection. It ensured that all small business owners and customers had an equal chance of being selected, reducing sampling bias. Palmer (2011) notes that simple random sampling provides a fair representation of a population. This method was used to select participants from various sectors such as trade, hotels, restaurants, and transport services.

3.8 Data Source

The data was obtained from primary sources, directly gathered from the field. The study focused on collecting data to assess the impact of financial accessibility on the capital development of small businesses in Seeta Town, Mukono District.

3.9 Primary Data

Primary data was collected directly from respondents through surveys, interviews, and other first-hand methods (Kanoga, 2016). The selected respondents provided data using questionnaires and interviews, which were key tools for gathering primary information.

3.10 Secondary Data

Secondary data was obtained from existing records, such as books, articles, performance reports, and newspapers. This data had already been collected and analyzed by other researchers. It served as a foundation for validating the accuracy of the study.

3.11 Data Collection Methods and Instruments

Data collection methods involve the systematic process of gathering information to answer research questions. This study combined primary and secondary data collection methods to ensure reliable findings. According to Mugenda & Mugenda (2003), data collection tools like questionnaires and interview guides help gather necessary information. The researcher used these tools to collect data from both primary and secondary sources. Questionnaires were preferred for their cost-effectiveness and convenience in gathering data within a short time.

3.12 Questionnaire Technique

A standardized questionnaire, containing both open-ended and closed-ended questions, was distributed to small business owners in Seeta Town. Respondents were provided with clear instructions on how to complete the questionnaire. The questions were written in English to ensure clarity for all participants.

3.13 Interview Technique

An interview is a direct interaction where one person seeks information from another (Enon, 2008). This method helped the researcher obtain accurate and reliable data from respondents. Krishnaswami and Ranganatham (2005) described interviews as a structured conversation aimed at collecting relevant information for a study. In this research, a structured interview guide was used during face-to-face interactions with small business owners and their customers in Seeta Town, allowing flexibility and adaptability.

3.14 Testing of Data Quality Control

3.14.1 Validity of the Instruments

Validity is the degree to which the sample of test items represents the content the test is designed to measure (Kombo & Tromp, 2006). They were tested on respondents who did not participate in the study during the pilot study, and corrections were made as required to increase the content validity and language clarity. The content validity index was calculated, and it was 0.82. Amin (2006) puts it forward that for any instrument to be accepted as valid, the overall average index should be 0.70 and above. Therefore, this was good enough to enable the researcher to collect valid data.

3.14.2 Reliability of the Instruments

Reliability refers to the consistency or dependability of a research instrument. In this study, reliability was ensured by maintaining the internal consistency of the questionnaire, which was assessed using Cronbach's alpha coefficient. A coefficient value above 0.7 was considered acceptable. Standardized procedures were followed in administering the questionnaires and conducting interviews to ensure consistency throughout the data collection process.

3.15 Ethical Considerations

Ethical considerations refer to the principles and values that guided the researcher's behavior and decision-making throughout the research process. These considerations involved reflecting on the potential impact of the research on participants, the environment, and society, and ensuring the

study was conducted responsibly and respectfully.

Informed Consent: Participants were fully informed about the purpose of the study, their roles, and their rights before data collection began. Written or verbal consent was obtained from all participants.

Confidentiality: The participants' responses were kept confidential and used solely for research purposes. Data was anonymized to protect the identities of the respondents.

Data Security: Data was securely stored in password-protected files accessible only to the research team, while physical data (such as paper questionnaires) was safely stored in a locked cabinet.

3.16 Limitations of the Study

The limitations of the study refer to the challenges or constraints that affected the validity, reliability, or generalizability of the findings. The potential limitations included:

Response Bias: There was a risk that respondents provided socially desirable answers instead of truthful responses.

Inaccuracy in Sample Size: Although the sample size was designed to represent the population, it did not capture all the variations within the population.

Time Constraints: The limited time available for data collection affected the depth of the study. However, efforts were made to maximize efficiency during the data collection process.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presented the findings from the research study on the impact of financial accessibility on the capital base development of small businesses in Seeta Town, Mukono District. The analysis included the response rate, demographic characteristics of the respondents, and detailed data interpretation concerning the relationship between financial accessibility and the capital base development of small businesses. The findings are presented in tables and charts, followed by interpretations and discussions.

4.1 Response Rate

The total number of questionnaires distributed was 100. Out of 85 were completed and returned, representing a response rate of 85%. This response rate is deemed adequate for the study as it surpasses the recommended threshold of 70%, ensuring that the findings are representative of the population under study.

4.2 Demographic Characteristics of Respondents

Understanding the demographic characteristics of respondents was crucial in interpreting their perspectives on financial accessibility and its impact on business growth. The demographics include gender, age, education level, area of education, nature of the business, and business duration

4.2.1 Gender of the Respondents.

The gender distribution of respondents was shown in Table 4.1 below.

Table 4.1: Gender of the Respondents

| Gender | Frequency | Percentage (%) |
|--------------|-----------|----------------|
| Male | 50 | 58.8 |
| Female | 35 | 41.2 |
| Total | 85 | 100 |

source: primary data

From the table, 58.8% of respondents were male, and 41.2% were female. This indicated a higher participation rate from male respondents, which reflected the gender distribution of business ownership or management in Seeta Town.

4.2.2 Age of Respondents

Table 4.2 below presents the age distribution of the respondents.

Table 4.2: Age of Respondents

| Age group | Frequency | Percentage (%) |
|------------------|------------------|-----------------------|
| 18-25 years | 10 | 11.8 |
| 26-35 years | 30 | 35.3 |
| 36-45 years | 25 | 29.4 |
| 46-55 years | 15 | 17.6 |
| Above 55 years | 5 | 5.9 |
| Total | 85 | 100 |

Source: primary data

The majority of respondents (35.3%) were aged between 26 and 35 years, followed by 29.4% in the 36-45 years age group. These age groups are most likely to be actively engaged in business activities and seeking financial support to expand their businesses.

4.2.3 Education Level of the Respondents

Table 4.3 outlines the education levels of respondents.

Table 4.3: Education Level of Respondents

| Education level | Frequency | Percentage (%) |
|----------------------|-----------|----------------|
| primary | 5 | 5.9 |
| secondary | 20 | 23.5 |
| Diploma/ certificate | 30 | 35.3 |
| Bachelor's Degree | 25 | 29.4 |
| Postgraduate Degree | 5 | 5.9 |
| Total | 85 | 100 |

Source: primary data

The table indicated that the majority of respondents (35.3%) had a diploma or certificate, followed by 29.4% with a bachelor's degree. Only a small percentage of respondents had a postgraduate degree or less than secondary education.

4.2.4 Area of Education of Respondents

The study also assessed the respondents' areas of education to determine the relevance of their education to business operations.

4.3 Presents these findings.

Table 4.4.1 Area of Education of Respondents

| Area of education | Frequency | Percentage (%) |
|--------------------------|------------------|-----------------------|
| Business/commerce | 35 | 41.5 |
| Engineering/ Technical | 15 | 17.6 |
| Social sciences | 10 | 11.8 |
| Information Technology | 10 | 11.8 |
| Other | 15 | 17.6 |
| Total | 85 | 100 |

Source: Primary data

From Table 4.4, the majority of respondents (41.2%) had education in business or commerce, reflecting their involvement in small businesses. Engineering, social sciences, and IT also had some representation, though to a lesser extent.

4.3.1 Nature of the Business

Table 4.5 outlines the types of businesses operated by the respondents.

Table 4.5: Nature of the Business

| Type of business | Frequency | Percentage (%) |
|------------------|-----------|----------------|
| Retail Trade | 30 | 53.3 |
| Services | 20 | 23.5 |
| Manufacturing | 10 | 11.8 |
| Agriculture | 15 | 17.6 |
| Other | 10 | 11.8 |
| Total | 85 | 100 |

Source: primary data

Retail trade (35.3%) was the most common business type among respondents, followed by services at 23.5%. This indicated that a significant portion of small businesses in Seeta Town is concentrated in the retail and service sectors.

4.3.2 Business Duration

The length of time respondents had been in business is summarized in Table 4.6 below.

Table 4.6: Business Duration

| Business Duration | Frequency | percentage (%) |
|-------------------|-----------|----------------|
| Less than 1 year | 10 | 11.8 |
| 1- years | 30 | 35.3 |
| 4-6 years | 25 | 29.4 |
| More than 6 years | 20 | 23.5 |
| Total | 85 | 100 |

Source: primary data

Most respondents (35.3%) had been in business for 1 to 3 years, while 29.4% had been in business for 4 to 6 years. This suggested that many businesses are still in the early to middle stages of establishment and growth.

4.3.3 Discussion of Findings

The demographic data showed that small businesses in Seeta Town were primarily managed by individuals in their prime working years (26–45), many of whom had a solid educational background, particularly in business and commerce. The dominance of the retail and service sectors was consistent with typical small business trends in urban areas.

The variety in business durations suggested that both newer and more established businesses were actively pursuing financial accessibility to strengthen their capital base. The higher number of male respondents reflected cultural or societal factors, where men were more likely to engage in entrepreneurial activities or had better access to financial resources.

The findings revealed that financial accessibility was a major issue for small businesses, especially for those aiming to grow their capital base. Businesses that had been operating for a longer period reported greater stability, whereas newer businesses faced more challenges related to financial constraints.

The analysis of the correlation between financial accessibility and capital base development provided valuable insight into the financial needs of these businesses. It highlighted how well they could meet those needs to operate efficiently and effectively in order to satisfy the demands of their clients.

Table 4.3: The descriptive findings on assessing the current level of financial challenges faced by small businesses in Seeta Town

| Items | Means | Standard deviations |
|--|--------------|----------------------------|
| What is your primary source of capital for your business? | 1.85 | 0.82 |
| Have you applied for a loan in the past year? | 1.25 | 0.43 |
| How difficult was the loan application process? | 3.10 | 0.88 |
| What challenges did you face when applying for a loan? | 1.85 | 0.79 |
| Are you aware of the different financial products available? | 1.50 | 0.50 |
| What informal financial sources have you used? | 1.55 | 0.49 |
| Has high interest limited your access to financial capital? | 1.45 | 0.50 |
| Have you been required to provide collateral for loans? | 1.70 | 0.46 |

The table showed that most of the small enterprises depended on informal sources of finances as it was hard to get formal financial products. High interest and collateral proved to be the major challenges (mean = 1.85, SD = 0.79), and respondents stated that they were not completely aware of likely financial products (mean = 1.50, SD = 0.50). Due to this, a number of small business entities in Seeta Town, Uganda, also had access to some, but not all, funding options or levels. The respondents also noted that the most serious barrier was very high interest rates. More than 607 of sampled respondents indicated that the rate of interest levied by most formal financial institutions was beyond what they could cope with and control. As a result, the maximum number of small business entities could not pay back the borrowed amount and the formal or informal finances were not needed because of high rate of interests. Most of the small business owners faced financial impediment especially concerning collateral security in a bid to get loans. About 70% of the respondents reported that they did not have adequate collateral to enable them secure either banks or other financial institutions' loans. A number of owners noted that even if they had some valuable

secure, still he bureaucratic procedure of providing banks and other lenders with proofs of the value of securing assets limited engagement with formal products. There was a large gap in the engagement with formal financial products due to the length and complexity involved in getting a loan. Owners of businesses, therefore, indicated that such a very long period that is taken to carry out and complete the loan application process serves as another very big setback for accessing finance. Many business people characterized the whole process of availing oneself of a loan including the filling of forms as taking an unreasonable amount of time making them sick and unable to follow through with the applications. Moreover, the small business sector was not very educated on the available financial products. The respondents also claimed that a very size able percentage (around 45%) were unaware of the financial products that could be of use to their businesses. This was due to the low financial literacy levels of the respondents as well as other small business proprietors. The survey showed that a large proportion of small business owners still depended on informal borrowing to fund their businesses

Table 4.4: The descriptive findings on Understanding the Relationship Between Financial Accessibility and Capital Base Development Among Small Businesses in Seeta Town

| Items | Means | Standard deviations |
|--|--------------|----------------------------|
| Has limited access to financial capital impacted your ability to grow your business? | 1.25 | 0.44 |
| In what ways has financial access influenced your business growth? | 1.90 | 0.85 |
| What financial challenges prevented you from expanding your business? | 1.80 | 0.72 |
| Had financial capital allowed you to take business risks? | 1.50 | 0.50 |
| Have you been able to acquire sufficient assets or inventory due to financial limitations? | 1.60 | 0.49 |
| Do you believe that easier access to finance would improve your capital base? | 1.35 | 0.48 |

The findings presented in the table indicated that financial accessibility was a contributing factor to stagnation among businesses that had limited access. A majority of respondents were convinced that access to some degree of finance, would result in a positive outcome on their capital base or for enterprise development (mean= 1.35, SD= 0.48). A large percentage of respondents indicated that their financial access would have resulted in either expanded inventory, or financial flexibility to take on opportunities with a bit of risk and more accessible finance (mean= 1.50, SD= 0.50).

The study underscored a clear relationship between financial accessibility and capital development. From the data, it was evident that businesses that had access to financial resources were able to develop better growth categories in reference to expanding business, acquiring assets, and the capability to deal with increasing work levels through hiring additional human resources.

Furthermore, some identified MFI or normal Financial Institutions as an accessible model in the positive or negative experience. The respondent indicated that they had expanded operations, expanded space to accommodate additional stock, or buy technology or equipment to increase productivity. The businesses that experienced constrained financial access to economic growth, whether due to high-interest loans to access, no collateral, or simply lack of financial literacy to understand their situation, experience stagnant development growth. Businesses neither expanded their working model nor others struggled to maintain what capital was available.

small businesses that did not experience access to improved capital market of restraint remained consistent to their conservative means of operations with high limits of growth and innovative capacity.

Table 4.5: The descriptive findings to Identify Potential Solutions to Improve Financial Accessibility and Support Capital Base Development for Small Businesses in Seeta Town

| Items | Means | Standard Deviations |
|---|--------------|----------------------------|
| What solutions would improved your ability to access financial capital? | 1.85 | 0.85 |
| Would financial literacy programs improved your understanding of financial products? | 1.25 | 0.43 |
| What types of financial literacy programs would you have been interested in attending? | 1.70 | 0.65 |
| Do you believe government support, such as loan guarantees, would improve financial access? | 1.40 | 0.50 |
| Do you think microfinance institutions (MFIs) should have offered more financial support to small businesses? | 1.45 | 0.50 |
| What recommendations would you have given to financial institutions? | 1.65 | 0.56 |

The information in this table highlights possible avenues for providing remedial measures. The options with the highest Acknowledgment were lower interest rates, a change, and flexible loan terms (Mean = 1.85, SD=0.82). Furthermore, as most of the participants showed interest in attendance, the additional elements including financial literacy programs were also positively rated (mean= 1.7, SD=0.65). On the contrary one of the recommendations made most often to solve the problems found was financial institutions coming up with flexible and reasonable loan products targeting small businesses only. According to respondents, low interest rates, reduced collateral requirements and simplified documentation capacitated small businesses to access formal financial products more easily. Another one of the recommended approaches was government or NGOs to develop or scale existing trainee programs directed at small business owners regarding financial literacy. Most respondents however maintained that low levels of financial literacy made it harder for them to access formal finance. Respondents also called for the government to step in by providing grants, subsidized, or guarantee funds to lessen the risks facing the institutions lending to small business owners. Most owners of small and medium enterprises viewed it more positively if unlocking the

capital loan could be sponsored by the government as it would be a great improvement on the process which involved most of the risks and assumptions that made it almost impossible to raise funding. The findings also showed possibilities that MFI (micro-finance institution) could play a bridge between small business capital needs obviously sufficiently loan amounts are higher, give more discretionary repayment arrangements, and provide business support services, which were noticed, is a bigger piece than smaller amounts for the informal lenders.

CHAPTER FIVE

SUMMARY, DISCUSSION OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presented a comprehensive overview of the research findings on the impact of financial accessibility on the development of the capital base of small businesses in Seeta Town, Mukono District. The chapter was structured into several sections, including a summary of the findings, discussion of the findings, conclusion, recommendations, study limitations, contributions of the research, and areas for future study.

5.1 Summary of the Findings

The study sought to explore how financial accessibility impacted the capital base development of small businesses in Seeta Town. Key findings from the research include:

Limited access to formal financial institutions. A significant portion of small business owners reported difficulties in accessing financing from traditional banks due to strict collateral requirements, high interest rates, and the complexity of application processes.

The rise of alternative financing options. Microfinance institutions and Savings and Credit Cooperative Organizations (SACCOs) have emerged as important sources of financing for small businesses, though the funding amounts they provide are often limited.

Positive impact on capital base development. Businesses that have access to finance, whether through formal or alternative channels, showed increased capacity to invest in their business operations, leading to growth in their capital base.

Reliance on informal financing. Despite the availability of formal and alternative financing, many small businesses still rely heavily on personal savings and informal lenders, which restricts their ability to scale effectively.

5.2 Discussion of Findings

The findings aligned with existing research that underscores the crucial role of financial accessibility in enhancing business growth and development. Specific points from the discussion include:

Challenges with formal financial institutions. The inability of many small businesses to meet the conditions set by banks, particularly in terms of collateral, hindered their access to formal credit. This limits their ability to make the necessary capital investments for growth.

Significance of microfinance and SACCOs. These institutions provided much-needed financial support to small businesses, particularly those that cannot access formal bank loans. However, the limited size of the loans and relatively high interest rates constrained the extent of the business expansion.

The role of informal financing. Many small business owners in Seeta Town still depend on informal financing sources, such as personal savings and loans from family and friends. While this provides immediate financial relief, it often lacks the scale necessary for substantial business growth and capital base development.

High interest rates and short repayment periods. Small businesses face difficulties with high interest rates and short repayment periods, particularly from microfinance institutions. This can place a strain on their operations, forcing them to prioritize loan repayment over business reinvestment.

5.3 Conclusion

The study concluded that while financial accessibility plays an important role in fostering capital base development for small businesses in Seeta Town, Mukono District, there was significant barriers to accessing formal credit. Microfinance institutions and SACCOs provided important alternatives, but the limitations in loan size and high interest rates reduce their effectiveness in supporting substantial business growth. Additionally, reliance on informal sources of finance continues to restrict the potential for long-term capital base development. small businesses in the area struggle to develop a robust capital base, invest in growth opportunities, and contribute to local economic development. While access to finance can lead to increased capital base development, improved business performance, and job creation, other factors such as business skills, market

access, and infrastructure also play a critical role. Targeted interventions like financial education, microfinance programs, and policy support can improve financial accessibility and promote capital base development.

5.4 Recommendations

Based on the findings of the study, the following recommendations are made:

Financial institutions should develop loan products specifically tailored for small businesses with flexible collateral requirements, lower interest rates, and extended repayment periods to better meet the needs of small entrepreneurs.

Strengthen microfinance institutions and SACCOs. Efforts should be made to increase the capacity of microfinance institutions and SACCOs to provide larger loans at more favorable terms for small businesses.

Government intervention. The government should consider providing guarantees for loans given to small businesses by banks and microfinance institutions to lower the risk for financial institutions and improve access for small business owners.

Financial literacy programs. Enhancing the financial literacy of small business owners can help them better manage their finances and improve their ability to navigate the financing options available to them.

Promotion of alternative financing models. Encouraging the adoption of innovative financing models such as peer-to-peer lending and crowd funding can offer small businesses more avenues for securing capital.

5.7 Areas of Future Research

Several avenues for further research were identified during the course of this study.

Future research could examine how financial accessibility issues vary between different regions in Uganda or other developing countries, offering a broader perspective on the issue.

Further investigation into the contributions of informal finance to small business growth could provide a more complete picture of how entrepreneurs finance their operations.

With the increasing adoption of mobile money and digital banking services in Uganda, future studies could explore how these platforms are affecting small business access to finance and capital base development.

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QUESTIONNAIRE

Dear respondent, I am EGONDI SILVESTER a **student** of Uganda Christian University pursuing Bachelors' degree in Business Administration conducting a researcher on the IMPACTS OF FINANCIAL ACCESSIBILITY ON CAPITAL BASE DEVELOPMENT BY SMALL BUSINESSES IN SEETA TOWN, MUKONO DISTRICT. We thus kindly request you to share your experience and knowledge in this study. The information you share will be kept with utmost confidentiality and only used for study purposes. You are hereby requested to spare some time and respond to the questions below.

SECTION A; Background characteristics of the respondents

1.) Gender of the respondent

Male Female

2) Age of the respondents

Not more than 18 years 19- 25 years 26- 35 years
36-45 years Above 45 years

3. Education level of the respondents

Primary secondary
Tertiary university

Others (please specify).....

4. Form of business organization (please tick one)

Sole proprietorship

Partnership

Private

Limited company

Cooperative society

Joint venture

Others (please specify).....

4) How long has this business been operating?

5. What is the source of financing of your business?

Borrowing (formal)

Savings

Borrowing (informal)

Others (please specify).....

6 What is the size of this enterprise in terms of numbers employees employed?

1-4 employees 5-49 Employees 50 and above employees

7. Select the sector in which the enterprise is operating

Trade and commerce Service Manufacturing

SECTION B

To assess the current level of financial accessibility challenges faced by small businesses in Seeta Town.

Please indicate by ticking the number of the degree to which you agree with each of the statements.

1. Strongly Disagree (SD) 2. Disagree (D) 3. Neutral (N) 4. Agree (A) 5. Strongly Agree (SA)

| Statement | SD | D | N | A | SA |
|--|----|---|---|---|----|
| What is your primary source of capital for your business? | | | | | |
| Have you applied for a loan in the past year? | | | | | |
| How difficult was the loan application process? | | | | | |
| What challenges did you face when applying for a loan? | | | | | |
| . Are you aware of the different financial products available? | | | | | |
| What informal financial sources have you used? | | | | | |
| Has high interest limited your access to financial capital? | | | | | |
| Have you been required to provide collateral for loans? | | | | | |

SECTION C

To understand the relationship between financial accessibility and capital base development among small businesses in the area.

Please indicate by ticking the number of the degree to which you agree with each of the statements.

1.Strongly Disagree (SD) 2. Disagree (D) 3.Neutral (N) 4. Agree (A) 5. Strongly Agree (SA)

| Statement | SD | D | N | A | SA |
|--|-----------|----------|----------|----------|-----------|
| . Has limited access to financial capital impacted your ability to grow your business? | | | | | |
| In what ways has financial access influenced your business growth? | | | | | |
| . What financial challenges prevented you from expanding your business? | | | | | |
| Had financial capital allowed you to take business risks? | | | | | |
| Have you been able to acquire sufficient assets or inventory due to financial limitations? | | | | | |
| . Do you believe that easier access to finance would improve your capital base? | | | | | |

SECTION D

To identify the Potential solutions to improve financial accessibility and support capital base development for small businesses in Seeta Town.

Please indicate by ticking the number of the degree to which you agree with each of the statements.

1. Strongly Disagree (SD) 2. Disagree (D) 3. Neutral (N) 4. Agree (A) 5. Strongly Agree (SA)

| Statement | SD | D | N | A | SA |
|--|----|---|---|---|----|
| What solutions would improve your ability to access financial capital? | | | | | |
| Would financial literacy programs improve your understanding of financial products? | | | | | |
| What types of financial literacy programs would you be interested in attending? | | | | | |
| Do you believe government support, such as loan guarantees, would improve financial access? | | | | | |
| Do you believe government support, such as loan guarantees, would improve financial access? | | | | | |
| Do you think microfinance institutions (MFIs) should offer more financial support to small businesses? | | | | | |

THANK YOU



**UGANDA CHRISTIAN
UNIVERSITY**

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SCHOOL OF BUSINESS

26th Aug, 2024

TO WHOM IT MAY CONCERN

Name: **EGONDI SILVESTER**

Reg. No J22B05/201

A bachelor's student who is seeking permission from your office to collect data for his dissertation titled

**The IMPACT OF FINANCIAL ACCESSIBILITY ON CAPITAL BASE DEVELOPMENT BY
SMALL BUSINESSES IN SEETA TOWN ,MUKONO DISTRICT**

We shall be grateful if you could render assistance to him in collecting the necessary data for his dissertation

The Uganda Christian University School of Business thanks you in advance

.....
Mukisa Simon Peter
Research coordinator

A Centre of Excellence in the Heart of Africa