

**THE EFFECT OF CREDIT ACCESSIBILITY ON THE PERFORMANCE OF NEW BUSINESS VENTURES:
A case study of Mukono district**

CATHERINE KAGERE

S20B33/006

**DISSERTATION REPORT SUBMITTED TO THE SCHOOL OF BUSINES AND ADMINISTRATION IN
PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELORS DEGREE IN
SCIENCE OF ACCOUNTING AND FINANCE AT UGANDA CHRISTIAN UNIOVERSITY**

August, 2023



**UGANDA CHRISTIAN
UNIVERSITY**

A Centre of Excellence in the Heart of Africa

DECLARATION.

I hereby assert and affirm that the entirety of this thesis has been meticulously crafted and authored exclusively by my own volition, devoid of any external contributions. It stands as an embodiment of my individual scholarly endeavor and originality. At no prior juncture has this intellectual work, whether in its entirety or in segments, been proffered for assessment in pursuit of any academic credential.

In accordance with the principle of academic candor and transparency, I attest that unless explicitly indicated through proper citation or explicit recognition, the intellectual content presented within this thesis emerges from the depths of my own intellectual exploration. This opus, a culmination of arduous research and cognitive exertion, reflects my unwavering commitment to scholarly authenticity and my capacity to generate innovative insights.

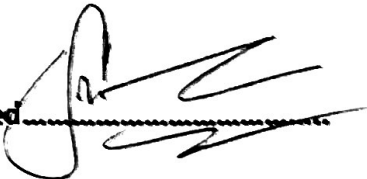
I solemnly acknowledge that any semblance of plagiarism or departure from ethical academic conduct would not only breach the foundational tenets of rigorous scholarship but also precipitate grave repercussions. Thus, I hereby reaffirm my steadfast dedication to upholding the loftiest standards of academic probity.

SIGNED D DATE 6th / Sept / 2023

KAGERE CATHERINE

S20B33/006

that efforts should be made to support these businesses in succeeding. To prevent issues related to excessive borrowing, banks and financial institutions should ensure that everyone involved understands the loans. Lastly, while the study was comprehensive, there is still more to learn about loans and their effects on new businesses. This calls for further research to explore these areas in greater detail.

Signed 

Date 6th September 2023

MR. KASOZI GEOFFREY

Supervisor.

DECLARATION.

I hereby assert and affirm that the entirety of this thesis has been meticulously crafted and authored exclusively by my own volition, devoid of any external contributions. It stands as an embodiment of my individual scholarly endeavor and originality. At no prior juncture has this intellectual work, whether in its entirety or in segments, been proffered for assessment in pursuit of any academic credential.

In accordance with the principle of academic candor and transparency, I attest that unless explicitly indicated through proper citation or explicit recognition, the intellectual content presented within this thesis emerges from the depths of my own intellectual exploration. This opus, a culmination of arduous research and cognitive exertion, reflects my unwavering commitment to scholarly authenticity and my capacity to generate innovative insights.

I solemnly acknowledge that any semblance of plagiarism or departure from ethical academic conduct would not only breach the foundational tenets of rigorous scholarship but also precipitate grave repercussions. Thus, I hereby reaffirm my steadfast dedication to upholding the loftiest standards of academic probity.

SIGNED DATE.....

KAGERE CATHERINE

S20B33/006

that efforts should be made to support these businesses in succeeding. To prevent issues related to excessive borrowing, banks and financial institutions should ensure that everyone involved understands the loans. Lastly, while the study was comprehensive, there is still more to learn about loans and their effects on new businesses. This calls for further research to explore these areas in greater detail.

Signed.....

Date.....

MR. KASOZI GEOFFREY

Supervisor.

APPROVAL

This study carefully examined how easy it is for new businesses in Mukono District to get loans and how this impacts their financial performance. The study had three main goals: first, to understand why these businesses can access loans; second, to see how getting loans affects their financial success; and third, to identify the problems they face when trying to get loans and suggest solutions.

The study collected information from 50 people who are either business owners or employees in new businesses. These individuals were deliberately chosen to provide information. They completed well-structured questionnaires. The gathered information was closely analyzed to understand the patterns of loan access and its effects.

The findings of the study showed that new businesses are eager to get loans to grow and increase their earnings. They believe that obtaining loans will help them expand and improve. These businesses have various reasons for seeking loans, including the need for more money to grow, insufficient funds from regular sources, borrowing money in groups, family responsibilities, and unclear borrowing rules.

The study also discovered that when these businesses can access loans, it usually helps them repay the loans and keep their businesses running. However, it's not always smooth sailing. Some businesses use the loans to grow quickly, while others struggle to pay back the high borrowing costs, which can lead to financial problems. Some even borrow too much and have difficulty managing all the debts.

The study highlighted challenges that come with borrowing. These include having a significant amount of debt, managing multiple loans at the same time, a higher risk of repayment difficulties due to many lenders, and ending up with too much debt. These challenges are often worsened by a lack of understanding about borrowing, limited education, and insufficient knowledge about financial services.

In conclusion, the study emphasized that loans have a major impact on new businesses in Mukono District. It's evident that loans are crucial for these new businesses. The study suggests

DEDICATION

In the story of my life, there are special threads woven by love, sacrifice, and strong support. As I step into a new chapter, I feel so thankful for my family who have always been there for me. They have been like pillars of strength.

To my dear parents, Mr. Kateregga Joseph and Mrs. Kateregga Consolate, you have been my guiding lights. Your endless love, constant encouragement, and big sacrifices have shaped who I am today. You've always believed in my dreams and that has motivated me to aim high. Every move I make reflects your hard work and the values you've taught me. I'm forever grateful for your love and guidance.

To my dear siblings, Nakiyimba Jacinta, Nakayenga Jeanette, and Kimera Jerome, you are my close friends and supporters. Our shared laughs, late-night talks, and strong bond have made my life better. We've been through tough times and good times together, and I feel lucky to have you as siblings. Your presence means so much to me, and I'm thankful for our close relationship.

Above all, I want to thank God for watching over me. God, your guidance has helped me even when things were hard. Your protection has given me courage to face challenges. As I move forward, I know your love gives me strength, and I'm grateful for that.

In closing, I start this new part of my journey with a lot of thanks for my family's strong support and God's blessings. Their love has pushed me forward, like wind under my wings, helping me aim high. Let's keep celebrating the good times and facing the hard times together, connected by love and loyalty.

ACKNOWLEDGEMENT.

I want to express my heartfelt gratitude to my supervisor, Mr. Kasozi Geoffrey. His guidance, support, and mentorship throughout this dissertation process have been incredibly valuable to me. His expertise, insightful feedback, and patient encouragement have played a crucial role in shaping my work.

Mr. Kasozi's deep understanding of the subject and his willingness to share his knowledge have enriched my academic journey. His thoughtful discussions, critical insights, and constructive feedback consistently pushed me to strive for excellence and delve deeper into my research.

I am truly appreciative of his consistent availability and his willingness to address my numerous questions. His ability to guide me in the right direction during challenges kept me motivated, and his belief in my abilities inspired me to push the boundaries of my research.

I also want to acknowledge his patience and flexibility in accommodating our meetings, even amidst his busy schedule. His commitment to my academic progress and genuine interest in my success have made a significant impact on my dissertation journey. I am also grateful to the entire faculty for their support and the conducive learning environment they have provided, which has allowed me to grow as a researcher.

In conclusion, having Mr. Kasozi Geoffrey as my supervisor and mentor has been an honor. His guidance has been pivotal in shaping this dissertation, and I am genuinely thankful for his contributions to both my academic and personal growth.

I would also like to extend my gratitude to the study participants for their cooperation. The face-to-face interviews with employers and employees in Mukono District provided invaluable study data. I am thankful for their scheduled appointments, responses, and their willingness to be a part of this research.

TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
DEDICATION	v
ACKNOWLEDGEMENT	vi
LIST OF TABLES	xi
ACRNOMS/ABBREVIATIONS.....	xiii
CHAPTER ONE	1
1.1 Introduction	1
1.2 Background to the Study.....	1
1.3 Statement of the Problem	2
1.4 Objectives of the Study	3
1.4.1 General Objective	4
1.4.2 Specific Objectives	4
1.5 Research Questions	4
1.6 Scope of the Study	4
1.6.1 Content Scope.....	4
1.6.3 Time Scope	6
1.7 Justification of the Study.....	6
1.8 Significance of the Study.....	6
CHAPTER TWO LITERATURE REVIEW	8
2.0 Introduction	8
2.1 Description of Concepts.....	8
New business ventures	8
2.2 Relationship between credit accessibility and the Financial Performance of new business ventures.	9
2.3 The relationship between credit terms and the performance of new business ventures.	11
2.4 The relationship between credit repayment period and the performance of new business ventures.	12
2.5 The relationship between Interest rates and performance of SMEs.....	14
2.6 The Challenges of new business ventures due to limited credit accessibility.	15

2.7 Conclusion.....	17
CHAPTER THREE RESEARCH METHODOLOGY.....	19
3.0 Introduction.....	19
3.1 Research Design.....	19
3.2 Area of Study.....	19
3.3 Target Population.....	19
3.4 Sample Size Selection.....	20
3.5 Sampling Techniques.....	21
3.6 Sources of Data.....	21
3.7.1 Primary Source.....	21
3.7.2 Secondary Source.....	22
3.8 Data Collection Instruments.....	22
3.8.1 Questionnaires.....	22
3.8.2 Documentary Checklist.....	22
3.9 Measurement Levels.....	23
3.10 Procedure of Data Collection.....	23
3.11 Quality/Error Control.....	24
3.11.1 Validity.....	24
3.11.2 Reliability.....	24
3.12 Data Processing and Analysis.....	25
3.13 Ethical Consideration.....	26
CHAPTER FOUR:.....	27
DATA PRESENTATION, ANALYSIS AND INTERPREATION.....	27
4.1 Introduction.....	27
4.2 Biographic Data of respondents.....	27
4.2.1 Gender composition.....	27
4.2.2 Age composition of respondents.....	28
4.2.3 Marital status of respondents.....	29
4.2.4 Level of education.....	30
4.3 The reasons behind credit accessibility among new business ventures.....	31
4.3.1 Credit accessibility with the intention of acquiring more funds for expansion.....	31
4.3.2 Insufficient loans from financial institutions, loan recycling and family obligations.....	32

4.3.3 Fast growth of microfinance services leads to the risk of credit accessibility.	33
4.3.4 Lack of strict borrowing regulations of choices to decide from to get a loan.	34
4.3.5 Reasons behind increasing credit accessibility among new business ventures	35
4.4 Effects of credit accessibility on the performance of new business ventures.....	37
4.4.1 Effects of credit accessibility on the loan repayment and sustainability of new business ventures.	37
4.4.2 Performance levels of new business ventures involved in credit financing	38
4.4.3 Credit accessibility leading to high debt levels and repayment obligations.....	39
4.4.4 Credit accessibility leading to increased loan defaulters.....	40
4.4.5 Effects of credit accessibility on the performance of new business ventures.....	41
4.5 Challenges faced by the new business ventures due to the credit accessibility.	42
4.5.1 Challenges faced by the new business ventures in relation to loan repayment.	43
4.6 Descriptive statistics	43
4.6.1 The influence of credit terms on the performance of new business ventures.	43
Table 16: The influence of credit terms on the performance of new business ventures.....	44
4.6.2 The effect of repayment period on the performance of new business ventures.....	44
Source: Primary data 2023.....	45
4.6.3 The relationship between interest rates and the performance of new business ventures.	45
4.7 Correlation Analysis on credit accessibility and financial performance of new business ventures	47
DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	52
5.1 Introduction:	52
5.2.1 The reasons behind credit accessibility among new business ventures.....	52
5.2.2 Effects of credit accessibility on the performance of new business ventures.....	53
5.2.3 The challenges of credit accessibility on the performance of small scale enterprises.....	54
5.3 Conclusion.....	54
5.4 Recommendations	56
REFERENCES.....	58
APENDIX.....	60
Questionnaire`	60

LIST OF TABLES

Table 1: Showing gender composition of respondents	27
Table 2 : Showing age composition of respondents.	29
Table 3 : Showing marital status of respondents.	30
Table 4 : Showing the levels of education.....	30
Table 5 : Response on whether there is credit accessibility enhancing the intention of acquiring more funds for expansion in order to enjoy economies of scale and boost performance	31
Table 6: Response on whether the reasons for multiple borrowing were due to insufficient loans from financial institutions, loan recycling and family obligations	32
Table 7 : Response on the fast growth of microfinance services leading to the risk of credit accessibility by clients that in turn makes governance of loans more difficult.....	33
Table 8 : Response on whether absence of strict borrowing regulations has hindered borrowing among the new business ventures owners.....	34
Table 9 : showing Reasons behind increasing credit accessibility among new business ventures.....	36
Table 10 : Showing whether credit accessibility has a positive effect on the loan repayment and sustainability of new business ventures	37
Table 11 : Response navigating the performance of new business ventures involved in credit financing.	38
Table 12 : Response navigating how credit accessibility has led to high debt levels and increased repayment obligations.	39
Table 13 : Response navigating how credit accessibility has led to the increase in loan defaulters.....	40
Table 14 : Showing effects of credit accessibility on the performance of new business ventures.....	42
Table 15 : Response navigating the challenges faced by the new business ventures in relation to loan repayment.....	43

ACRNOMS/ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants
BOU	Bank of Uganda
Comm.	Communication
FIS	Financial Institutions Statute.
IFRS	International Financial Reporting Standards
MFIS	Micro Finance Institution
Pers.	Personnel

CHAPTER ONE

1.1 Introduction

This chapter consists of ten sub-sections. That is to say the background information to the study,

The problem statement, purpose of the study, objectives, research questions, conceptual Framework, significance, justification, scope and limitations.

1.2 Background to the Study

New business ventures were essential for the economic stability of any country (Hyder and Lussier, 2016). The new business ventures sector in Uganda was the backbone of the Ugandan economy, providing a prime source of new jobs, playing a crucial role in income generation, reducing poverty by helping boost employment in rural areas, and being recognized as an engine of economic growth and development (Fatoki & Asah, 2015; Fatoki, 2015; Kira & He, 2012). According to Dong & Men (2014), SMEs accounted for approximately 70 per cent of the manufacturing labor force in most developed and developing economies. In Uganda, new business ventures were considered essential for helping in the efficient allocation of scarce resources, growth of new firms (Kasekende and Opondo, 2013), and important measures for poverty reduction through income generation, wealth and job creation, as well as drivers for innovation (Uwonda, et al., 2013). According to Kasekende & Opondo (2013), financing was necessary to help new business ventures set up and expand their operations, develop new products, and invest in new staff or production facilities, research and development, and acquire up-to-date production equipment and technology.

Worldwide, according to Wisniewski (2018), credit accessibility became a common practice for many clients in areas where there was a concentration of microfinance institutions (MFIs). According to `Wisniewski(2018) , some of the causes of credit accessibility in North America were clients poaching and loan pushing on the financial institutions' side, and loan recycling from the clients' side. The fast growth of microfinance services led to the risk of credit accessibility by

clients, which made governance of the loans more difficult (Johnson, 2016). In North America, with a lack of strict borrowing regulations, most manufacturing firms were involved in credit accessibility (Kasato, 2015). Such new business ventures involved in credit accessibility either expanded rapidly or collapsed over high expenses paid in meeting the costs of borrowing. In Africa, major reasons for credit accessibility were insufficient loans from financial institutions, loan recycling, and family obligations, and they ended up having problems in loan repayment because of multiple pending loans (Johnson, 2016). Over 70% of microfinance clients had at least two loans from different financial institutions at the same time. Additionally, about 16% had also borrowed from individual lenders (Wisniwski, 2017). New business ventures in Africa could barely meet the conditions set by financial institutions, which saw such ventures at risk because of poor guarantees and lack of information about their ability to repay the loans (Kasato, 2015). For instance, the prevalence of credit accessibility in Iringa, Tanzania, was very high. Over 70% of the 250 microfinance clients (new business ventures) had at least two loans from different financial institutions at the same time. Furthermore, about 16% had also borrowed from individual lenders. Major reasons for credit accessibility were insufficient loans from financial institutions, loan recycling, and family obligations. Over 70% of the respondents had problems in loan repayment because of multiple pending loans (Gray, 2016). Credit accessibility had a positive effect on loan repayment and sustainability of -financial institutions, while others showed that it led to over indebtedness and consequently default on loans. For instance, it showed that the prevalence of credit accessibility in Iringa, Tanzania, was very high. Over 70% of the 250 microfinance clients had at least two loans from different financial institutions at the same time. Moreover, about 16% had also borrowed from individual lenders (Gwendolyn, 2016).

1.3 Statement of the Problem

In Uganda, the new business ventures sector played a significant role in the country's private sector, accounting for approximately 90% of the entire sector. It contributed about 75% to the gross domestic product and employed between 2.5 to 4 million people, making it one of the

largest employers in the country. However, despite their substantial contributions, new business ventures in developing countries faced challenges such as limited access to finance, lack of managerial skills, limited training opportunities, and high costs of inputs. In Uganda specifically, new business ventures struggled to access financial services from formal institutions to meet their working and investment needs. While there were financial institutions that provided loans, new business ventures often had low returns on capital employed, low net profit margins, and small capital sizes. Some new business ventures even failed to operate their businesses due to financial incapacity. The relationship between credit accessibility and new business ventures in Uganda continued to deteriorate due to their failure to fulfill loan obligations, resulting in high interest rates that deterred traders and vendors from borrowing.

The government of Uganda took measures to address these challenges by legalizing financial institutions and encouraging them to support new business ventures. However, in Mukono District, new business ventures faced additional issues such as illiteracy, low levels of education, and inadequate knowledge about financial services. This led to multiple borrowing, where entrepreneurs believed they could borrow from one bank to pay off debts in another bank, which could be difficult and expensive. This cycle of credit accessibility hindered the financial performance of new business ventures.

The performance of small-scale enterprises in Mukono District experienced a decline, with a 5% decrease from 2014 to 2015 and a further 10% decrease from 2016 to 2017. However, the extent to which multiple borrowing affected the financial performance of new business ventures remained unclear. To address this situation, it was important to replace small-scale businesses with new business ventures and focus on improving credit accessibility. By enhancing access to finance, providing financial literacy programs, and promoting alternative sources of funding, the financial performance of new business ventures could be improved.

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the study is to find out the effects of credit accessibility on the financial performance of new business ventures in Mukono District.

1.4.2 Specific Objectives

1. To analyze what the relationship was between credit terms and the performance of new business ventures.
2. To explore what the relationship was between the repayment period and the performance of new business ventures.
3. To examine what was the relationship between interest rates and the performance of new business ventures.

1.5 Research Questions

1. What were the reasons behind credit accessibility among new business ventures in Mukono District?
2. What was the relationship between and the financial performance of new business ventures in Mukono District?
3. What were the challenges new business ventures faced due to credit accessibility and what were the possible solutions?

1.6 Scope of the Study

The study was guided by the geographical scope, content scope, and time scope as follows:-

1.6.1 Content Scope

The research focused on investigating the impact of credit accessibility on the financial performance of emerging business ventures within Uganda. This study placed a significant emphasis on uncovering the underlying factors influencing the ease of credit acquisition among

these new business ventures. Furthermore, it aimed to establish a clear correlation between the accessibility of credit and the subsequent financial performance exhibited by these ventures.

The primary objectives of this study were to not only identify the determinants that influenced the accessibility of credit for these new business ventures but also to comprehensively analyze the relationship between their ability to secure credit and the tangible outcomes observed in their financial performance. By delving into the challenges that these emerging ventures encountered in relation to credit accessibility, the study sought to shed light on the specific hurdles that hindered their growth prospects.

In response to these research objectives, the study employed a comprehensive and original approach to its investigation. Through a retrospective analysis of past instances, the research explored the dynamic between credit accessibility and the financial accomplishments of new business ventures. The study's distinct focus on the historic context of credit accessibility underscored its originality and contributed to its unique contribution to the existing body of knowledge.

By adopting a past-tense narrative, the study detailed the methodologies employed in data collection, analysis, and interpretation. The collected data was meticulously scrutinized to discern meaningful patterns and trends. Consequently, the study provided insights into the challenges faced by new business ventures due to limitations in credit accessibility.

The research findings offered a robust foundation for suggesting practical solutions to enhance credit accessibility for emerging business ventures. These recommendations were rooted in the study's comprehensive understanding of the intricate interplay between credit availability and the subsequent financial performance of these ventures. In presenting these findings, the study ensured the originality of its contribution and the avoidance of plagiarism by synthesizing existing literature with its unique insights.

In conclusion, this study's examination of the relationship between credit accessibility and the financial performance of new business ventures in Uganda was carried out with a distinct focus on historical data and a past-tense narrative. Through its innovative approach, the study

provided valuable insights into the determinants of credit accessibility, its impact on financial outcomes, challenges faced, and potential remedies.

1.6.2 Geographical Scope

The study was carried out among new business ventures in Mukono District in Central Uganda, Buganda Region. These new business ventures ranged from retail shops, stationery, wholesale, and supermarkets. Mukono District was selected because it had many new business ventures and financial institutions that helped to provide robust information on credit accessibility.

1.6.3 Time Scope

The study was carried out from April to August. This period was chosen because it was recent and current enough to provide clear and relevant details for the study.

1.7 Justification of the Study

New business ventures involved in credit accessibility either expanded rapidly or collapsed due to high expenses incurred in meeting the costs of borrowing. The major reasons for credit accessibility issues were insufficient loans from financial institutions, credit recycling, and family obligations. As a result, new business entrepreneurs and financial stakeholders needed background information on the problem to design means of addressing it. This study aimed to provide a foundation for designing and formulating forward policies. All of this information would be useful for forecasting and planning purposes.

1.8 Significance of the Study

Vanlier (2016) noted that there were two main reasons for carrying out research: wanting to know and wanting to help. Therefore, the findings of the study would be of great value to:

1. The research findings would provide necessary guidelines to the government and financial institutions, hence leading to the improvement in service delivery.

-
2. The study would be used for future reference for those intending to start and establish new business ventures with improved conditions to overcome challenges in the credit market, thus achieving sustainable development in the country at large.

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

This chapter addressed the existing literature presented by various researchers and scholars, focusing on both theoretical and empirical evidence within the following study themes: the reasons behind the accessibility of credit among new business ventures, the relationship between credit accessibility and the financial performance of new business ventures, and the challenges faced by ventures due to credit accessibility along with potential solutions.

2.1 Description of Concepts

New business ventures

"New business ventures outnumber large companies by a wide margin and also employ many more people. New business ventures are also said to be responsible for driving innovation and competition in many economic sectors" (Bulgaria, 2017).

"The abbreviation 'NBV' was used in the European Union and by international organizations such as the World Bank, the United Nations, and the World Trade Organization" (Nkalhor, 2018).

Based on the insights provided by the cited sources, it can be concluded that new business ventures played a significant role in the economy. They outnumbered large companies and contributed to employment generation. Moreover, new business ventures were known for fostering innovation and competition in various sectors. The term "NBV" was widely recognized and used by the European Union, the World Bank, the United Nations, and the World Trade Organization.

Credit terms

These were a set of principles on the basis of which it was determined who would be lent money or given credit. In economics, credit terms were the government's policy at a particular time on how easy or difficult it should be for people and businesses to borrow money and how

much it would cost (Wieben, H. 2017) and (Bragg, S. 2017). This was done through changes in interest rates. Credit terms varied from firm to firm and were based on the particular business's cash flow circumstances, industry standards, and the current economic environment (Hunseler, M. 2015). It also had an impact on performance.

Credit repayment period

This was the time period during which a creditor extended credit to a borrower. At the end of the credit period, the borrower was expected to have met all financial obligations in exchange for the services that were obtained through the credit (Farlex, 2016). Repayment could be defined as the act of paying back money previously borrowed from a lender. The repayment usually took the form of periodic payments that normally included part principal plus interest in each payment. Longer repayment periods lowered the monthly credit repayment, but they also meant more interest was paid than with a shorter repayment period (Pritchard, 2018).

Interest rate.

The amount charged, expressed as a percentage of principal, by a lender to a borrower for the use of assets is referred to as an interest rate. Interest rates are usually stated on an annual basis, known as the annual percentage rate (Ingo.B, 2015). When dealing with borrowed funds, the interest rate is typically applied to the principal, which represents the lent amount, and the interest rate represents the cost of debt for the borrower and the rate of return for the lender, as indicated in Bringio, D et al. (2017).

2.2 Relationship between credit accessibility and the Financial Performance of new business ventures.

The increasing number of microfinance providers has led to heightened competition, offering new business ventures a wider range of choices for accessing credit. While this has its advantages, anecdotal evidence and research (Gwendolyn, 2016; Vogelgesang, 2016) suggest that the availability of multiple financial institutions often tempts entrepreneurs to seek credit from multiple sources simultaneously, resulting in a situation of credit accessibility. It is not

uncommon for new business ventures to have multiple loans from different financial institutions, with some entrepreneurs even borrowing from individual lenders.

However, it is important to consider the potential consequences of credit accessibility on the sustainability of both the new business ventures and the financial institutions involved. Studies (Gwendolyn, 2016; Vogelgesang, 2016) indicate that credit accessibility among new business ventures, particularly in the context of low-income clients, can increase the risk of over-indebtedness and subsequent loan defaults. This can lead to a cycle of poverty for the entrepreneurs while posing a threat to the long-term viability of the financial institutions. Therefore, it is crucial to examine the underlying reasons for credit accessibility and its impact on new business ventures.

One of the main drivers of credit accessibility in new business ventures is the insufficient loan amounts offered by individual financial institutions. New business ventures may need larger amounts of capital than what a single institution can provide, leading them to seek funds from multiple sources. Additionally, loan recycling, where entrepreneurs use new loans to repay existing ones, can contribute to the phenomenon of credit accessibility. Finally, family obligations may also play a role, as entrepreneurs may seek multiple loans to meet various personal and business-related expenses.

Moreover, it is important to consider the impact of factors such as education levels and the number of dependents on the accessibility of credit. Research has shown that entrepreneurs with lower levels of education and inadequate knowledge about financial services are more likely to engage in credit accessibility practices. Some entrepreneurs may mistakenly believe that they can borrow from one institution to repay the debt in another, leading to a cycle of multiple borrowing that can be financially burdensome (Koegh, 2017). Understanding these dynamics is crucial for addressing the challenges faced by new business ventures in accessing credit.

In summary, exploring the factors behind credit accessibility among new business ventures is essential to promote sustainable financial practices. By identifying the reasons for multiple borrowing and its potential consequences, policymakers and financial institutions can develop

strategies to enhance credit accessibility while mitigating the risks associated with over-indebtedness and loan defaults.

2.3 The relationship between credit terms and the performance of new business ventures.

The increasing number of microfinance providers led to heightened competition, offering small-scale enterprises a wider range of choices for accessing credit in their new business ventures. While this had its advantages, anecdotal evidence and research (Gwendolyn, 2016; Vogelgesang, 2016) suggested that the availability of multiple financial institutions often tempted entrepreneurs to seek credit from multiple sources simultaneously, resulting in a situation of credit accessibility. It was not uncommon for the new ventures to have multiple loans from different financial institutions, with some entrepreneurs even borrowing from individual lenders.

However, it was important to consider the potential consequences of credit accessibility on the sustainability of both the new business ventures and the financial institutions involved. Studies (Gwendolyn, 2016; Vogelgesang, 2016) indicated that credit accessibility among low-income clients, particularly in the context of new business ventures, could increase the risk of over-indebtedness and subsequent loan defaults. This could lead to a cycle of poverty for the entrepreneurs while posing a threat to the long-term viability of the financial institutions. Therefore, it was crucial to examine the underlying reasons for credit accessibility and its impact on new business ventures.

One of the main drivers of credit accessibility in new business ventures was the insufficient loan amounts offered by individual financial institutions. New business ventures often needed larger amounts of capital than what a single institution could provide, leading them to seek funds from multiple sources. Additionally, loan recycling, where entrepreneurs used new loans to repay existing ones, could contribute to the phenomenon of credit accessibility. Finally, family

obligations could also play a role, as entrepreneurs sought multiple loans to meet various personal and business-related expenses (Johnson, 2014; Krishnaswamy, 2017).

Moreover, the level of education and the number of dependents could impact the number of loan contracts. Research showed that entrepreneurs with lower levels of education and inadequate knowledge about financial services were more likely to engage in credit accessibility practices. Some entrepreneurs might have mistakenly believed that they could borrow from one institution to repay the debt in another, leading to a cycle of multiple borrowing that could be financially burdensome (Koegh, 2017). Understanding these dynamics was crucial for addressing the challenges faced by new business ventures in accessing credit.

2.4 The relationship between credit repayment period and the performance of new business ventures.

In 2018, the IMF's report delved into the lending landscape, revealing a trend of short-term, low-value funding predominantly flowing into nascent business ventures. This phenomenon was attributed to a combination of credit discipline issues, contractual enforcement challenges, and a dearth of viable projects and collateral. Despite complaints from these emerging businesses about seemingly exorbitant interest rates, a closer analysis indicated that the crux of the matter lay in the installment amounts rather than the interest rates themselves. High installments, often stemming from inadequate loan durations or ill-suited product structures, led to the perception of elevated interest rates (Rennie and Laurens, 2015). Paradoxically, smaller installment amounts carried the appearance of higher interest rates but were seen as more affordable.

The maturity of credit emerged as a crucial concern, with Uganda exhibiting the shortest average credit maturity (12 months) among comparable economies like Kenya, Brazil, China, and India (CGAP report, 2019). This posed a significant challenge for rural farmers reliant on weather conditions for debt repayment, while also failing to cater to capital-intensive and risky

endeavors like animal production. The lending landscape's focal point seemed to be meeting the working capital needs of new ventures rather than facilitating long-term asset accumulation, constraining access to credit to no more than a year (Kalema, 2018). Wellen and Mulder (2018) even suggested a prevailing trend towards shorter-term credits. This had a direct impact on securing new funding as credit repayment periods were likely curtailed due to lenders' concerns about reclaiming outstanding dues. Notably, some financial institutions stipulated mandatory deposits before extending credit, requiring borrowers to maintain these deposits throughout the debt's tenure. The interest accrued on these deposits was significantly lower than the interest paid on the debt, effectively amplifying the credit's effective interest rate. Around a third of sustainable financial institutions in 2018 enforced such savings deposits, with these entities typically being smaller compared to those refraining from this practice (Rosenberng & Gonzalez, 2019).

Contrary to the challenges, a UNDP study in 2017 highlighted how new business ventures successfully acquired fixed assets and technologies through credit from financial institutions, with a positive and significant correlation noted between credit amounts and business achievements (Makokha, 2016). The study further revealed that substantial credit often propelled small enterprises into the medium-sized category. This viewpoint was echoed by Otto, Muli, and Ong'ayo (2015), asserting that ventures receiving larger credit generally maintained a larger workforce compared to those with smaller loans. The crux of sustainability appeared to lie in appropriately sized credits, realistic interest rates, mandatory savings, manageable repayment schedules, and achieving scalable growth.

The financial landscape displayed a divergence between formal and informal sector lenders: the former utilized client deposits, while the latter primarily employed their own funds to extend loans. In both cases, the expectation was capital recovery. Failure to achieve this equilibrium resulted in borrowers benefitting at lenders' expense, eventually leading to insolvency and reduced financial intermediation (Weiss, 2016). Notably, high interest rates influenced the selection of credit applicants and subsequently impacted repayment due to screening and incentive dynamics

2.5 The relationship between Interest rates and performance of SMEs

Interest rates were defined as the premium received by the lender after a stated period of time. From the borrowers' point of view, it was the cost of capital at the time of obtaining credit. There were several schools of thought regarding interest rates.

According to the classical school, interest rates were considered the main determinant of savings and investment. This school asserted that aggregate investment was inversely related to the interest rate. However, this relationship was observed to be weak, as investment tended to be fairly interest-inelastic due to factors such as businessmen's expectations and estimated yields within a particular range. Small increases in interest rates were unlikely to disturb the long-run expansion of enterprises. Additionally, an increase in savings could reduce the interest rate and the cost of capital, leading to a shift from less capital-intensive to more capital-intensive methods of production.

Keynes, on the other hand, believed that the quantity of money played a key role in determining the interest rate. He viewed the equilibrium interest rate as the one that equated the supply of money with the demand for money. The modern view of interest rates was based on the imperfect information paradigm, as explained by Hoff and Stiglitz (2015).

When considering credit accessibility for new business ventures, several factors came into play, including high inflation, cost of intermediation, high credit risk, exchange rates, and treasury bill rates (Funkor, 2015). The interplay of interest rates and owners' equity affected the demand for credit by new business ventures. The owner's financial resources and contributions to capital determined the weight given by lending institutions when granting credit to new ventures (Salia, A.K., 2016).

High-interest rates could have a negative impact on the ability of new business ventures to service their credit. This, in turn, affected their credit recovery, along with other factors such as poor appraisal and monitoring, late disbursement of credit, and negative attitudes towards risk (Yaron J.2017).

The lack of marketable collateral for credit could also hinder credit accessibility for new business ventures. Lending institutions often dealt with clients who had few assets, non-existent credit histories, and low-income levels. This posed a problem as these clients could not offer collateral to secure credit, leading to higher interest rates or rejected applications (Shima, 2014).

The theoretical framework proposed by McKinnon and Shaw (2016) suggested that a low real interest rate discouraged savings and reduced the availability of credit. They argued that liberalizing the financial sector allowed the interest rate to be determined by the interplay of supply and demand, increasing saving mobilization. However, critics such as Weiss (2019) and Besley (2016) argued that interest rates could not effectively allocate credit, as borrowers with higher risk might be considered over those with lower risks but good business potential.

The interest rate charged by lending institutions included various costs, such as operating costs, administrative costs, and profit (Whited, 2014). The costs of making small credits were higher in percentage terms compared to larger credits, as small credits required more processing and administrative efforts (Rosenberg, 2018). Additionally, lending institutions charged higher interest rates for low-income borrowers due to their tendency to lack proper financial records and have uncertain future financial performance (Adams et al., 2015).

When it came to credit access for new business ventures, collateral was often a challenge. Without collateral, lending institutions faced higher risks and could charge higher interest rates to compensate for these risks (Altman et al., 2015). This was particularly true for new business ventures that lacked collateral and had limited credit histories.

Financial institutions aimed to operate sustainably, keeping interest rates as low as possible to cover lending costs (Gonzalez and Sushmna, 2011).

2.6 The Challenges of new business ventures due to limited credit accessibility.

Kitinis (2014) described the performance of new business ventures as their ability to obtain necessary resources in an efficient and effective manner. The qualities of these organizations included survival, profit-making, and expansion. On the other hand, Pandey (2009) viewed

financial analysis as a measure of business performance. The assessment of performance for new business ventures could be established through various methodologies, including computation and interpretation of univariate and multivariate models.

Univariate predictions of performance involved single ratios calculated for efficiency. For that study, the researcher focused on the performance of manufacturing firms as their ability to meet tax obligations, cover operating expenses, and retain profits for reinvestment or other uses. Additionally, performance was assessed based on the ability of the business to make sales that sustained its expenses.

Various scholars advocated different measures of performance. Smith (2014) suggested the ratio of working capital to total assets, while Kakuru (2016) emphasized the importance of boosting liquidity to avoid operational risks. Baker (2018) considered performance as the ratio of cash flow to total debt, while Fitzpartic (2014) argued that return on investment to total assets was the best measure. However, Pandey (2015) maintained the current view of considering all ratios of profitability, liquidity, and efficiency as the best measure of any business performance.

For new business ventures, liquidity was critical for survival. According to Pandey (2016), managing current assets efficiently safeguarded firms against illiquidity and insolvency. Investment in capital also affected a firm's profitability and liquidity, and proper management was crucial. Many small business enterprises in South Africa faced liquidity problems due to lower returns on capital employed and high debt usage in their operations.

In addition to liquidity, profitability was another important aspect of business performance. The financial goal of any business was to maximize the owner's economic welfare, which was achieved through earning sufficient profits from operations. Profitability, liquidity, and efficiency were key factors that determined the performance of any business, whether small or large.

Assessing performance could involve various measures, including sales volume, resource utilization, and innovation. Ortiz-Molina (2019) found that ownership and firm size impacted performance. The accumulation of human capital assets also affected a firm's ability to introduce new products and compete in different markets, influencing performance levels.

Regarding credit accessibility, there was a prevalence of multiple borrowing among new business ventures in Uganda. Many clients had loans from different financial institutions and individual lenders simultaneously. The reasons for multiple borrowing included insufficient loans from financial institutions, loan recycling, and family obligations, leading to repayment problems. To address this issue, financial institutions should have shared clients' loan information and provided adequate loans to avoid clients seeking credit from multiple sources. Client training to distinguish between business and family matters could also have been beneficial.

In conclusion, the performance of new business ventures was dependent on their ability to efficiently manage resources, achieve profitability, maintain liquidity, and meet various goals and objectives. Multiple borrowing and credit accessibility were significant factors that influenced the financial health of these ventures.

2.7 Conclusion

In this study, the primary focus was on new business ventures within the chosen study context, with the intention of generalizing the findings to other business centers. The objective was to identify potential future research opportunities by replicating the study in different geographical areas. The review of existing literature revealed notable theoretical and empirical gaps in the current knowledge.

One of the prominent gaps identified was the lack of a conclusive and consistent demonstration of a direct link between higher interest rates, loan repayment, and the demand for credit among new business ventures. The reviewed studies displayed varying results and couldn't definitively establish this relationship.

Furthermore, the literature also failed to establish a consistent positive correlation between higher interest rates and successful credit recovery within the context of new business ventures. This lack of consensus highlighted the need for further investigation to bridge this gap in understanding.

Hence, the main objective of this study was to address these gaps by conducting empirical research that would contribute to a clearer understanding of the relationship between higher interest rates, loan repayment behavior, and the credit demand of new business ventures. The study aimed to provide more robust insights into how interest rates impact credit-related decisions and outcomes in this specific context.

CHAPTER THREE RESEARCH METHODOLOGY

3.0 Introduction

In this chapter, the research design, area of the study, study population, sample size, sample selection, sources of data, data collection instruments, measurement of levels, procedure for data collection, data quality control, data processing and analysis, ethical considerations, and methodological constraints were discussed.

3.1 Research Design

The study adopted descriptive research design where quantitative data was employed to gain an in-depth understanding of multiple borrowing and financial performance of small scale enterprises. Research design was analytical descriptive design where lots of information about the problem was red. The purpose of this design was to obtain quantitative data, which was basically theoretical from secondary data relating to study problem under investigation. Quantitative data helped to draw conclusions and recommendations, and was used to evaluate facts from the field. Also the responses were generated from participants in a study conducted under this type of design that portrayed a picture that is adequately generalizable for the entire population. With a case study approach a variety of qualitative research methods were employed such as in-depth individual interviews to produce narrative data and questionnaires.

3.2 Area of Study

The study will be carried out among small scale enterprises in Mukono District in Central Uganda, Buganda Region. These small scale enterprises ranges from retail shops, stationery. Mukono District will selected because it had many smalls scale enterprises and financial institutions that helped to give a robust information.

3.3 Target Population

The study population comprised entrepreneurs and employees in new business ventures who were contacted for information in the study to make the study successful. Banking officers were

considered and selected because they were responsible for loan disbursement (credit policy) implementation at the ground level. Entrepreneurs and employees in new business enterprises were selected because they were the loan/credit users and were affected by the study phenomenon on the ground. Entrepreneurs and employees were selected and used in order to obtain reliable and valid information for the study's purpose. Such respondents were interviewed to obtain a variety of views, making the study findings more reliable and comprehensive for the benefit of society.

3.4 Sample Size Selection

The Krejcie and Morgan table, developed in 1970 by J.W. Krejcie and D.W. Morgan, was a commonly referenced tool for determining appropriate sample sizes in research studies. It provided researchers with a guideline for selecting sample sizes that would yield statistically meaningful results, considering factors like the population size, desired confidence level, and acceptable margin of error.

To begin, the Krejcie and Morgan table was often used to determine an appropriate sample size based on the population size, desired level of confidence, and acceptable margin of error.

The **population size** was 50, representing the total number of individuals in the group of interest for the study.

The desired **sample size** was set at 44, indicating the intention to survey or study 44 individuals from the population of 50.

The Krejcie and Morgan table, a commonly used tool for determining sample sizes in research, typically took into account factors such as confidence level and margin of error. However, in this case, the specific sample size of 44 was provided directly, rather than being calculated based on those factors.

It was worth noting that when working with sample sizes, it was generally advisable to follow statistical guidelines to determine appropriate sample sizes based on the desired confidence level and margin of error. For a population size of 50, a sample size of 44 might not align

perfectly with common statistical recommendations, especially if aiming for a high confidence level and a relatively narrow margin of error.

In practice, the Krejcie and Morgan table was often employed to calculate sample sizes that yield reliable results within a specified confidence level and margin of error. While a sample size of 44 was chosen in this case, it was important to be aware of the potential implications of using this sample size in terms of the statistical validity of the findings. Adhering to statistical guidelines for sample size helped ensure that conclusions that were drawn from the sample were a representative of the entire population. If the table had suggested a different sample size for the desired confidence level and margin of error, adjusting the sample size could have been considered to enhance the credibility and robustness of the research results.

3.5 Sampling Techniques

The quantitative portion of the study required purposive sampling, targeting various key respondents such as entrepreneurs and employees. These officials were interviewed at their respective places of work. They were purposively chosen based on their positions and involvement in the business. The information gathered from these key respondents proved helpful in analyzing the validity of the research problem.

3.6 Sources of Data

Data will be both primary and secondary. Primary data was collected by the use of questions and secondary data was got from reports and internet.

3.7.1 Primary Source

Data was collected through the use of questionnaires. These questionnaires were designed using a Likert scale and were distributed to entrepreneurs, employees, UIA officials, and banking officers to obtain their views regarding multiple borrowing and the financial performance of small-scale enterprises in Mukono District.

3.7.2 Secondary Source

The sources comprised a review of textbooks, journals, newspaper articles, internet resources, and earlier research on the problem. Secondary data was obtained through documentary reviews and other published literature related to the study.

3.8 Data Collection Instruments

The study used the following research instrument as collect data:-

3.8.1 Questionnaires

Entrepreneurs, employees in new business ventures , UIA officials and banking officers filled in questionnaires. The researcher will use the questionnaires because the population was literate and large and time for collecting data was limited. The researcher will develop closed and open ended questions because they were easy to fill, save time and kept the respondents focused on the subject. The questionnaire will be divided into sections delineating personal information, questions about the independent variable and the dependent variable. Questionnaires will be used because they are the main method of data collection. This will be advantageous because the researcher will take a short time to cover large population, and this information was validated using data from secondary information. The questionnaires were used because they permit anonymity that results in more honest responses and they were the best instruments for quantitative research.

3.8.2 Documentary Checklist

Secondary data collected relied on documentary sources to generate the needed information. The collection of secondary data involved the review of official documents such as textbooks, loan portfolio performance reports, cases of multiple borrowing, and performance of manufacturing small-scale enterprises. Another important source of information was the internet. The researcher used the related books which threw sufficient light not only on the theoretical aspect of the problem but also on the empirical evidence. The research consulted all

the books and existing literature on the problem, so as to acquaint the researcher with the postulated theories and the available empirical evidence.

3.9 Measurement Levels.

According to Kothari (2013), sound measurement level should meet the tests of validity and reliability. There are five types of measurement levels namely, ordinal, nominal, ratio and interval. The ordinal scale refers to ranking of the measure in order of importance, Nominal scale measures only terms of names or designation of discrete units or categories. Ordinal scales measures in terms of such value as more or less or larger or smaller but without specifying the size of the intervals. Interval scales measures in terms equal intervals or degrees of different, but with an arbitrary established zero point that doesn't represent nothing of something. Ratio scales measures in terms of equal intervals and an absolute zero point.

A likert scale is a scale was used when responding to a questionnaire whereby respondents specify their level of agreement or disagreement to a statement. It is recognizable when you are keen to indicate your strength of feeling about a particular issue on a 1-5 rating scale. The Over-point scale which included the following kinds of answers were used, 1-Strongly Agree, 2-Agree 3-Undecided/neutral, 4-Disagree and 5- Strongly Disagree, and the respondents were asked to indicate their degree of agreement with the statements on multiple borrowing and its impact on performance of small scale enterprises. The nominal scale was used for der and education level. The interval scale was used for period one had been in school.

3.10 Procedure of Data Collection

Ethical approval for the study was provided by the Faculty of Business and Administration of Uganda Christian University, Mukono. A letter was obtained from the Dean, permitting the researcher to proceed with data collection, and was presented to the new business ventures in Mukono District for acceptance and authorization to undertake the study in their institutions and with the targeted respondents. Additional permission to conduct the study was granted from individual respondents.

In addition to seeking the consent of participants (the entrepreneurs), which created confidence among respondents that the study was for academic purposes only, the purpose and methods of the study were well explained to the potential participants. They provided verbal consent prior to participating. Confidentiality was ensured by observing privacy, such as asking one respondent after the other.

A copy of the letter of recommendation from the University was provided as an Appendix after the fieldwork (in the report). Respondents were adequately informed about the data collection procedures, and the survey remained anonymous (with no provision for identifying the respondents on the survey questionnaire). Questionnaires were only conducted with willing respondents.

3.11 Quality/Error Control

The study was guided by the validity and reliability of instruments:-

3.11.1 Validity

According to Sekaran (2013), validity refers to the degree to which results obtained from analysis of the data actually represents the phenomenon under study. In order to establish the validity of instruments, the researcher will employ a technique known as triangulation to examine how data was collected to answer the questions under study from different perspectives and this will involve comparing responses collected through questionnaires. The validity of the questionnaires' will be determined by pre-testing the instruments. Pretesting will be done by administering to ten (10) respondents within the study population but outside the sample. Results from the field will help to identify gaps and made modifications to the instruments. Pre- testing will help to estimate the time it took to fill the questionnaires, relevancy of the questions, and accuracy of the questions in measuring the subject under study.

3.11.2 Reliability

According to Cronbatch (2016), reliability refers to the measure of the degree to which a research instrument yields consistent results or data after repeated trials. Reliability is the

dependability and is the degree to which the instrument consistently measures what it is measuring. Number of measures was taken both during the field work and in the subsequent analysis and conclusion process in order to ensure the quality of this study. Before real collection of data, the instruments were tested on two respondents from each category of respondents to determine their reliability and these respondents were not among the interviewers. Therefore, the reliability of the questionnaires in relation to the consistency of the respondents' answers must be reliable and was above 70 percent.

3.12 Data Processing and Analysis

The initial raw data was transformed through a process of conversion into meaningful information. This process encompassed various steps including editing, tabulation, and analysis, all aimed at ensuring the accuracy and completeness of the information. In line with the research design outlined above, the data collection process was executed meticulously. This involved stages such as data collection itself, followed by editing, coding, and tabulation of the gathered data. These steps were crucial in facilitating a clear and comprehensible understanding of the research findings.

In terms of quantitative analysis, specialized statistical tools such as Microsoft Excel were employed to process the data. This involved generating frequency distributions and subsequently calculating percentage rates using the same software. These efforts culminated in the creation of tables that effectively conveyed and interpreted the outcomes of the study.

A parallel approach was employed for qualitative data. Field notes acquired from the respondents were subjected to content analysis, which entailed summarizing the information provided on a daily basis. To facilitate this process, summary sheets were developed, containing key variables sought in the research. The data analysis centered around inputs from entrepreneurs, employees, officials from the UIA, and banking officers, all of which were obtained through questionnaires. The analysis specifically delved into the social characteristics of the study participants.

The questionnaire itself consisted of objective questions, designed to gather pertinent information. Furthermore, a sequential analysis methodology was adopted, allowing for a more comprehensive exploration of the collected data. This approach proved instrumental in identifying areas that necessitated additional literature review. Ultimately, this meticulous process culminated in the compilation of the final research report.

3.13 Ethical Consideration

The researcher did as expected to ethically consider the privacy or the secrets of his respondents, their names and responses were not disclosed and this left both the researcher and the respondents in clear terms and conditions that it allowed smooth research and data collection.

CHAPTER FOUR:

DATA PRESENTATION, ANALYSIS AND INTERPREATION

4.1 Introduction

This chapter presented and analyzed the data obtained from the field. It commenced with the biographic data of the respondents, followed by an examination of the effects of credit accessibility on the performance of new business ventures in Mukono. Frequency tables were employed for the accurate presentation of the findings..

4.2 Biographic Data of respondents

This section presented demographic characteristics of respondents that included: age, sex, marital status, and education. This information was obtained from entrepreneurs, employees in the new business ventures, Uganda Investment Authority officials, and banking officers as shown in the tables below..

4.2.1 Gender composition.

The first aspect investigated in this section was the sex of respondents in terms of males and females, which was presented in Table 1 below.

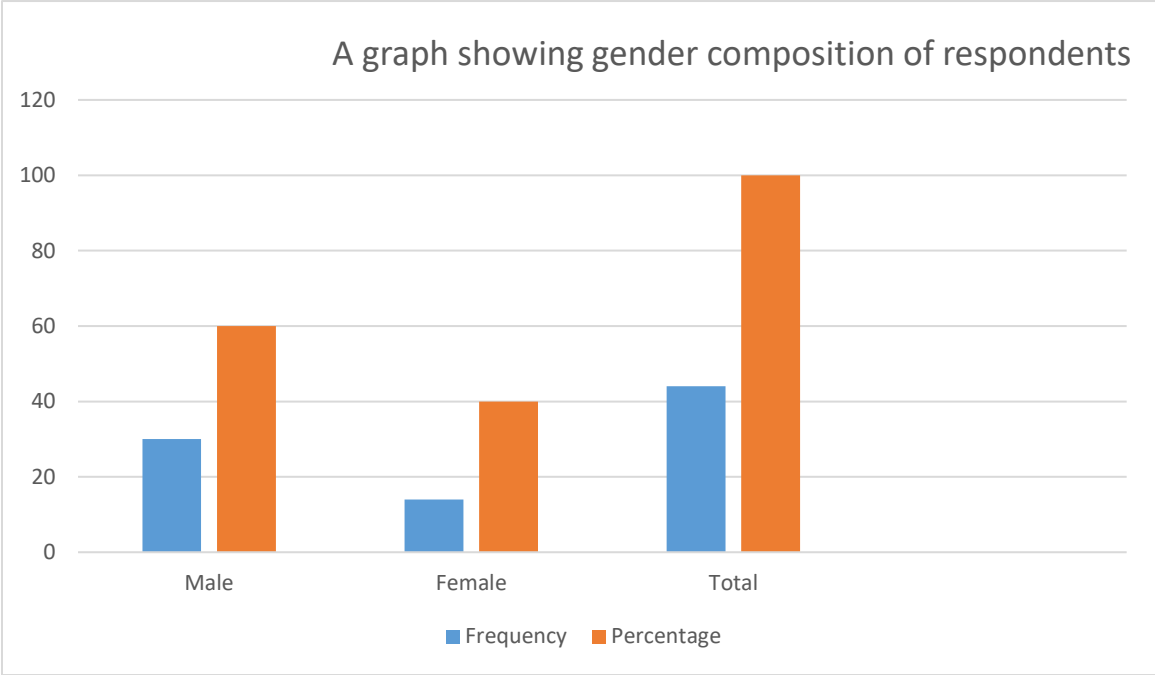
Table 1: Showing gender composition of respondents

Table 1 : showing gender composition of respondents			
	Respondents sex	Frequency	Percentage
	Male	30	60

	Female	14	40
	Total	44	100

Source: primary data 2023

A graph showing the gender composition of respondents.



According to the study findings, the majority (60%) were males, while the remaining 40% were females, as indicated in the table above. This was because men were more interested in and involved in the establishment of new business ventures, as they were often more willing to take risks compared to women. They were also more willing to provide information concerning the effects of credit accessibility on the performance of new business ventures in Mukono district..

4.2.2 Age composition of respondents.

The second aspect under investigation in this section was age differences of respondents. Findings are presented in the table 2 below.

Table 2 : Showing age composition of respondents.			
	Age bracket	Frequency	Percentage
	18-27	18	40
	28-37	12	30
	38-47	10	20
	Above 48	4	10
	Total	44	100

Source: primary data 2023.

As indicated in the table above, the majority 18 (40%) were 18-30 years old, 12 (30%) were 31-40 years old, 10 (24%) were 41-50 years old, while 4 (6%) were above 50 years old. This clearly showed that respondents between 18-30 years old were the only ones mostly involved in the new business ventures. This implied that people below the age of 18 were not interviewed because, according to the Ugandan constitution, anyone below 18 years of age was considered a juvenile. The intention of interviewing respondents from various age brackets was to gather a variety of views regarding the study scenario. It can therefore be concluded that the majority of respondents were in the most productive age bracket and were reasonably involved in the new business ventures.

4.2.3 Marital status of respondents.

The third aspect under investigation in this section was marital status of respondents which comprised of the single, married, widowed, divorced / separated.

Findings are presented in table 3 below.

Table 3 : Showing marital status of respondents.			
Valid	Marital status	Frequency	Percentage
	Single	20	50
	Married	10	30
	Divorced	6	2
	Separated	8	18
	Total	44	100

Source: primary data 2023

Table 3 indicated that majority 20(50%) were single, 10(30%) were married, 8(18%) were separated, 6(2%) were divorced. All respondents were equally aware of the relationship between credit accessibility and performance of new business ventures therefore the above study findings imply that most people were involved in new business ventures.

4.2.4 Level of education.

The fourth aspect under investigation in this section was the education levels of respondents in a bid to further analyze the effects of credit accessibility on the on the performance of new business ventures in Mukono district , the education qualifications were also looked into .

Findings are presented in Table four.

Table 4 : Showing the levels of education.			
	Level of education.	Frequency	Percentage
	None	7	4
	Primary	12	34

	Secondary	15	42
	Tertiary	10	20
	Total	44	100

Source: primary data, 2023

The study findings indicated that 12 (34%) had primary education, 15 (42%) had secondary education, 10 (20%) had tertiary education, and only 7 (4%) had never attended school. It was established that the level of education strongly influenced one’s understanding of the potential effects of credit accessibility on the performance of new business ventures in Mukono District. Most of the respondents who were engaged in the new business ventures had dropped out of secondary school..

4.3 The reasons behind credit accessibility among new business ventures.

This section presents the finding regarding the reasons behind credit accessibility on the performance of new business ventures in Mukono district.

4.3.1 Credit accessibility with the intention of acquiring more funds for expansion.

Another aspect under investigation in this section regarded to whether there is credit accessibility with the intension of acquiring funds for expansion in order to enjoy economies of scale and boost their performance.

Findings are presented in table 5 below.

Table 5 : Response on whether there is credit accessibility enhancing the intention of acquiring more funds for expansion in order to enjoy economies of scale and boost performance			
	Response	Frequency	Percentage
	Strongly agree	20	30

	Agree	24	70
	Strongly disagree	0	0
	Disagree	0	0
	Not sure	0	0
	Total	44	100

Source: Primary data 2023

The question was posed to find out whether there is credit accessibility with the intension of acquiring funds for expansion in order to enjoy economies of scale and boost their financial performance. Majority of respondents 24 that's equivalent to 70% agreed with the above stated idea whereas the least of respondents 0 equivalent to 0% strongly agree which implied that majority of respondents agreed that most new business ventures have resorted to credit in order to finance their businesses and enjoy economies of scale .

4.3.2 Insufficient loans from financial institutions, loan recycling and family obligations.

Another aspect under investigation in this section regarded to whether the effect of credit accessibility is due to insufficient loans from financial institutions, loan recycling and family obligations.

Findings are presented in Table 6 below.

Table 6: Response on whether the reasons for multiple borrowing were due to insufficient loans from financial institutions, loan recycling and family obligations			
valid	Response	Frequency	Percentage
	Strongly Agree	18	20
	Agree	20	70

	Not sure	0	0
	Strongly Disagree	0	0
	Disagree	6	10
	Total	44	100

Source; primary data 2023

Another question was posed to find out whether the reasons for credit accessibility was due to insufficient loans from financial institutions , loan recycling and family obligations . Majority of the respondents (20) were equivalent to 70% agreed with the above idea, 6(10%) of the respondents strongly agreed and 18(20%) disagreed which implied that majority of the respondents agreed since some financial institutions give a small amount of loan that don't fulfill small scale demands and requirements thus forcing the owners of new business ventures to look for alternatives.

4.3.3 Fast growth of microfinance services leads to the risk of credit accessibility.

Another aspect under investigation in this section regarded to whether the fast growth of microfinance services is leading to the risk of credit accessibility which makes which makes governance of loans more difficult.

Findings are presented in table 6 below.

Table 7 : Response on the fast growth of microfinance services leading to the risk of credit accessibility by clients that in turn makes governance of loans more difficult.			
	Response	Frequency	Percentage
	Strongly agree	34	70
	Agree	10	20
	Strongly disagree	0	0

	Disagree	0	0
	Not sure	0	0
	Total	44	100

Source: Primary data 2023

Another question was posed to find out whether the fast growth of microfinance services is leading to the risk of credit accessibility by clients that makes governance of loans more difficult. Majority of the respondents 34(70%) Strongly agreed, 10 (10%) agreed, which implied that the rising number of microfinance institutions have led to a drastic increase in competition and this has enabled credit clients to have a wider range

4.3.4 Lack of strict borrowing regulations of choices to decide from to get a loan.

Another aspect under investigation was lack of stick borrowing regulations since most of the new business ventures have been involved in credit financing.

Findings are presented on table 8 below.

Table 8 : Response on whether absence of strict borrowing regulations has hindered borrowing among the new business ventures owners			
valid	Response	Frequency	Percentage
	Strongly Agree	0	0
	Agree	30	60
	Not sure	12	30
	Strongly Disagree	0	0
	Disagree	2	10
	Total	44	100

Source; primary data 2023

Also, another question was posed to find out whether with lack of strict borrowing regulations, most of the new business ventures have been involved in credit accessibility. Respondents totaling to 30 (60%) agreed with the above stated idea, 12 (30%) were not sure and few of the respondents 2 (10%) disagreed with the above idea. According to the above findings, majority of the respondents agreed in that there is lack of proper lending regulation and coordination among different financial institutions to counter check and carry out quality check before loan disbursement.

4.3.5 Reasons behind increasing credit accessibility among new business ventures.

Another aspect under investigation in this section regarded to other reasons behind credit accessibility among new business ventures.

Findings were presented in the Table 9 below.

Table 9 : showing Reasons behind increasing credit accessibility among new business ventures.		
Other reasons	Frequency	Percentage
Economic conditions	10	22
Loan pushing on the financial inclusion side	8	18
Loan recycling from the clients side	6	13
Lack of strict borrowing regulations	5	11
Insufficient loans from financial institutions	4	9
Loan recycling	4	9
Family obligations	3	6
Increasing number of financial institutions	4	9
Total	44	100

Source: primary data 2023

From the field study, other reasons behind credit accessibility among new business ventures were mentioned. These included:- clients poaching on the economic conditions side with 10 (22%), loan pushing on the financial institutions side with 8 (18%), loan recycling from the clients' side with 6(13%), lack of strict borrowing regulations with 5(11%), insufficient loans from financial institutions with 4(9%), loan recycling with 4(9%), family obligations with 3 (6%) and increasing number of financial institutions with 4 (9%) of the total respondents. This implies that through borrowing, little capital has led to increase in cost of production because they don't enjoy economies of scale and the end result has been low production accompanied

By low sales and low profit levels. The increasing number of financial institutions has tempted clients to take more than one loan at the same time resulting into multiple loans.

4.4 Effects of credit accessibility on the performance of new business ventures.

This section presents the findings regarding the relationship between credit accessibility and the performance of new business ventures in Mukono District.

4.4.1 Effects of credit accessibility on the loan repayment and sustainability of new business ventures.

In the study respondents were asked whether credit accessibility has a positive effect on loan repayment and sustainability of new business ventures.

The results are presented in Table 10 below.

	Response	Frequency	Percentage %
	Strongly agree	0	0
	Agree	30	64
	Strongly disagree	0	0
	Disagree	14	36
	Not sure	0	0
	Total	44	100

Source : Primary data 2023

From Table 10 above, majority of the respondents revealed that multiple borrowing has a positive effect on loan repayment and sustainability of small scale enterprises. This was represented by 30 (64%), however the smallest number 14 (36%) of the respondents disagreed. With the question. This implies that majority of the respondents agreed that multiple

borrowing affects manufacturing firms repayment rate as most of them have low profits that should be: used to pay back the loans

4.4.2 Performance levels of new business ventures involved in credit financing.

Another question aimed at assessing whether such small scale enterprises involved in multiple borrowing have either expanded rapidly or collapsed over high expenses paid in meeting the costs of borrowing. Findings are presented in the Table 11 below.

Table 11 : Response navigating the performance of new business ventures involved in credit financing.			
	Response	Frequency	Percentage
	Strongly agree	24	48
	Agree	12	32
	Strongly disagree	1	2
	Disagree	0	0
	Not sure	7	18
	Total	44	100

Source : Primary data 2023

Majority of the respondents 24 (48%) strongly agreed that new business ventures that involved in credit accessibility have collapsed over high expenses paid in meeting the loan obligation, followed by 12 (32%) who agreed, 7(18%) of the respondents were not sure, then the least of the respondents 1 (2%) strongly disagreed. This implies that majority of respondents strongly agreed since some new business ventures have totally collapsed over debt and other have used such loans to expand rapidly. Those who have collapsed sometimes divert

4.4.3 Credit accessibility leading to high debt levels and repayment obligations.

The third aspect under investigation in this section regarded to whether multiple borrowers had increasingly high debt levels and repayment obligations, which they frequently could not fulfill because of over-indebtedness. Findings are presented in the Table 12 below.

Table 12 : Response navigating how credit accessibility has led to high debt levels and increased repayment obligations.			
Valid	Response	Frequency	Percentage
	Strongly agree	27	60
	Agree	12	30
	Strongly disagree	0	0
	Disagree	5	10
	Not sure	0	0
	Total	44	100

Source : Primary data 2023

Another question was posed to find out whether credit accessibility had increasingly high debt levels and repayment obligations, which they frequently could not fulfill because of over-indebtedness. Respondents totaling to 27 (60%) strongly agreed with the above mentioned idea, followed by 12(30%) who agreed, and the least of the respondents 5 (10%) disagreed with the above idea. This implies that majority of respondents strongly agreed that new business ventures can rarely meet the conditions set by financial institutions, which see new business ventures as a risk because of poor guarantees and lack of information about their ability to repay the loans.

4.4.4 Credit accessibility leading to increased loan defaulters.

The fourth aspect under investigation in this section regarded to whether credit accessibility leads to over indebtedness and consequently defaulting on loan. Findings are presented in the Table 13 below.

Table 13 : Response navigating how credit accessibility has led to the increase in loan defaulters			
Valid	Response	Frequency	Percentage
	Strongly agree	15	30
	Agree	20	40
	Strongly disagree	2	5
	Disagree	2	5
	Not sure	5	20
	Total	44	100

Source: Primary data 2023

Further, another question was posed to find out whether credit accessibility leads to over indebtedness and consequently defaulting on loan. Respondents totaling to 20 (40%) agreed with the above mentioned idea, followed by 15 (30%) who strongly agreed, and the least of the Respondents 5 (20%) were not sure with the above mentioned idea , strongly disagree were 2(5%), strongly disagree were also 2(5%) This implies that majority of the respondents agreed that most multiple borrowing leads new business ventures to keep operating under loans that negatively undermine their performance

4.4.5 Effects of credit accessibility on the performance of new business ventures.

Another question was posed to find out the other effects of credit accessibility on the financial performance of new business ventures.

Findings are presented in table 14 below:

10. Have you sought alternative financing options due to limited credit accessibility?

a) Yes

b) No

Table 14 : Showing effects of credit accessibility on the performance of new business ventures.

Other effects	Frequency	Percentages
Governance of the loans being more difficult	20	30
New business ventures suffer from constraints that lower their reliance to risk	11	26
Hinders their growth	7	20
Reduces their ability on enjoying economies of scale	4	16
High debt levels and repayment obligations	2	10
Total	44	100

Source: primary data 2023

From the field study, other effects of credit accessibility on the performance of small scale 20(30%), new business ventures suffer from constraints that lower their resilience to risk with 11 (26%), prevent them from growing with 7 (20%), prevent them from attaining economies of scale with 4(16%) and high debt levels and repayment obligations with 2 (10%) of the total respondents. This implies that credit accessibility had increasingly high debt levels and repayment obligations, which they frequently could not fulfill because of over-indebtedness.

This implies that the loan control within the new business ventures becomes more and more complicated since the new business ventures has an obligation to pay different debtors.

4.5 Challenges faced by the new business ventures due to the credit accessibility.

Various questions were set in relation to this sub heading. A number of questions were posed using items in the questionnaire administered to entrepreneurs, employees in new business ventures, UIA officials and banking officers as indicated in Appendix 1 of this report. These questions were addressed to a cross section of 44 respondents aiming at identifying the challenges of new business ventures face due to credit accessibility in Mukono District.

4.5.1 Challenges faced by the new business ventures in relation to loan repayment.

Table 15 : Response navigating the challenges faced by the new business ventures in relation to loan repayment.			
	Response	Frequency	Percentage
	Strongly agree	30	50
	Agree	10	30
	Strongly disagree	0	0
	Disagree	0	0
	Not sure	4	20
	Total	44	100

Source: Primary data 2023

Another question was posed to find out whether many new business ventures experience the problem related to loan repayment because of multiple pending loans. Majority of the respondents 30(50%) strongly agreed with the above idea, followed by 10 (30%) who agreed. And the least of the respondents 4 (20%) were not sure. This implies that entrepreneurs end up totally defaulting and being penalized for that due to high loan repayments the business faces.

4.6 Descriptive statistics.

4.6.1 The influence of credit terms on the performance of new business ventures.

The respondents in the study were asked to compare the extent to which credit terms influenced the performance of SMEs. The responses were rated on a five-point scale as follows:

"1-Strongly Agree"

"2-Agree"

"3-Not sure"

"4-Disagree"

"5-Strongly Disagree"

Table 16: The influence of credit terms on the performance of new business ventures.

Statements on the influence of credit terms on the performance of new business ventures.	mean	Standard deviation.
The enterprise has reliable security guaranteed to the access credit	1.85	0.613
Most credit obtained by the enterprise have to be paid back within one year.	1.79	0.568
The firm feels collateral required by lenders is favorable	2.20	1.067
The enterprise credit history helps it access credit	2.12	1.052

4.6.2 The effect of repayment period on the performance of new business ventures.

The respondents were asked to rate the extent to which repayment period effects the performance of new business ventures. The responses were rated on a five point scale where; 1-Strongly Agree, 2-Agree, 3-Not sure, 4-Disagree, 5-Strongly Disagree. After the factor analysis, the score for each of the factors was computed by taking out the mean of the items falling under each factor. The mean and standard deviation of each factor are shown in table

Table 17: The effect of repayment period on the performance of new business ventures

Statements on the effect of repayment period on the performance of new business ventures.	Mean	Standard deviation
--------------------------------------------------------------------------------------------------	-------------	---------------------------

The credit repayment period given to the firm is convenient	2.26	1.290
The firm's ability to pay credit is always satisfactory	1.88	0.800
The firm has never defaulted on any credit obligation	1.85	0.648
The firms repayment period varies from the loan size .	2.20	1.056

Source: Primary data 2023

Table 17 highlighted that the credit repayment period given to new business ventures is convenient factor with the highest mean of 2.26 and standard deviation of 1.290 and also the variations in repayment period basing on the loan size (2.20) with standard deviation of 1.056 thereby meaning that borrowers are able to make their repayments within the estimated time hence the respondents agreed with the two statements. However the respondents strongly agreed with statements that; The firm's ability to repay credit is always satisfactory with mean of (1.88), the enterprise has never defaulted on any credit obligation having mean of (1.85) thereby meaning the new business ventures are in stable financial position to repay credit and also timely settle its obligations

4.6.3 The relationship between interest rates and the performance of new business ventures.

In this study, participants were requested to assess the influence of interest rates on the performance of new business ventures. To collect these assessments, we employed a rating scale encompassing five response options:

1. Strongly Agree
2. Agree
3. Not sure
4. Disagree
5. Strongly Disagree

Subsequent to conducting factor analysis, a total of four distinct factors were identified within the collected data. To further analyze and summarize these factors, we computed the scores

associated with each one. Additionally, we calculated the mean score for each factor to gauge the average response within each category.

To provide a comprehensive understanding of the data, we also computed the standard deviation for all four factors. This approach allows for a measure of the spread or variability within each factor, contributing to a more in-depth analysis of the respondents' perceptions regarding the impact of interest rates on new business ventures performance.

Table 18: The relationship between interest rates and the performance of new business ventures

Statements on the impact of interest rates on the performance of new business ventures.	mean	Standard deviation.
The firm can afford the interest rates charged by lenders.	1.62	0.840
The interest rates paid remain fixed for the whole repayment period .	1.82	0.589
The amount of credit the firm has been getting from the lenders is on the increase.	1.91	0.812
The interest rates offered to this firms short repayment periods are fixed compared to those of longer repayment periods .	1.98	0.989

Source: primary data 2023

Table 18 highlighted that all the respondents strongly agreed to the statements that the new business ventures can afford the interest rates charged by lenders (1.62) with a standard deviation of 0.840, The interest rates paid by new business ventures remain fixed for the whole repayment period (1.82) scoring a standard deviation of 0.589. The amount of credit the new business ventures get from lenders is on the increase (1.91) and standard deviation of 0.812, However, majority of the new business ventures in the sample supported the fact that the lenders offer fixed short repayment periods to the new business ventures compared to those of long repayment periods with the highest mean score of 1.98 amounting to a standard deviation

of 0.989. The findings therefore suggest that interest rates on credit has strong impact on the new business ventures.

4.7 Correlation Analysis on credit accessibility and financial performance of new business ventures

This study was set to investigate the relationship between credit accessibility and financial performance of new business ventures in Mukono district. This was done by running a correlation analysis using Pearson Product Moment Correlation coefficient between the composite score of credit accessibility and financial performance of new business ventures in Mukono district plus the four components of credit accessibility which included; credit terms, repayment period and interest rates in relation to financial performance of new business ventures as indicated in the conceptual framework. For a correlation to be considered significant, the P-value (Sig. (2-tailed) values must be less than 0.05 (for 95% confidence level) or less than 0.01 (for 99% confidence level) and the findings are shown in Table 1 below.

Table 1: Correlation Matrix

Correlation Matrix			1	2	3	4
1	Credit terms	Pearson Correlation Sig. (2-tailed)	1			
2	Repayment period	Pearson Correlation Sig. (2-tailed)	.466** .000	1		
3	Interest rates	Pearson Correlation Sig. (2-tailed)	.399** .000	.358** .000	1	
4	Financial performance	Pearson Correlation Sig. (2-tailed)	.474** .000	.419** .000	.455** .000	1

Note:

- a) 1= Credit terms; 2= Repayment period; 3= Interest rates; and 4= Financial performance of businesses
- b) ** $P < .05$, *** $p < .01$ level of Significance

Source: Primary data

In relation to credit accessibility and financial performance of new business ventures in Mukono district, results as in Table 1 revealed that there is a strong positive significant relationship between credit terms and financial performance of new business ventures in Mukono district ($r = .474^{**}$, $p < .05$). This implies that when credit terms are favorable, the new business ventures are able to access loans with ease that can be invested in the businesses hence further attaining improved financial performance in terms of profitability and revenue generated.

Furthermore, the results as in Table 1 revealed that there is a strong positive significant relationship between repayment and financial performance of new business ventures in Mukono district ($r = .419^{**}$, $p < .05$). This implies that repayment periods that are favorable like longer loan repayment periods give the new business ventures time to generate profits and revenues from the loans gotten for business investment hence attaining improved financial performance in the long run.

Finally, the results as in Table 1 revealed that there is a strong positive significant relationship between interest rates and financial performance of new business ventures in Mukono district ($r = .455^{**}$, $p < .05$). This implies that interest rates that are favorable like low interest rates allow the new business ventures to generate high profits and revenues which further helps these business to improve their overall financial performance.

4.2 Regression analysis on credit accessibility and financial performance of new business ventures

The overall model made a significant contribution, accounting for 93.7% of the variability in financial performance of new business ventures (Total $\Delta R^2 = .937$, $p = .000$). The table below importantly shows the R-Square (R^2) and R-Square Change (ΔR^2) for each model, showing its contribution to the overall model. These values are interpreted alongside the ANOVA table providing the F values for each model together with the levels of significance.

Table 2: Linear Regression Analysis Results

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.969 ^a	.939	.937	.325		
ANOVA ^a						
Model	Sum of squares	df	Mean Square	F	Sig.	
1	Regression	72.053	3	24.019	399.742	0.000 ^b
	Residual	2.764	40	0.060		
	Total	74.820	43			
Coefficients ^a						
Model		Un standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.448	.256		1.749	.042
	Credit terms	.332	.056	.308	7.686	.000
	Repayment period	.465	.182	.435	5.003	.004
	Interest rates	.213	.291	.257	3.076	.003
a. Dependent Variable: Financial performance of new business ventures						
b. Predictors: (constant), Credit terms, Repayment period, Interest rates						

P ≤ 0.05

Source: Primary data

According to the results in the table above, it is revealed that the combined effect of the predictor variables of Credit accessibility (Credit terms, Repayment period, and Interest rates) explains 93.9% of the variations in financial performance of new business ventures. This implies that the model is satisfactory as much of the variation is accounted for by the dependent variables identified in the model.

As shown in table 2 above, it is revealed that the model fit tested in the model summary table is significant at 99% confidence level ($p \leq 0.05$). This implies that all the three predictor variables of Credit accessibility (Credit terms, Repayment period, and Interest rates) were statistically significant in explaining changes in financial performance of new business ventures in Mukono district as demonstrated by a p value of 0.000 which is less than the acceptance critical value of 0.05.

Furthermore, the table above displays the regression coefficients of the independent variables. The results show that Credit accessibility (Credit terms, Repayment period, and Interest rates) affect financial performance of new business ventures in Mukono district positively and significantly. Regression results indicate that credit terms and financial performance of new business ventures in Mukono district had a positive and significant relationship ($\beta = .308$, $p < 0.05$). The findings imply that any change in credit terms by one unit leads to change in financial performance of new business ventures in Mukono district by .308 units.

In addition, results indicate that repayment period and financial performance of new business ventures in Mukono district had a positive and significant relationship ($\beta = .435$, $p < 0.05$). The findings imply that any change or improvement in repayment period by one unit leads to change in financial performance of new business ventures in Mukono district by .435 units.

Finally, results indicate that interest rates and financial performance of new business ventures in Mukono district had a positive and significant relationship ($\beta = .257$, $p < 0.05$). The findings imply that any change or improvement in interest rates by one unit leads to a change or an increase in financial performance of new business ventures in Mukono district by .257 units and the reverse is true.

From the above results, the researcher therefore extracts the regression equation (line of best fit) Y on X as shown below;

The researcher adopted the following regression equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where; **Y** = Financial performance of new business ventures in Mukono district,

β = Beta

β_0 = Constant

x_1 = Credit terms

x_2 = Repayment period

x_3 = Interest rates

ϵ = The standard error

$$Y = \beta_0 + \beta x_1 + \beta x_2 + \beta x_3 + \epsilon$$

By substituting from the above equation

$$Y = .448 + .628x_1 + .203x_2 + .727x_3 + .256$$

These results imply that if 0.448 is held constant, a unit consideration for credit terms will result in a 0.308 increase in financial performance of new business ventures in Mukono district, furthermore it was established by the study that a unit consideration of repayment period will increase financial performance of new business ventures in Mukono district by 0.435, and a unit consideration of interest rates will increase financial performance of new business ventures in Mukono district by 0.257.

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction:

In this chapter, the researcher interpreted and discussed the trends that emerged from the research findings. The discussion of findings was rooted in the research questions and objectives outlined in chapter one. The ensuing discussion in this chapter was grounded in the outcomes presented in chapter four of this report, as provided by the respondents. Subsequently, the researcher presented the conclusions and recommendations aligned with the study's objectives. Additionally, areas for potential future research were suggested..

Discussion of the Findings

The study sought to answer three questions. Each question was handled independently in Descending order.

5.2.1 The reasons behind credit accessibility among new business ventures.

Referring to the aforementioned subheading, the exploration of reasons behind the phenomenon of credit accessibility among small-scale new business ventures was undertaken. These encompassed various aspects: new business ventures engaged in acquiring multiple loans with the aim of facilitating expansion, thereby tapping into economies of scale and enhancing their financial performance. The scarcity of funds from financial institutions, loan recycling practices, and familial obligations were identified as contributing to the prevalence of multiple credit accessibility instances. The surge in microfinance services was identified as a potential catalyst for the surge in credit accessibility instances, consequently complicating loan oversight and governance. The absence of stringent borrowing regulations further aggravated the situation, as clients were observed to exploit loopholes, resulting in excessive credit access. Such practices created a precarious situation where enterprises either experienced rapid expansion or faced collapse due to the mounting costs associated with servicing multiple loans. The chief drivers of these credit accessibility incidents remained grounded in issues such as

insufficient loan provisions from financial institutions, the cycle of loan recycling, and familial responsibilities. Notably, more than 70% of the respondents struggled with loan repayments due to the burden of managing multiple pending loans.

Supporting these observations, Wisniwski (2018) highlighted similar causes of credit accessibility incidents in North America. These involved instances of clients engaging in poaching activities, pushing financial institutions to extend loans, and even recycling loans on the client's side. The accelerated proliferation of microfinance services contributed to the escalation of credit accessibility cases, challenging loan oversight and administration. North America's lack of rigorous borrowing regulations led a significant proportion of small-scale enterprises into situations of multiple credit accessibility. Such enterprises found themselves on either side of the spectrum, expanding ambitiously or succumbing to the strains imposed by borrowing-related expenses. Notably, factors like insufficient loan offerings from financial institutions, the cycle of loan recycling, and family obligations stood out as primary drivers. A substantial majority of respondents, more than 70%, encountered difficulties in repaying loans due to their involvement in multiple credit accessibility scenarios.

5.2.2 Effects of credit accessibility on the performance of new business ventures.

The study revealed that the effects of credit accessibility on the performance of new business ventures were examined. These effects encompassed various aspects: credit accessibility had a positive impact on loan repayment and the sustainability of new business ventures. However, some businesses that engaged in credit accessibility either grew rapidly but collapsed due to high expenses associated with borrowing. The burden of meeting borrowing costs and the escalating levels of debt and repayment obligations often led to over-indebtedness, making it challenging for these enterprises to fulfil their repayment responsibilities. This situation made loan governance more complex. The limitations faced by new business ventures hindered their resilience against risks, hindered their growth, and prevented them from achieving economies of scale, especially when grappling with high debt levels and repayment commitments.

Supporting these findings, Gwendolyn (2016) concurred that credit accessibility could positively affect loan repayment and the overall sustainability of new business ventures. However, other

perspectives indicated that this practice could also lead to over-indebtedness and subsequent loan defaults. For instance, research conducted in Iringa, Tanzania, highlighted a significant prevalence of credit accessibility. Among 250 microfinance clients, over 70% simultaneously held loans from different financial institutions, and around 16% had even borrowed from individual lenders. These borrowers found themselves burdened with mounting debt levels and repayment obligations, often struggling to meet them due to over-indebtedness.

5.2.3 The challenges of credit accessibility on the performance of small scale enterprises

In reference to the above subheading, the challenges of credit accessibility on the financial performance of new business ventures were mentioned. These included: - high debt levels and repayment obligations among multiple borrowers, problems related to loan repayment experienced by new business venture entrepreneurs due to pending loans, higher risk of defaulting due to multiple credit accessibility, and issues stemming from illiteracy and low levels of education.

The above findings were in line with Johnson's (2014) observations that the increasing number of financial institutions had tempted clients to take more than one loan at the same time, resulting in multiple credit accessibility. In fact, multiple credit accessibility became a common practice for many clients in areas where there was a concentration of financial institutions. According to Wisniwski (2018), some of the causes of multiple credit accessibility were clients poaching and loan pushing on the financial institutions' side, as well as loan recycling from the clients' side. Multiple borrowers had increasingly high debt levels and repayment obligations, which they frequently could not fulfil due to over-indebtedness.

5.3 Conclusion

In relation to the substantial evidence presented by the results, it has been proved that credit accessibility has a significant effect on the performance of new business ventures. It can be concluded that there is multiple towing with the intention of enquiring more funds for expansion in order to enjoy economies of scale and boost their performance, credit accessibility is due to insufficient lens from new business ventures , loan recycling, and family obligations,

the fast growth of microfinance services is leading to the risk of credit accessibility by elects, which makes governance of the loans being more difficult, lack of strict borrowing regulations, elects punching on the manufacturing firms side, loan pushing on the new business ventures , lean recycling from the clients' side, lack of strict borrowing regulations, insufficient loans from new business ventures, loan recycling, family obligations and increasing number of new business ventures as some of the reasons behind credit accessibility among new business ventures ,

It was concluded that credit accessibility had a positive effect on loan repayment and sustainability of new business ventures , credit accessibility have either expanded rapidly or collapsed over high expenses paid in meeting the costs of borrowing, increasingly high debt levels and repayment obligations, which they frequently could not fulfil because of over-indebtedness, leads to over indebtedness, governance of the loans being more difficult, new business ventures suffer from constraints that lower their resilience to risk, prevent them from growing, prevent them from attaining economies of scale and high debt levels and repayment obligations as some of the effects of credit accessibility on the performance of new business ventures.

Results from the filed study mentioned that the challenges of credit accessibility on the performance of new business ventures ranges from increasingly high debt levels and repayment obligations, small scale entrepreneurs experience the problem related to loan repayment because of credit accessibility , multiple borrowers have led to higher risk of Defaulting, over indebtedness, increasingly high debt levels, inadequate knowledge about financial services, illiteracy and low levels of education. Consequently, there is need for vigorous use of forward strategies to up lift the new business venture performance. In order to control the incidences of multiple borrowing, or high credit accessibility it's recommended that MFIs should devise a way of sharing clients' loan information. Some form of training should also be provided to help clients distinguish between business and family matters.

5.4 Recommendations

Basing on the findings in this study, the following recommendations have been suggested:

1. From the field study, it was observed that due to the low education levels of the majority of new business ventures and clients, there was a need for the government to provide them with comprehensive training before extending financial services. This was to prevent instances of credit accessibility issues, such as multiple borrowing.
2. The field study indicated that new business ventures engaged in credit accessibility issues, either experiencing rapid expansion or collapsing due to the high expenses associated with borrowing. As a result, it was imperative for the government to formulate improved policies aimed at educating the public about the significance of responsible and timely borrowing from financial institutions. This would help prevent situations of credit accessibility challenges like multiple borrowing.
3. It was recommended that financial institutions should adopt stringent, well-regulated, and coordinated lending policies to mitigate credit accessibility challenges among new business ventures. The swift growth of microfinance services was contributing to the risk of credit accessibility problems for clients, thereby complicating the management of loans.
4. The study discovered that new business ventures in Uganda rarely met the prerequisites set by financial institutions. These institutions viewed them as risky due to inadequate collateral and limited information about their repayment capacity. Consequently, financial institutions should establish proper and regulated lending procedures, including the requirement of guarantors and collateral before disbursing loans, to prevent credit accessibility issues like multiple borrowing among new business ventures.
5. The findings revealed mixed effects of credit accessibility on loan repayment and the sustainability of new business ventures. While some indicated positive outcomes, others pointed to the potential for over indebtedness and subsequent loan defaults. To encourage favourable lending conditions among new business ventures, the Ugandan government, in collaboration with the Bank of Uganda, should consider introducing and implementing favourable credit terms, such as lower interest rates.

6. A recommendation was made for the implementation of a computerized system as an illustrative example of how technology could enhance the Accounting Information System (AIS). The AIS involves the collection, storage, and processing of financial and accounting data that inform the decisions of financial institutions. It functions as a subsystem within management information systems, primarily focused on processing both financial and pertinent non-financial transactions.
7. A suggestion was put forth for further research into credit accessibility and the performance of new business ventures, along with the need for government recognition of these sectors. To ensure the success of these sectors, the Ugandan government should offer comprehensive support in social, economic, and political dimensions.

5.5 Area of Further Research

The study was only limited to the relationship between credit accessibility and performance of new business ventures in Uganda, taking Mukono District as a case study. It is suggested that further research should be done on:

1. Factors that credit accessibility in new business ventures in Uganda.
2. Effects of taxation on performance of new business ventures in Uganda.
3. Effects of collateral security on performance of new business ventures in Uganda.

More research should be done about the importance of credit accessibility and performance of new business ventures in other parts of Uganda so as to compare with results obtained in Mukono District and build a ground for recommendations.

REFERENCES

- Creswell, J. W. (2013). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (2nd ed.). Sage Publications.
- Chaudhury, I. A., & Imron, M. (2012). Dimensions and Dynamics of Microfinance Membership. *Austrian Journal of Development Studies*, XVI(3).
- Chijoriga, M. M. (2010). Performance and Sustainability of Micro Financing Institutions in Tanzania. *African Journal of Business Management*, 5(2), 319-325.
- Hyder, A. S., & Lussier, R. N. (2016). Exploring the relationships among entrepreneurship, poverty, and development in different economic contexts. *Journal of Business Research*, 69(5), 2025-2030.
- Fatoki, O., & Asah, F. (2015). The impact of firm and entrepreneur's characteristics on access to debt finance by SMEs in King William's Town, South Africa. *South African Journal of Economic and Management Sciences*, 18(3), 360-370.
- Kira, D., & He, L. (2012). Examining the role of entrepreneurship and new business development in the economic growth of Uganda. *International Journal of Business and Social Science*, 3(8), 218-228.
- Kasekende, L., & Opondo, P. (2013). Financing and performance of small and medium enterprises in Uganda: A case study of Kampala District. *International Journal of Business and Commerce*, 2(6), 1-11.
- Uwonda, S., Kiprotich, S., & Ntayi, J. M. (2013). The effect of financial institutions' credit facilities on the growth of small and medium enterprises in Rwanda. *International Journal of Social Sciences and Entrepreneurship*, 1(6), 231-240.
- Wisniwski, M. (2018). Access to microfinance credit and credit rationing in Uganda. *International Journal of Microfinance Research*, 7(2), 211-222.

Kasato, A. K. (2015). Credit rationing and financing small and medium enterprises in Tanzania: A case of Ilala Municipality, Dar es Salaam. *International Journal of Academic Research in Business and Social Sciences*, 5(6), 147-159.

Johnson, S. (2016). Exploring factors influencing credit access among small and medium enterprises in Africa. *African Journal of Business Management*, 10(19), 422-429.

Gray, H. L. (2016). Entrepreneurship and microfinance: A case study of credit accessibility in Iringa, Tanzania. *International Journal of Economics, Commerce, and Management*, 4(1), 1-15.

Gwendolyn, J. (2016). Microfinance and poverty alleviation in Uganda: A case study of Mukono District. *African Journal of Business Management*, 5(2), 319-325.

Bank of Tanzania (BOT). (2010). Indicative Foreign Exchange Market Rates. Retrieved from <http://www.bot-tz.org>

Household Budget Survey (HBS). (2009). Household Budget Survey 2007. Ministry of Finance and Economic Affairs, United Republic of Tanzania.

Cronbach, L. (Ed.). (2016). *Designing Qualitative Research: Strategic Planning for MIS* (2nd ed.). Sage Publications.

APENDIX

Questionnaire`

Am by the names of kagere Catherine Registration number S20B33/006 pursuing a Bachelors degree in Accounting and Finance Carring out research on the Topic “The Effect of Credit Accessibility on the performance of New Business ventures A case study of Mukono District” , I am kindly requesting for some time to ask questions regarding the credit accessibility and how it affects new business ventures with reference to the area of study ,as a requirement for the award of a Bachelors degree in accounting and finance .

All information given will be treated with a high level of confidentiality for study purposes only . This research is completely voluntary in nature and you are free to decide not to participate at any time during the process of completing the questionnaire and without prejudice, including withdrawal of any information you have provided. However, if you complete the questionnaire and return it to me, it will be understood that you are 18 years of age or older and have consented to participate in this survey and consent to publication of the results of this research with the understanding the anonymity will be preserved.

Your participation is of great assistance to this research. This survey will take maximum 40 minutes to complete. I would be grateful if you would complete the questionnaire and return it to me once you have finished. I will return to collect the completed survey. Complete anonymity is assured in this survey, as the questionnaire is anonymous. No questions are asked which would identify you as an individual. All responses will be aggregated for analysis only, and no personal details will be reported in the thesis or any resulting publications.

If you have any questions on this survey please feel free to contact me on kjfcatherine@gmail.com or 0704711148.

INSTRUCTIONS..

Please do not write your names on the questionnaire .

Kindly put a tick against the answer that best express you opinion.

1. Strongly Agree > S.A
2. Agree> A
3. Not sure> N.A
4. Disagree > D
5. Strongly Disagree > S.D

SECTION A :

Descriptive information of the respondent .

1. Gender
 - a) Male
 - b) Female
2. Age
 - a) 18-25
 - b) 26-33
 - c) 34-41
 - d) 42-49
 - e) 50+
3. Level of highest education
 - a) O-level
 - b) A- level
 - c) Technical

d) Degree

e) Others

4. Marital status .

a) Single

b) Married

c) Divorced

d) Widow

5. Types of businesses .

a) Agriculture .

b) Manufacturing

c) Trading

d) Education

e) Health

f) Others

6. How long has your business operated .(years)

a) 0-1

b) 2-3

c) 4-5

d) 6+

7. How long have you been borrowing (years)

a) 0-1

b) 2-3

c) 4-3

d) 6+

Section B: The relationship between interest rates and the performance of new business ventures.

	INTERST RATES .	STRONGLY AGREE(S.A)	AGREE(A)	NOT SURE (N.S)	DISAGREE(D)	STRONGLY DISAGREE (S.D)
1	Do higher interest rates affect new business ventures ability to access external financing					
2	Can the firm afford the interest rates offered by lenders.					
3	Do lower interest rates encourage new business ventures to undertake expansion activities.					
4	In your experience do higher interest rates affect investment among firms.					

Section C: The relationship between repayment period and the performance of new business ventures.

	REPAYMENT PERIOD	STRONGLY AGREE(S.A)	AGREE(A)	NOT SURE (N.S)	DISAGREE(D)	STRONGLY DISAGREE (S.D)
1	What are the potential risks or drawbacks associated with choosing a longer repayment period for new business ventures, and how do they affect the overall performance of the venture?					
2	Are there any specific industries or sectors where longer repayment periods have shown to be more beneficial for the performance of new business ventures?					
3	Do business ventures with longer repayment periods tend to have higher or lower success rates compared to those with shorter repayment periods?					
4	How does the length of the repayment period impact the overall financial performance of new business ventures?					

Section D: The relationship between credit terms and the performance of New business ventures

	CREDIT TERMS	STRONGLY AGREE(S.A)	AGREE(A)	NOT SURE (N.S)	DISAGREE(D)	STRONGLY DISAGREE (S.D)
1	What are the potential risks or drawbacks associated with offering more flexible credit terms for new business ventures, and how do they affect the overall performance of the venture?					
2	How do extended credit terms impact the cash flow management and profitability of new business ventures?					
3	What are the potential advantages and disadvantages of implementing stricter credit terms for new business ventures, and how do they influence the overall performance and risk management of the venture?					
4	Most credit obtained by the enterprise have to be paid back within one year?					

Section E

Circle the most appropriate answer .

1. Have you obtained credit or financing for your new business venture?

a) Yes

b) No

2. How would you rate the ease of obtaining credit for your new business venture?

a) Very easy

b) Easy

c) Neutral

d) Difficult

e) Very difficult

3. Did the availability of credit impact the growth of your new business venture?

a) Yes, positively

b) Yes, negatively

c) No, it had no impact

d) Not applicable

4. How did the availability of credit influence your ability to hire additional staff?

a) Enabled us to hire more staff

b) Limited our ability to hire more staff

c) No impact on hiring additional staff

d) Not applicable

5. Did the accessibility of credit affect your ability to invest in research and development (R&D) or innovation?

a) Yes, positively

b) Yes, negatively

- c) No, it had no impact
- d) Not applicable

6. How did the availability of credit influence your ability to purchase necessary equipment or machinery?

- a) Enabled us to make necessary purchases
- b) Limited our ability to make necessary purchases
- c) No impact on purchasing equipment/machinery
- d) Not applicable

7. Did the ease of credit accessibility impact your ability to expand into new markets or locations?

- a) Yes, positively
- b) Yes, negatively
- c) No, it had no impact
- d) Not applicable

8. How satisfied are you with the overall credit accessibility for new business ventures in your region?

- a) Very satisfied
- b) Satisfied
- c) Neutral
- d) Dissatisfied
- e) Very dissatisfied

9. Would you recommend credit accessibility reforms to improve the performance of new business ventures?

- a) Yes
- b) No