THE EFFECT OF DEBT FINANCING ON THE SURVIVAL OF SMALL SCALE ENTERPRISES, A CASE STUDY OF NTINDA, NAKAWA DIVISION

BY

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DEDICATION

I dedicate this research to my dear mother Mrs. Angella, Aunt Eve and my sisters; Gloria, Dianne, Anita and my brother Ronald for all the support they have given to me throughout the time of conducting this research.

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May the Almighty God bless you all in your different capacities

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LIST OF ACRONYMS

OECD	Organization for Economic Cooperation and Development
EU	European Union
US	United States
SSE`s	Small Scale Enterprises
SSBs	Small scale businesses
MSE’s	Medium scale enterprises
SME`s	small medium enterprise
GDP	Gross Domestic Product
NGO`s	Non Government organizations
UK	United Kingdom
EU	European Union
OECD	Organization Economic Corperation Development
E.g	For example
I. e	That is to say
UMU	Uganda Martyr’s University.

ABSTRACT

Small scale businesses present the most dynamic economic foundation for growth amongst Ugandans today through income and employment creation. However, this vital sector has been greatly affected by the high interest rates being charged by debt financing institutions. The main objective of the study is to assess the effect of debt financing on the survival of Small Scale businesses in Uganda. The researcher not only employed cross sectional research and descriptive but analytical research design also.

Data was collected based on the objectives and questionnaires were distributed to 40 respondents. The researcher established that high interest rates charged on borrowings has greatly affected the survival as well as investment levels in SSBs forcing vendors and young entrepreneurs to depend on own savings and funds from friends and relatives.

The findings of the study also established that the interest rates on debt finances were high which acted as stabling block against borrowing and thus limiting the success of Small scale businesses amongst the vendors in The Ne Ntinda Market. Lack of enough training amongst the vendors on how to use and manage the loans was also noted as a limiting factor to debt financing and thus failure of lifting the standard of Small scale businesses.

However, the researcher recommended that interest should be reduced in order to create a favorable room for borrowing low interest loans a step that will create a remarkable difference on the success of Small scale businesses. It was also recommended that vendors are sensitized before the acquisition of loans from these financing institutions.

DEFINITION OF KEY TERMS

Debt

Debt is a way to make an investment that could not otherwise be made, to buy an asset (for example house, car and corporate stock) that you couldn't buy without borrowing. If that asset is expected to provide enough benefit (that is increase value or create income or reduce expense) to compensate for its additional costs, then the debt is worth it. However, if debt creates additional expense without enough additional benefit, then it is not worth it.

Debt financing:

Whenever a firm raises money for working capital or capital expenditures through selling bonds, bills, or notes to individual and/or institutional investors, it implies that in return for lending the money, the individuals or institutions become creditors and receive a promise that the principal and interest on the debt will be repaid (Hanandez 2000).

Small scale business:

A small scale business can be an enterprise engaging in small scale industries like Research and Development (R&D), manufacturing or cottage industries. The number of employees or workers varies from one country to another. Most of these are privately owned and operated, where sales turnover are low (Enterprise Uganda 2011).

Interest rate:

An interest rate is the rate at which interest is paid by borrowers for the use of money that they borrow from a lender. Specifically, the interest rate (I/m) is a percent of principal (I) paid at some rate (m). For example, a small company borrows capital from a bank to buy new assets for its business, and in return the lender receives interest at a predetermined interest rate for deferring the use of funds and instead lending it to the borrower. Interest rates are normally expressed as a percentage of the principal for a period of one year (Investorwords.com 2012).

Training:

Organized activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill (Black 2005)

CHAPTER ONE

GENERAL INTRODUCTION

1.0. Introduction

The chapter comprised of the background to the study, statement of the problem, purpose of the study, objectives of the study, scope of the study, research questions, significance of the study and limitations/ problems of the study.

1.1. Background to the study

The role of finance has been viewed as a critical element for the development of small and medium-sized enterprises. Previous studies have highlighted the limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development (Levy 1993). Typically, smaller enterprises face higher transactions costs than larger enterprises in obtaining credit (Saito and Villanueva 2001). Insufficient funding has been made available to finance working capital. Poor management and accounting practices have hampered the ability of smaller enterprises to raise finance. Information asymmetries associated with lending to small scale borrowers have restricted the flow of finance to smaller enterprises (Liedholm and Chuta 1994). In spite of these claims however, some studies show a large number of small enterprises fail because of non-financial reasons

Small businesses face more constraints at a start up developmental phases than when established. The role of the entrepreneurial enterprise as an engine of economic growth has garnered considerable public attention in the 1990s. Much of this focus stems from the belief that innovation particularly in the high tech, information, and bio-technology areas is vitally dependent on a flourishing entrepreneurial sector. The spectacular survival stories of companies such as Microsoft, Genentech, and Federal Express embody the sense that new venture creation is the sign for future productivity gains (Peel and Wilson 2006). Other recent " phenomena have further focused public concern and awareness on small business, including the central role of entrepreneurship to the emergence of Eastern Europe, financial crises that have threatened credit availability to small business in Asia and elsewhere, and the growing use of the entrepreneurial alternative for those who have been displaced by corporate restructuring in the U.S.

Accompanying this heightened popular interest in the general area of small business has been an increased interest by policy makers, regulators, and academics in the nature and behavior of the financial markets that fund small businesses. At the core of this issue are questions about the type of financing growing companies need and receive at various stages of their growth, the nature of the private equity and debt contracts associated with this financing, and the connections and substitutability among these alternative sources of finance. Beyond this interest in the micro-foundations of small business finance is a growing interest in the macroeconomic implications of small business finance. For example, the impact of the U.S. "credit crunch" of the early 1990s and the effect of the consolidation of the banking industry on the availability of credit to small business have also been the subject of much research over the past several years. Similarly, the "credit channels" of monetary policy. Mechanisms through which monetary policy shocks may have disproportionately large effects on small business funding (Beck et al, 2005).

In Africa, for example, the failure rate of SSEs is 85% out of every 100 companies due to lack of skills and access to capital (Cull R & Davisle 2004). It is typical of SSEs in Africa to be lacking in business skills, track record and collateral to meet the existing lending criteria of risk averse banks (World Bank 2000). This according to World Bank report (2000) has created a "finance gap" in most markets between US$50,000 to US$1 25 million. The small businesses are able to source and obtain micro finance mostly from the informal sector like friends and relations while large or medium enterprises, access these funds from banks (Beck et al. 2005). This unequal access to finance by MSEs and large enterprises has undermined the role of small scale business firms in the economic development of African countries at large and Ugandan economy in particular.

Africa has the highest mortality rate for small scale and medium scale businesses around the world (Beck, 2005). Recent research findings show that only one out of five small scales and medium scale businesses started in Africa will celebrate its fifth year anniversary (Beckhalm 2009). This also means that only one business out of every new five small scale business set-up will survive after five years of operation. Years of reforms and policies for small and medium scale businesses has continued to make little or no impact in most African nations. The business climate is rather too harsh for such businesses to survive.

It is known that, Kampala-Uganda is one of the easiest places to start up and run businesses compared to other places in the East African region. This is reflected by the number of Micro Small and Medium enterprises which account to over 99% of private business. Also, SMEs is one of the fastest growing sectors, due to fact that, in every year over 10,000 people starts a business. Though, 40% fail within a year and 80% within five years which Implies a high rate of failure of SMEs in Uganda.

According to Bank of Uganda (2011) Quarterly and Annual report, SMEs are increasingly taking the role of being primary vehicles for creation of new jobs that is, employing about three million (3,000,000) people, contribute to about 70%of GDP as well as paying taxes for national development. On top of that, they also provide the economy with a continuous supply of ideas, skills and innovation necessary to promote competition and allocation of scarce resources, domestic linkage such as the link between agriculture and large scale industries, and ensuring equitable distribution of income. This has in turn helped to mitigate the problem associated with unplanned urbanization, offering efficient and progressive decentralization of the economy. Thus, SMEs play a crucial role in creation opportunities that make the attainment of equitable and sustainable growth and development possible.

The Uganda Bureau of Statistics (2008) estimated the population of the Nakawa division at 37,300 people thus it has been a centre of many small scale enterprises around the area. Small scale enterprises are generally regarded as the driving force of economic growth, job creation and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization in some African countries have been achieved (Harris and Gibson 2006). While the contributions of small businesses to the development are generally acknowledged, entrepreneurs face many obstacles that limit their long term survival and development.

In Nakawa the different existing Small Scale Enterprises include motor vehicles garages, salons, telephone services, second hand clothes, hardware shops, bicycle repair, hand craft, printing and secretarial services, tailoring, carpentry, metal fabrications, bee keeping(apiary). For any viable small scale enterprise, loans are available. Terms may vary, but every loan is set to be repaid with interest at a future date. This cash flow option can be attractive to business owners because they do not have to sacrifice any ownership interests in their business. Furthermore, the interest on borrowed money may be tax-deductible. Finally, the costs are relatively fixed, and therefore predictable in planning for future business expenses.

1.2. Problem statement

Most small scale business units in Uganda collapse within the first five years of operation. According to the business health checks conducted by Enterprise Uganda, in 2009 there were 75% of small scale businesses registered and by June 2011, 45% survived (Enterprise Uganda internal report 2011). Although small scale business units have tried to increase their asset base to act as security to acquire loans for working capital, they still lack enough asset base and records to present to financial institutions to qualify for large loan acquisition.

Collapse of small scale business units in the first years could be attributed to high interest rates put on the loans they acquire from financial institutions, poor training of personnel of the fund, repayment period which result into their decline in performance and hence fail to survive since they have no more chance to access loans and inappropriate decisions will be made. Upon such a background therefore, the researcher intended to dedicate the study focusing on "the effects of debt financing on the survival of small scale enterprises in Ntinda-Nakawa Division.

1.3. General objective

To investigate the effect of debt financing on the survival of small scale enterprises in Ntinda-Nakawa Division

1.4. Specific objectives

I. To examine the of interest rates on borrowing among small scale businesses

II. To identify the contribution of training towards the survival of small scale businesses

III. To establish the relationship between fund repayment and the survival of small scale businesses

IV. To examine the role of entrepreneurial skills towards the survival of Small scale business

1.5. Research questions

The study was guided by the following research questions:

I. What are the effects of interest rates on the survival of small scale businesses?

II. What are the effects of training on the survival of small scale businesses?

III. What is the relationship between fund repayment and the survival of small scale businesses?

1.6. Scope of the study

1.6.1. Content scope:

The study was entirely confined to Small Scale Businesses since they engage themselves into debt financing capital to sustain the possibility of retail, wholesale shops, hardware and general merchandise, restaurants to mention but a few as a way to reduce unemployment levels

The study laid more emphasis on the reasons for the growth of SSBs towards the existence of debt finances. Through this the role of SSBs with the support of microfinance institutions and banks is recognized thereby encouraging small scale trade for employment and improved household earnings. The respondents will be managers/owners/share holders of the selected small scale enterprises who will have spent at least two years within an enterprise and who are residents of that area.

1.6.2. Geographical Scope

The researcher conducted the study concerning the role of debit financing in The New Ntinda Market (Nakawa division) located in Kampala District

1.6.3. Time Scope

The study was confined to the period between 2013- 2014. This time scope was selected because it was long enough for the researcher to find out the effects of debt financing on the survival of small scale enterprises in the selected market area.

1.7. Justification Of The Study

Justification of the study shows the relevance of the study at the material time and why it was worth conducting. NGO`s have observed that debt financing by financial institution contribute to the transformation of small scale enterprises. In addition, the government has also supported credit activities within the framework of other multi-purpose project including the micro projects program for the poor people to benefit especially those in rural area owning SME`s.

In most cases, Government programs have laudable objectives and achievable goals, although their implementation has lacked effective methodologies. If the study is not carried out soon, SME`s survival may still be below compared to the yardsticks of success. Therefore, there is need to restructure the schemes in existence with a view to increase the income of the SME`s by providing or improving already existing services for those SME`s to survive and grow.

1.8. Significance of the Study

The results of this study will benefit the following people;

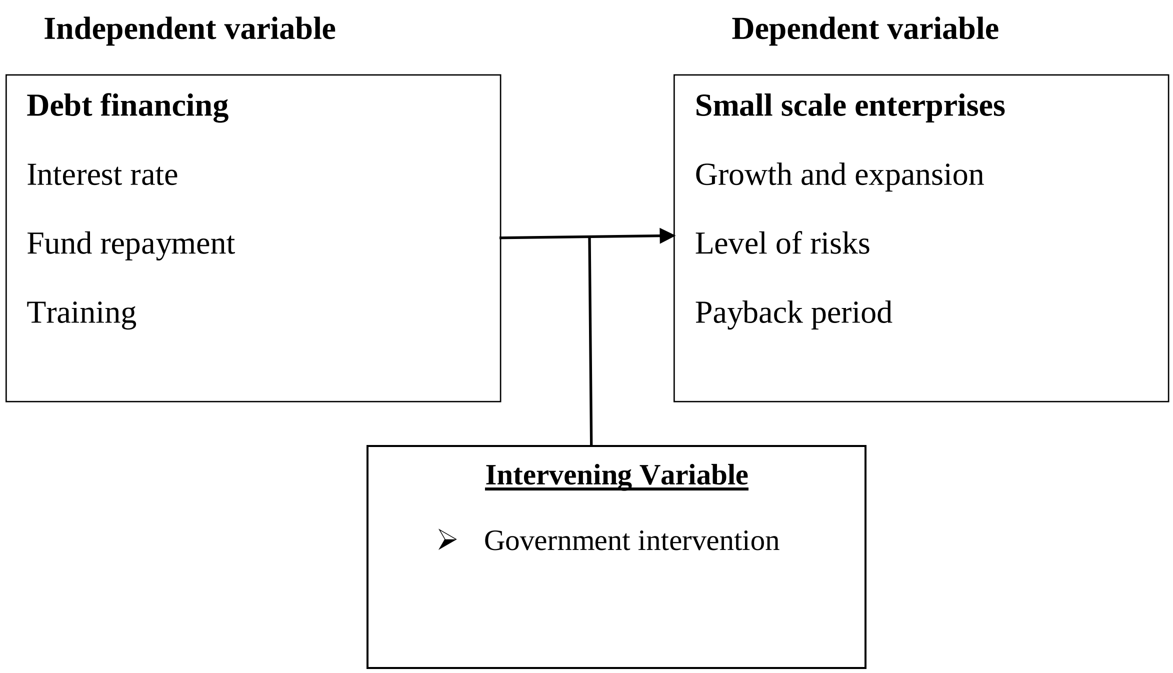
Small business owners, having full knowledge about the debt financing, it will be easy for them to obtain funds from the most appropriate sources available.

Government, financial analysts and administrators like managers to realize and assess the effects of debt financing on the survival of small scale enterprises, problems affecting small scale enterprises and perhaps identify the possible solutions to such problems

The future researchers, the study will be an eye opener to future researchers in making more analysis and criticize the problems related to the study phenomenon. The available data will be of great importance to the academicians interested in the field of the study phenomenon.

Training Institutions such as Universities, colleges and other microfinance institutions will find the study on debt financing on the survival of SSBs useful as a reference source. During their training, institutions will stress the emphasis of imparting more skills on how to handle microfinance related issues with the help of the study material.

1.9. Conceptual framework



The conceptual illustration above indicated that debt financing the independent variable does not include any provision for ownership of the company (although some types of debt are convertible to stock). Instead, small businesses that employ debt financing accept a direct obligation to repay the funds within a certain period of time. The researcher further assumes that, interest rate charged on the borrowed funds reflects the level of risk that the lender undertakes by providing the money.

Debts can be classified as long as long term (with a maturity shorter than 2 years), or a credit line (for more immediate borrowing needs). They can be endorsed by co-signers, guaranteed by the government or secured by collateral such as real estate, accounts receivable, inventory, savings, life insurance, stocks, and bonds, or the item purchased with the loan.

Researchers assume that training can have a direct effect on the survival of small scale businesses. Therefore trained business owner gets the skills on how to handle risks in the business through effective and efficient management. When the employees acquire the necessary skills through training they will perform well and influences the growth and expansion of the business.

CHAPTER TWO

LITERATURE REVIEW

4.0. Introduction

This chapter reviewed the literature related to the effects of debt financing on the survival of small scale enterprises were presented. The researcher highlighted: the general and different sources of debt financing, the effects of debt financing, survival levels of small scale enterprises as well as the relationship between debt financing and the survival of small scale enterprise in Uganda and elsewhere in the world. The themes that held literature concerning the study were discussed in relation to the objectives of the study and research questions.

4.1. Conceptual review

Debt financing is a strategy that involves borrowing money from a lender or investor with the understanding that the full amount will be repaid in the future, usually with interest (Beck et al. 2005). They added that, debt financing does not include any provision for ownership of the company (although some types of debt are convertible to stock). Instead, small businesses that employ debt financing accept a direct obligation to repay the funds within a certain period of time. They further explained that, interest rate charged on the borrowed funds reflects the level of risk that the lender undertakes by providing the money, for example, a lender might charge a startup company a higher interest rate than it would a company that had shown a profit for several years. Since lenders are paid off before owners in the event of business liquidation, debt financing entails less risk and thus usually commands a lower return.

Gupta et al. (2000) asserts that, though there are several possible methods of debt financing available to small businesses including private placement of bonds, convertible debentures, industrial development bonds, and leveraged buyouts by far the most common type of debt financing is a regular loan. They added that, loans can be classified as long-term (with a maturity longer than one year), short-term (with a maturity shorter than two years), or a credit line (for more immediate borrowing needs). They can be endorsed by co-signers, guaranteed by the government, or secured by collateral such as real estate, accounts receivable, inventory, savings, life insurance, stocks and bonds, or the item purchased with the loan.

According to De Gobbi (2003), the small scale businesses refer to small and micro enterprises that lack sufficient collateral to cover the particularly high risks involved yet they operate with high transaction costs. To her they represent the large proportion of the economic sector in every country. They sometimes operate in the informal sector since many micro entrepreneurs are illiterate and have limited access to information, they are vulnerable and neglected group commonly composed of home working women.

The European Union (EU) definition is based on the parameters of development, turnover and asset size and Organization for Economic Cooperation and Development (OECD) on employment and sales turnover. This implies that they play a vital role in alleviating poverty and increasing employment attributed to their promotion of competition and dynamism, since they augment government efforts in rural and urban areas thereby improving the household incomes which enables them to access various items for daily use at affordable costs. It is from this perspective that small scale businesses are dubbed as the small scale establishments since they operate at the least levels investment.

4.2. The effects of interest rates on the survival of small scale businesses

Depleted infrastructures, dysfunctional public utilities, multiple taxation, rising costs of imported raw materials and other inputs for manufacturing goods and services, prohibitive interest rates and inconsistent government policies and regulations have all combined to make it difficult for these small and medium scale businesses to thrive. Many of these companies or industries have either close-up for business or relocated to some other countries to start a new life and the few remaining ones churn out substandard products in a bid to catch up with the existing reality and maximize profit (Kiggundu 1988). Uganda's Small scale businesses have also experienced such difficulties and most of them have collapsed due to failure to access credit and those who have acquired credit have failed to repay due to high interest rates put on the credit end up selling the whole business to pay the loan.

Small firms typically find it difficult to borrow from a commercial bank due to inadequate collateral value of assets, high interest rates and unstable cash flows. Moreover, costs of debt financing are usually higher for small firms than for large firms due to the higher credit risk for small firms. Thus according to Huang (2002), heavy reliance on debt financing for capital needs may be negatively related to the profitability of small firms. Debt financing also includes the non-banking sources of finance and therefore because of the high cost of credit the management of MSEs may not opt for these alternatives available. However, despite high interest rates put on loans some SMEs in Uganda are performing well and are growing slightly bigger. Most SMEs which are growing are the ones which have borrowed from friends at low interest rates.

Microcredit practitioners have long argued that high interest rates are simply unavoidable, because the cost of making each loan cannot be reduced below a certain level while still allowing the lender to cover costs such as offices and staff salaries. The result is that the traditional approach to microcredit has made only limited progress in resolving the problem it purports to address: that the world's entrepreneurs pay the world's highest cost for small business growth capital (Murray 2000). The high costs of traditional microcredit loans limit their effectiveness as a poverty-fighting tool. Offering loans at interest and fee rates of 37% mean that borrowers who do not manage to earn at least a 37% rate of return may actually end up poorer as a result of accepting the loans. Therefore, if the interest rates are low Small Scale businesses will grow at a rapid rate than when the interest rate is high. This is in line to the researcher's objectives to find out the effects of interest rates on the survival of SME's.

According to Murray (2000), Alternative sources of cheap funds must be made available for entrepreneurs. Loans at more than 25% interest rates are usually too dangerous for the survival of a small scale business. Micro-credit funds should be made available. Import taxes must be reduced on all input or raw materials, multiple taxations must be solved and government policies must be favorable and stable. Particularly, when interest rates are low, debt financing allows the business owner to retain a larger ownership portion in the venture and have a greater return on the equity. Thus the business owner needs to be careful that the debt is not so large that regular payments become difficult if not impossible to make, a situation that will inhibit growth and development and possibly end in bankruptcy.

Existing financial institutions in Uganda charge different rates and fees for the credit and other financial services offered (USAID 2000). Murray (2000) noted that the interest rates charged by most micro credit/ finance institutions are four times higher than those of commercial banks and it is beyond a tolerable threshold. This leads to accumulated amounts payable by the youth thus affecting their working capital base and profitability. The interest charged will greatly affect the survival of the Small scale enterprises. Interest rates of micro credit institutions have been an issue over which there have been many debates among financial practitioners. This literature is true to the existing situation in the Ugandan small scale businesses.

4.2.1. Theories on interest rates

First and foremost, the classical theory looks at what is termed as the real economic variables. It argues that the level of real interest rates is determined by; the level of savings and level of investment in capital equipment. It therefore emphasizes that the more people wish to save the lower will be the level of interest rates, as the supply of funds in form of loans rises relatively to demand. However the more people wish to invest the greater will be the demand for borrowed funds, other factors constant, and the higher will be the rate of interest (Apps 1990).

Secondly, Cox (1990) states that the Keynesian theory disregards the relevance of money. It therefore argues that the use of money is simply to determine the absolute price level and hence does not affect level of savings and investments. The theory also emphasizes that supply and demand for money is an interaction of the two variables that determines interest rates. So the more money that people wish to hold, the higher will be its price and the grater the supply of money the lower the price will be. The two theories above as used to explain levels of interest rates can be reconciled.

Thingan (1982) further presented the findings of Klein who critically analyzed the theories and came to a conclusion that if the two theories are explained in terms of share and stock analysis they could come to the same thing. He emphasized that since the loanable funds version is a flow analysis of interest rate determination, it can be reconciled with the liquidity preference theory.

Cox (1991), later took his position on the reconciling the two theories of which he argued that while the Keynesian theory seeks primarily to explain short-term changes in interest rates; it's not consistent with explaining long-term changes in interest rates that are proposed by the classical theory. Equally, much as the classical theory primarily explains long-term changes, it is inconsistent with explanation of short-term changes in interest rates as advanced by the Keynesian theory.

4.2.2. Causes of high interest rates

The interest rate charges on a loan will always vary and never at a constant, to some extent on the risk of default. Borrowers that look equally risky to the bank suffer rising interest rates. This is due to the fact that banks tend to incorporate the risk factor in the loan portfolio that normally carries a higher interest rate (Kohn 1993). Banks have experienced numerous frustrations in attempting to recover non-performing loans through the judicial process, this makes the banks incur additional costs in lengthy litigation processes. These costs are reflected in interest rates.

Julian (1986) provides that a large increase in government borrowing to finance current spending will push up interest rates if there is no parallel increase in private sector saving. This will occur even with stationary inflation rate.

Real interest rates in one country will be influenced by external factors such as interest rates in other countries and expectations about exchange rate movements. When interest rates in oversees countries are high, interest rates on domestic currency investments may need to be comparably high to avoid capital transfers abroad and a fall in the exchange rate of the domestic currency against other currencies (Mwangi 2011).

In the Ugandan scenario for instance, Juma Kisaane, the DFCU bank managing director says, the bank sources funds from other financial institutions abroad which price their money at the prevailing market rates “Therefore the loans we advance that we advance cannot be priced below the rate at which we access the funds” (Mwangi 2011**)**.

Weston (1981) attributed changes in the level of interest rates to supply and availability of funds to borrowers. He argued that, within a framework of general and financial patterns, short-term interest rates patterns and forecasts can be analyzed through the use of flow of funds accounts. These accounts depict the behavior of major kinds of suppliers and demanders of funds. They helped to determine the direction of pressure on interest rates. He added that, a period of high interest rates reflects tight money, which in turn is associated with tight reserve positions at commercial banks. At such times interest rates rise.

Bankers argue that the prevailing macro-economic environment influences the cost of funds for instance, the Annual Headline Inflation rate for the year ending February 2011 rose to 6.0 per cent from 5.0 per cent recorded for the year ended January 2011 (UBOS 2011).When there is inflation for instance, the monetary authorities tend to raise the statutory interest rates and reserves as a way of reducing money supply in the economy. This automatically will force the other financial institutions to raise their interest rates.

The poor repaying culture among some customers increases the lending risks for bank. Risky customers are charged high interest rates while less risky customers can negotiate for good rates on the loan. Poor lending particularly by government owned banks due to political influence in approval of non viable loans as well as insider lending and fraudulent activities by directors in indigenous and Asian owned banks (Mwangi 2011**)**.

4.3. Performance of Small scale Businesses

Tadlianvini et al. (2002) states that firm performance is a multi-dimensional concept for any business which may require it be financial or non financial. Firm's performance can be measured by sales growth and development of new markets and products among others

Making a sale is any principle activity for any business which makes it get involved in selling products or services in return for money or other compensation. Making a sale is an act of completion of a commercial activity. Sales growth is often used as a measure of business performance. The assumption is often made that if sales increase, profits will eventually follow (Thomas and Mason 2007).A key determinant of survival in a firm's growth is sales provided of course, that the profits and cash flows generated from sales are adequate to cover the costs incurred in generation of the revenue.

The growth of sales volume of a business can only be achieved with availability of adequate capital to carry out activities like sales promotion among other sales activities. Therefore, acquisition of this capital, firms need sources of funds of which borrowing is one of the most common sources of funds. When a business takes o a loan, it has to pay back with an interest of which these interest rates as per now are high leading to low performance of Small scale businesses. That is, reduced sales growth (poor performance) due to high interest rates.

New markets or clientele development do not emerge nor do they appear but they are made by the activities of the firm (Anderson and Gatignon 2003).New markets are created when firms correctly sense a latent need to communicate their solution to that need. New market can be created by carrying out marketing activities like product design, branding, promotion, pricing, sales and distribution of established products or innovating new products all dependent on the organization's expenditures.

4.4. Issues faced by debt financing institution when giving credit to small scale businesses

Unlike formal debt financing, informal lenders often attach more importance to loan screening than to monitoring the use of credit. Screening practices often include group observation of individual habits, personal knowledge by individual moneylenders and recommendations by others, and creditworthiness. In-group lending programmers, members are made jointly liable for the loans given to them. The joint liability plus the threat of losing access to future loans motivates members to perform functions of screening loan applicants, monitoring borrowers and enforcing repayment. Investigations of the effect of intra-group pooling of risky assets show that groups exploit scope and scale economies of risk by pooling risks and entering into informal insurance contracts. This confirms the role of social cohesion in-group repayment (Zeller 1998).

One of the most important rationales for a group lending is the information and monitoring advantages that member based Debit financial institutions have compared with individual contracts between bank and borrower. The main argument in the rationale is that in comparison with distant bank agents, group members obtain information about the reputation, indebtedness and wealth of the applicant. Debt finance institutions also able to use social sanctions to compel repayment. However, it has been shown that a number of factors may undermine repayment performance of group lending under join liability. These include reduced repayment incentives for individual borrowers where other members default, and the incentive to borrow for riskier projects under group based contracts (Mwangi 2011).

4.5. Actual Review

4.5.1. The effect of training on the survival of small scale businesses

When the nature of formal training provided is investigated within existing established small firms the Cambridge Small Business Research Centre (1992) study makes it clear that it is the larger SMEs which are more likely to use some form of external training than smaller SMEs. For example, only 25 per cent of larger SMEs which provided formal workforce training relied exclusively upon insiders, compared with 51 percent of micro-firms. However, Mangham and Silver (1987) found, in their 1985/86 study of management training in 2,500 firms in the United Kingdom, that over half of all United Kingdom companies appeared to make no formal provision of training to their managers. In marked contrast to the Cambridge study findings, they noted smaller firms made a greater use of external sources. Further, they also found an increase in the use of formal in house training as business size increased. On-the-job training, however, was seen as being crucial irrespective of firm size. This might have been so in the US and the UK, but there is no evidence that it also applies to the Ugandan context, therefore, the researcher want to find out whether the literature is relevant to Uganda.

Blackburn (1990) reported similar findings in a study of 106 small electrical and electronic engineering firms in Dorset. He found out that, although only 3 percent of the total workforce of the sample was engaged in formal training, these places were provided by about one-third of the firms in the sample. These firms were, on average, three times as large as the non-participants. Unlike the Cambridge study, Blackburn noted that those firms participating in non-formal training schemes were those which had experienced faster recent rates of employment growth than non-participants. The literature does not explain the extent to which this study is applicable to Uganda, the research therefore, will find out the effects of training on the performance of SMEs in Uganda. And they failed to explain why the SME's engaged in non-formal training?

Henry et al. (1991) in their review of human resource development in SME's suggest in most firms the primary drives that promote the desire for new learning come from factors associated with short-term performance- namely problems of production/ service efficiency and quality. In addition, the need for training reflects the quality of the labour supply in the local labour market as well as the characteristics of the product/ service produced and competition faced by the SME. Further, the ownership and organizational character of the firm (including the age of the business and its management) will affect the openness of SMEs to new practices and management training. The infrastructure for training, especially in the area can also have an impact on the scope for investment in human capital in SMEs their survival.

The provision of training support to SMEs has increased considerably since 1971, and in the 1990s it is a major 'indirect' small firm's initiative. It is designed to improve the quality of management within small firms, either by provision of training of, generally, the owner manger, or by the subsidized use of external expertise. The provision of training and support to SMEs has increased considerably involving national and local government, the private sector and further the higher education. But how does it affect the survival of SME's? This is not mentioned in the literature, the researcher carrying out this study to find out that.

Among other services offered by bodies in charge of debt financing institutions include provision of Financial Literacy which takes on activities of training people to develop basic financial competencies which can be used to guard their assets from being eroded by misusing the already available resources. Furthermore, through training, counseling and Financial Management is spread out to borrowers which help women develop debt management skills to avoid loan defaulting which can lead to loss of the securing assets or collateral security (Kyeyune 2007).

With training programs provided by debt finding institutions, owners of small businesses are trained and sensitized over several issues. These include, how to save, how to invest, how to run and survive in business etc. this empowers the business owners with a different skill that helps them curb the magnitude of ignorance, which at times is exploited by other unrecognized financers and consequently affecting their entire business operation. With the training acquired, business personnel have the right to fight risk in business, make rational decisions and eventually boost their business knowledge and finally make them survive onto the market (Jonathan &Robert 2002).

4.5.2. The relationship between fund repayment and the survival of small scale businesses

Schlitz (2000) asserts that, many entrepreneurs begin their enterprises by borrowing money from friends and relatives. He further explained that, the main advantage of this type of arrangement is that friends and relatives are likely to provide more flexible terms of repayment than banks or other lenders. In addition, these investors may be more willing to invest in an unproven business idea, based upon their personal knowledge and relationship with the entrepreneur, than other lenders. A related disadvantage, however, is that friends and relatives who loan money to help establish a small business may try to become involved in its management. Experts recommend that small business owners create a formal agreement with such investors to help avoid future misunderstandings which may cause collapse of the business.

Prior research has shown that a number of factors constrain the growth of small-businesses, especially a lack of capital or financial resource repayment. However, the degree to which limited financial resources alone are a major obstacle is still debatable. Studies by Dia (2006), Godsell (1991), Hart (2002), and Harper (1996) found that additional capital is often not required and can be overcome through creativity and initiative. Kallon (1990) found that the amount of capital needed to start a business is significantly negative when related to the rate of growth for the business. He also found that access to commercial credit did not contribute to entrepreneurial survival in any significant way, and, if it did, the relationship would be negative. This may be true to some extend but however, to Uganda it may be vice-visa, because most businesses are operating on loans, only when it comes to repayment businesses have found difficulties in their operations. This is why the research wants to find out the relationship between debt repayment and the survival of small scale businesses in Uganda.

On the other hand, some researchers have argued that small businesses are under-capitalized. Business owners in Africa tend to depend upon their own or family savings, and access to capital remains a challenge and little they are to get repaying it is a problem. Most of them cannot meet the requirements for commercial loans, and those who do find such loans expensive (Gray et al. 1997). For example, Kallon (1990) found that 65.6% of the firms studied depended entirely upon personal savings for capital, 10.9% had access to family savings, 9.4% used commercial banks, and 7.8% drew resources from partners, shareholders, and other sources but 0% of the businesses studied managed to repay back the loan and survived. However, this may not be applied to Uganda since it was carried out from a different country; the researcher is trying to find out the applicability of this literature in the Uganda business sector.

The level of interest rates has a direct effect on a consumer's ability to repay a loan. For example, Thordsen and Nathan (1999), assert that when interest rates are low, people are willing to borrow because they find it relatively easy to repay their debt. When interest rates are high, people are reluctant to borrow because repayments on loans cost more. Some consumers may even find it difficult to meet their existing loan repayments, especially if interest rates increase faster than the rise in a consumer's income. If interest rates rise sharply and stay high for a long period, some consumers will default on their loans.

4.6. Conclusion

In a nutshell, from the views of various researchers show that indeed Small scale business need debit financing for their survival as though these institutions have a big part to play in order to grant this extended survival to the various small business owners. These have to provide more beyond the funds they give to the business operators by providing training and advisory services to the business owners.

CHAPTER THREE

RESEARCH METHODOLOGY

5.0. Introduction

This chapter mentioned and described the methods and processes of how the researcher carried out the study. It covered the items which included; the research design, study area, population of the study, sample size, sample selection methods, data analysis techniques and limitations of the study.

5.1. Research Design

The study took on a case study design because the design deals with the samples of the population which is a cross section of the population from the population of 40 small scale businesses that can easily be done for a short period of time in terms of collecting and presenting The researcher also employed a descriptive and explanatory research designs to ascertain, describe the characteristics of variables and explain the occurrence of the problem. In addition, associational and cross sectional research designs were used in order to generate the relationship between the variables over a period of one to two months.

5.2. Study Population

The study was conducted from various vendors that run Small scale businesses within The New Ntinda market (Nakawa Division)-Kampala Distinct on existing management/owners and employees therein. The population was comprised of 45 individuals from which the researcher obtained the information while in the field of research.

5.3. Sample Size

The study took on a sample size of 40 respondents from the population on the small scale business operators. The criteria for selecting the sample size is developed from the sample size determination table as calculated under the formula provided by Krejcie and Morgan (1970).

5.4. Sampling Design

The research process used purposive sampling in order to select respondents with specific desired information. This design was used because the target population in the market is key beneficiaries to debt-financing. Also stratified sampling designs were at some point used to select respondents from the population with least bias. The strata included; owners and employees. In addition, convenient sampling was also be used to select respondents with the desired information like the owners.

5.5. Sources of Data

Data from the market was collected from both primary and secondary sources. Primary sources included responses of respondents from the selected SMEs as well as personal observation whereas secondary sources from which the researcher obtained data included; publishes reports on SSBs, text books, journals and news letter.

5.6. Methods of Data Collection

The researcher employed two instruments in the process of data collection; a questionnaire and an interview guide. These two research instruments were used in order to allow triangulation and collaboration.

5.6.1. Questionnaires

Data from the field was collected using questionnaires which were given to respondents to fill following instructions that were assigned to them.

The questionnaire contained both open-ended and closed-ended items which will be administered to the selected 40 respondents to generate qualitative and quantitative data. The researcher's choice of the questionnaire method was because of its convenience, could reach out to many respondents in a short time and can be used to solicit for data from those respondents who can read and write. Questionnaires were instrumental in gathering data on SSBs activities within the market amongst the vendors.

5.6.2. Interview Guide

The interview guide was composed of the procedure and questions to be put before the respondents in the logical order. It was used to elicit qualitative data from respondents because this guide has the ability to elicit in-depth information from respondents since it allows probing during the course of the interview. The tool was very helpful in getting data from those respondents who cannot read and write. The interview guide was equally helpful in soliciting for first hand information regarding SSB's activities in relation to the objectives of study.

5.7. Data Processing and Analysis

Data obtained was edited in English of which Errors were analyzed to produce meaning full information to support findings.

5.7.1. Editing

This was done to eliminate errors in order to ensure that only correct and vital information is identified and used to draw conclusion. Therefore, unclear information that was presented by the respondents was edited.

5.7.2. Coding

Verbal data was converted into variables and categories of variables using numbers so that data can be entered into a computer for analysis.

5.8. Reliability and Validity

During pre-testing, the questionnaire was tried out on selected individuals under situations similar to those of the actual sample that will be used in the study. This was done after discussing them with the supervisor. The purpose of pre-testing the instruments was to identify deficiencies in the instrument. The questions that appeared vague and therefore interpreted differently by respondents. Pre-testing the instrument helped the researcher to enhance the reliability and validity of the instrument.

5.9. Ethical Consideration

The researcher sought permission from the office of the market chairperson by presenting a letter of introduction from Uganda Martyr's University Nkozi (UMU). The respondents were also given sufficient time to respond without being inconvenienced. The researcher gave out more questionnaires than the required number to cater for those that were likely not to be returned or filled properly.

To every questionnaire, a letter explaining the purpose of the study was attached. The respondents were assured of anonymity and confidentiality in order to encourage honest responses. The distribution and collection of questionnaires from the respondents was conducted by the researcher in person as they were thanked for their participation.

5.10. Limitations to the Study

The researcher faced a number of problems and challenges in the course of carrying out the research amongst the vendors, these were;

Financial constraints: Being student and self sponsored, the researcher experienced financial hardship in terms of transport costs, stationery among others, however this problem was addressed by reducing expenditures on transport through walking instead of using a tax or boda-boda, not taking launch at some point among others.

Time: Since the study required allot in a limited time, plus other demanding academic issues such as tests and exams. To this the researcher drafted and used a time table to effectively manage the time and eliminate time wasting activities and moments which included; watching films and sports, clubbing. This helped the researcher to allocate time for both research and books at the same time.

Slow response and non response from some of the respondents: Since some respondents were expected to claim how busy they were and others not being available at all while others were expected to be jealous with the researcher as research was conducted. This was reduced by keeping in touch with the respondents, and the researcher used a convincing tongue to attract them answer the questionnaires and also created personal relationships with them.

Weather changes which included unexpected rains and the hot weather were curbed by using the umbrella and the raincoat.

Conclusion

It was not that possible to test everyone in the target population given the size involved. A sampling technique will therefore be used to choose people who are representative (typical) of the population as a whole. This was because of the cost and time implications associated with using the entire population. The sample size chosen is representative of the entire population.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

6.0. Introduction

This chapter contains the findings of the study and their analysis, which was carried out as a view of exploring the effects of high interest rates on the performance of small and medium enterprises a case study of New Ntinda Market in Nakawa division**.**

The respondents to the study were selected using purposive sampling in order to get key informants from the markets who are the key beneficiaries to debt financing and a total of 35 respondents from the selected sample of 40 respondents responded in the study giving the researcher a response percentage of 87.5% response of the sample size.

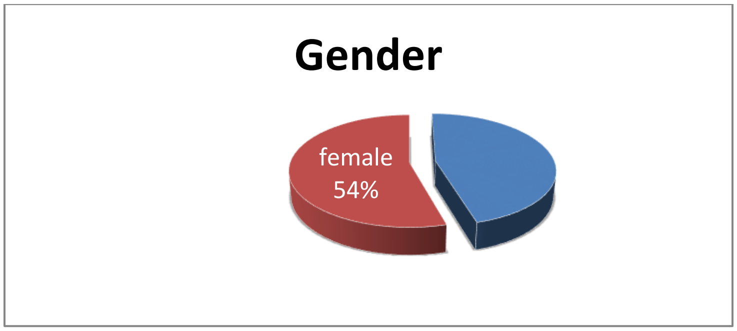
6.1. Demographic Characteristics of the Respondents

It was important within the due course of the study to find out from the respondents their age, sex, levels of education, status of employment, the nature of their businesses and their knowledge concerning debt financing. These specific characteristics would affect their participation in the study concerning the role of debt financing on the survival of small scale businesses.

6.1.1. Gender

Forty six percent (46%) of the respondents were male where as fifty four percent (54%) were female in the due course of the study as indicated in the study. This was because women seemed to be the lot that had ventured into businesses with the help of debt financing compared to men whose percentage was also not bad. Figure 1; has a better presentation of the gender percentage.

Figure 1: Gender

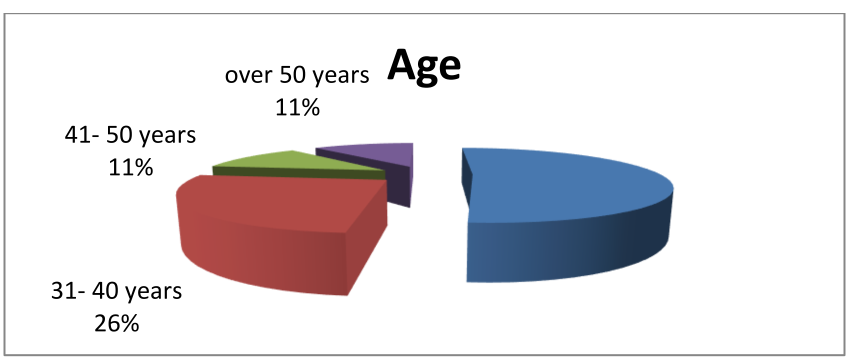


Source: Field Data: 2014

Women being the main beneficiaries of debt financing could be as a result of the fact that they are very sympathetic to the welfare and low income earners of their household members. Therefore they try as much as possible to get involved in activities that would enable them earn income that could assist them to buy the daily necessities as well as social services such as health, education, and land aqusition. Kasekende & Opondo (2003) confirm that with the current need for women development, various organizations have come up to support and encourage their development and thus their big percentage regardless of the men's percentage which might be guaranteed because they have to work and look after their homes as a mandate.

6.1.2. Age group of the respondents

Figure 2: Age group



Source: Field Data 2014

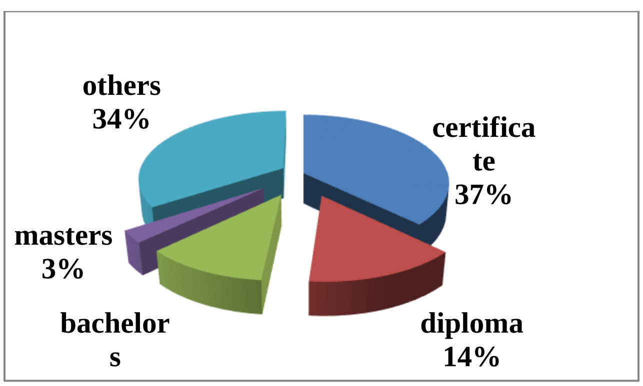
The respondents within the Market in the age bracket of (20-30) years seemed to be the biggest sect of debt finance beneficiaries. The basis of this is that many youth with in that range are new to the working environment without start-up capital to run new ventures which make them resort to borrowing finances form lending institutions inform of capital.

The numbers of the respondents within the age group of (40 and above) were sixteen all together of which Luyilika (2010) affirms that people within that age bracket are responsible people and also seemed to be settled and trustworthy compared to the youths in that debt financing institutions look at them as potential candidates of debt financing. However, this doesn't imply that there are irresponsible to properly use the funds for businesss survival. Looking at the age, the biggest percentage (52% for 20-30years) implies that the future of businesses awaits because these are young people who are keen to experience business growth.

6.1.3. Education Levels

The researcher presented various levels of education levels to the respondents which included; certificate, Bachelors degree, Diploma and masters and others a section that combined those who didn't have any qualification or school background as presented in the pie chart below.

figure 3: Highest Level of education attained



Source: Field Data 2014

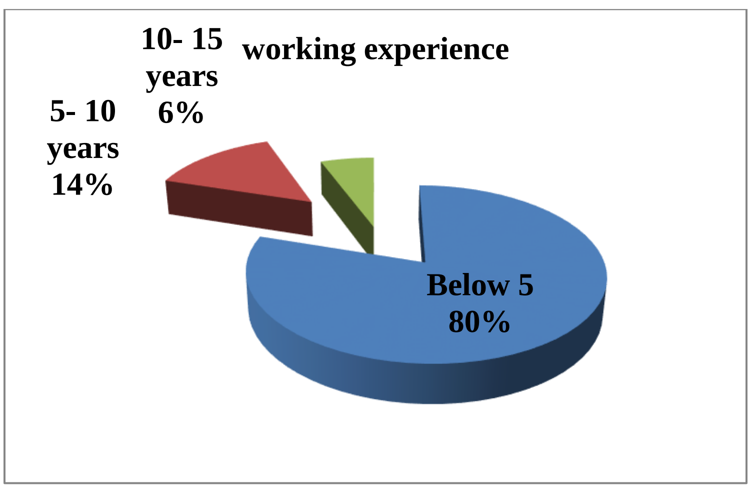
From the respondents, the biggest percentage of respondents i.e. 37% held certificate awards which was accompanied with 34% of the respondents that had no education background. The other percentages i.e. 12%, 14% and 3% were taken on by Bachelors, Diploma and masters respectively. This implied that the biggest percentage of the respondents were educated which proved greater success of debt financing amongst people operating small scale businesses within the market.

Kyeyune (2007) relates the survival of businesses on the education of those behind them. He noted that the individuals that are educated can easily pave ways through which businesses can survive. These calculate risks and plan for their businesses unlike those entrepreneurs without education backgrounds more so in business fields.

6.1.4. Working experience

The longevity of work by the respondents was presented by periods of years which included periods ranging from; below 5 years, 10- 15years, 5- 10 years and 15 years and above as presented in the pie chart below.

Figure 4: Working Experience



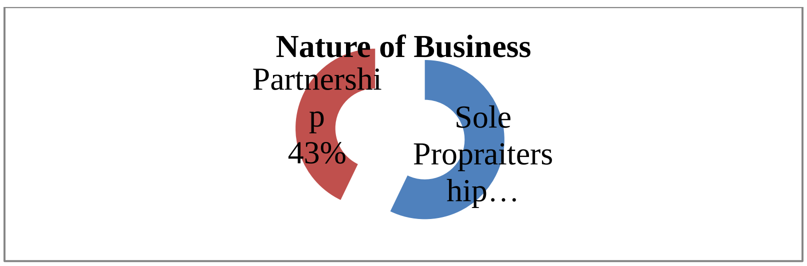
Source: Field Data 2014

From the pie chart, the respondents with the working experience below five years had the biggest percentage of 80% meaning that the market is filled with new entrants. None of the respondents was above 15years of longevity working in the market whereas those market longevity of (5-10 years) and (10-15 years) were 14% and 6% respectively.

The data proved that most of the respondents had low levels of experience as far as small businesses were concerned. This factor proved that the guarantee of business survival was so limited reason being that managing businesses would become a critical issue for the vendors.

6.1.5. Legal status of the businesses

Figure 5: Legal Status



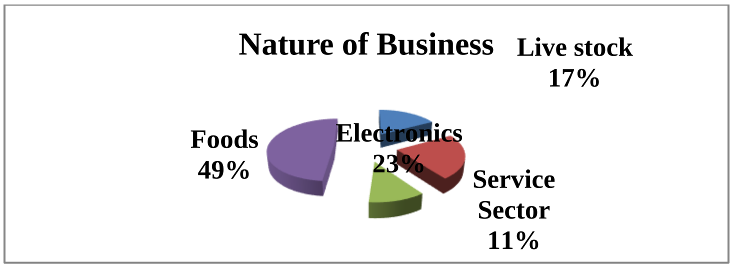
Source: Field Data 2014

From figure 5; most of the small scale businesses run by the respondents within the market were individually owned businesses with a response percentage rate of 57% where as some were owned by partners who had pooled resources to run the businesses in different groups who constituted a percentage of 43%. To debt financiers, it is always relevant to have an idea on whether to deal with individual borrowers or groups that are in need of loans according to the various advantages and shortcoming of each sect.

6.1.6. Sector of business dealing

These presented the nature of businesses the vendors were dealing in within the market in the due course of the research. The data concerning business dealing was presented in the pie chart as presented below.

Figure 6: Nature of business dealing

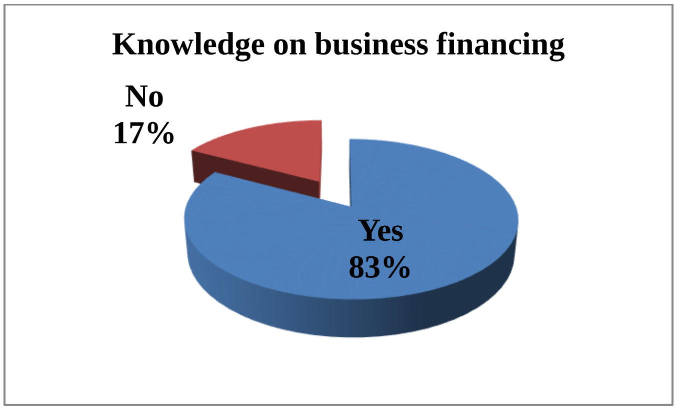


Source: Field Data 2014

The researcher noted that many of the respondents dealt in foodstuffs with the biggest percentage of 49% followed by those dealing in Electronics with 23%. Those dealing in live stock had a percentage of 17 followed by those in the service sector who were running businesses like saloons and Mobile Money were the least within the market with 11%. Respondents dealing in agriculture confirmed that they were key beneficiaries of debt financing more so those dealing in fruits.

Knowledge on debt Financing

Figure 7: Knowledge on Debit Financing



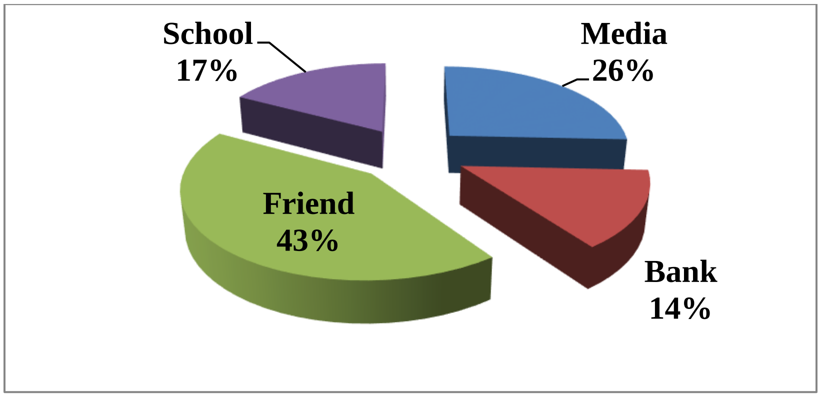
Source: Field Data 2014

It so happened that amongst the vendors within the market, the biggest percentage of them were aware of debit financing a portion that took a share of 83% and thus leaving the 17% of the share to those respondents that weren't aware of debit finances. The majority seemed to have been the beneficiaries of debit financing to support their businesses.

6.1.7. Source of Debit Financing information

Knowing the knowledge status of vendors' awareness on matters concerning debt financing was a very vital matter from the respondents. The findings on debit financing awareness from vendors were therefore presented in the pie chart below.

Figure 8: Source of Debit Finance Information



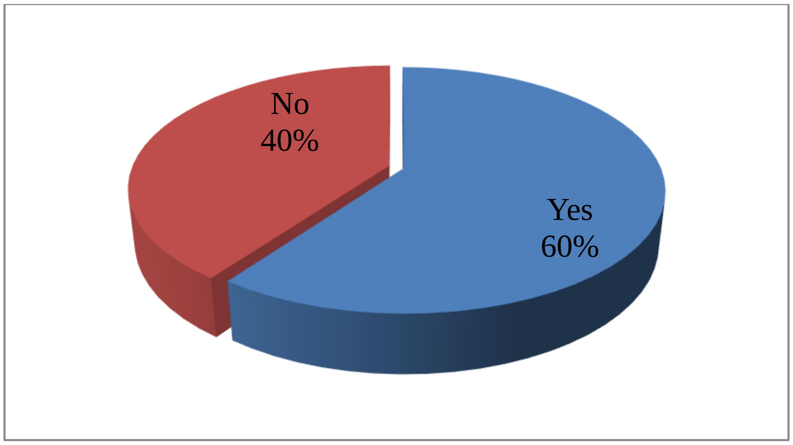
Field Data: 2014

From the respondents, information regarding the respondents was received from various origins which included; friends, Banks, Schools and Media. But the figure presents friends as the greatest source of information regarding debit financing towards vendors with a percentage of 43% followed by media propaganda with 26% which included adverts running on television and radio (Field Data 2014). Banks and schools came in with 14% and 17% respectively also as sources of information regarding debit financing to the vendors within the market.

6.1.8. Background Of loan Application

This was geared towards knowing the need incidences whether the vendors within the market had earlier on taken up loans from any debit financing institution offering credit. The percentages of response were presented in the pie chart below.

Figure : Background of loan application



Source: Field Data 2014

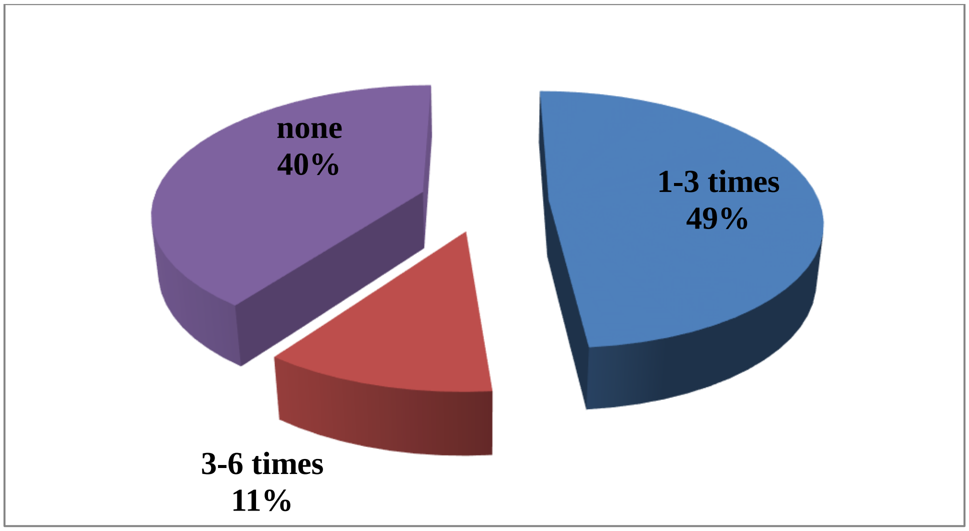
Figure 9; represents the percentage of individuals within the market that have used the loan before from any institution. The biggest percentage of 60% from the respondents agreed that they have used borrowed funds whereas the 40% hadn't taken on any loan before in the due course of running their businesses. Individuals amongst the 60% claimed to have taken the loans from various institutions which include; Banks, Microfinance institutions and individual borrowers (Field data 2014).

Vendors who had earlier on taken on credit affirmed that they had expanded their businesses from time to time. In doing so, they had acquired more assets from the use of loans unlike those who have been entirely surviving on their personal savings.

6.1.9. Times of borrowing

This presents information on the times the vendors have taken on the loans from the debit finance institutions. It indicates the rate at which respondents have the experience to manage credit at a certain level. The times of borrowing data was presented in the pie chart below

Figure 10: Times of borrowing



Source: Field Data 2014

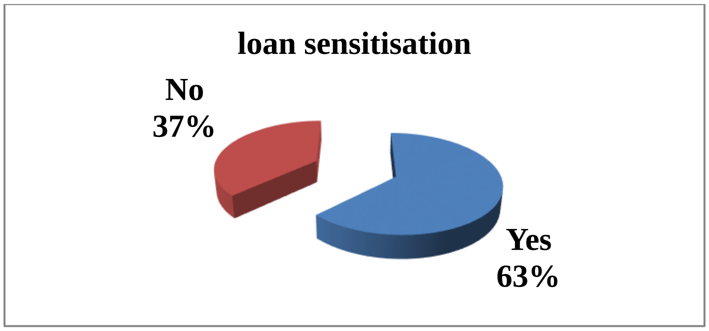
Figure 10 represents the percentages at which the individuals have borrowed loans or funds in terms of times. Just like figure 9; represented, 40% of the respondents hadn't acquired loans at any time where as those that had acquired loans has their representation. Those that had acquired loans for times in range of (1-3) were the most with a percentage of 49% where as those were between 3-6 times were at 11% from the data given by the respondents.

The implication of this was that the assumption of managing credit to increase business survival amongst the people who had earlier all acquired loans is higher compared to those who have no experience of using loans to make businesses survive from time to time.

6.1.10. Sensitization on Loan Acquisition

This section of the questionnaire focused more on whether vendors had been talked to about matters concerning the loan or some kind of training on how to use and maintain the loan.

Figure 11: Percentage on Loan Sensitization



Source: Field data 2014

The biggest percentage of vendors from the field agreed they were always sensitized before securing a loan. With the chart representation in fig. 11; the sanitized group had the biggest percentage of 63. Some of the respondents affirmed to the researcher that the financing bodies trained them and also advised them on the loan capacity they had to take on as though some claimed that the information given to them was not useful to their running of the business (field data 2014). However, the 37% of the respondents claimed not to have been sensitized as they acquired the loans. This percentage also included those that had never acquired and thus limiting the number of those that have never been sensitized before acquiring the loans. One of the respondents in this category who choose to keep the name blamed the institution he borrows from for not taking responsibility of advising the individuals seeking loans on what capacity they can take on for their investments but rather focus more on the collateral security owned by the individuals. World Bank (2000) in its report believed that sensitization of masses on matters concerning the use borrowed funds with low interest was an ideal indicator of future business success. This required training various loan beneficiaries educating them on how to use and manage credit in their businesses and this survival.

6.1.11. Collateral security

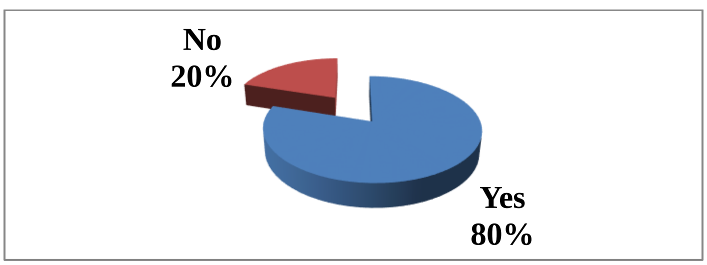
The response rate for the need for collateral security before acquiring a loan was at 100% implying that all the vendors were positive about the idea of security to protect the liability of the financing institution. Respondents that had borrowed loans earlier proved that the financing institution focus more on the security than the funds they are loaning out to individuals which has made many lose their property due to failure to foot the loan installments.

One gentleman (Mukasa Ashraf) urged institutions to give unsecured loans to individuals who have to potential to use the money without collateral security. He brought in the idea of using postdated cheques to be used by the borrowing institutions instead of the collateral security that is as many times valuable than the loan given.

6.1.12. Lending Institution advises on loan servicing progress

The pie chart below presents the percentage of agreement from respondents regarding whether these financial institutions take an upper hand to offer advice on the loan servicing progress which may include; balances due, changes in the interest rates among others.

Figure 12: Advice on loan servicing progress



Source: Field Data 2014

From fig 12; 80% of the respondents agreed that he institutions do keep them up to date on their financial obligations. According to them, they claimed that the institution does so because they have to recover their funds. Respondents confirmed that the institutions through their loan officers do call often and even check them out at their business premises so as to seek and provide information about the loan (Field Data 2014). The 20% of the respondents voted not in favor of the institutions claiming that it's their duty always to know their financial stand with the lending institutions. This is because they provide books to them that enable them to know their loan payment status which may encourage them either to continue borrowing or stop according to their business stand and thus keeping up in business.

6.2. Debit financing and its role on the survival of SSBs

In order to identify the role Debit financing has played towards the survival of Small scale businesses in Ntinda New Market, the respondents were requested to explain what entails in debit financing through presenting their levels of agreement per dimension of debit financing as presented by the researcher. The key informants of the role played by Debit financing also explained the services provided by the institutions in charge of debit financing which included; the target group, processes of acquiring the loans, loan challenges faced, solutions to the challenges faced and how debit financing institutions have impacted on the survival of Small Scale Businesses within the market. The findings are presented according to the various dimensions.

6.2.1. The effect of interest rates on loan borrowing

The respondents presented their levels of agreement as regards this factor during the study as presented in the table below; this focused more on the interest rates that are levied onto the funds given out as credit and how the interest rates contribute to the survival of these businesses.

Table 1: Effect of interest rates on borrowing

	Statements	N	S D	D	A	S A
1.	Low interest rates normally encourage borrowing	3 (9%)	0	3 (9%)	12 (34%)	17 (48%)
2.	High interest rates normally discourage borrowing	2 (6%)	0	2 (6%)	13 (37%)	18 (51%)
3.	High interest rates are normally associated with high markets	1 (3%)	5 (14%)	3 (9%)	14 (40%)	12 (3%)
4.	Small Scale enterprises normally have the ability to pay high interest rates	0	6 (11%)	4 (11%)	15 (43%)	10 (29%)
5.	There is an agreed set of procedures the business follows as far as interest rates are concerned	0	1 (3%)	3 (11%)	16 (46%)	14 (40%)

Source: Field Data 2014

The informants of the study affirmed to the researcher that interest rates were a key determining factor for loan borrowing from debit financing institutions. From table 1; statement1; 48% and 34 % of the respondents strongly agreed and agreed respectively towards the need for low interest rates to enable and entice borrowing. Some microfinance institutions were hailed as others were criticized for hiking their interest rates.

Many of the vendors within the market confirmed that there is s strong relationship between borrowing rates to the survival of businesses in the market because of the reasons they gave from the field.

Respondent 1; Mr. Kaggwa confirmed to the researcher that low interest of borrowed funds provide an atmosphere under which individuals work without too much stress as they strive to attain increased return on investment compared to those that get high interest loans. He also reported that most businesses surviving have obtained loans form institutions that offer the least interest on loans leaving those with higher interest rates. From the data; it implied that respondents believed that low interest rates would entice the borrowing rate compared to when it is high. Therefore, debt financing institutions offering credit with low interest rates would be run to for credit compared to those with higher rates. Low rates on credit would enable the vendors save more and this acting as a driver for business growth and thus survival Luyilika (2010).

6.2.2. The contribution of Loan/credit payment on the survival of Small Scale business

The rate at which loan payment and the survival of SSBs was looked at as one of the factors determining the increased stay of these businesses within the market. The table below presents the levels of agreement from the respondents regarding this dimension.

Table 2: Loan Payment & survival of SSBS

	Statements	S D	D	N	A	S A
1.	Fund repayments normally take place when the business is making profits	0	5 (14%)	6 (17%)	10 (29%)	14 (40%)
2.	Fund repayments are normally made promptly by the business.	0	2 (6%)	4 (11%)	11 (31%)	18 (52%)
3.	The business usually has a set of procedures that govern their fund repayments.	4 (12%)	7 (20%)	4 (11%)	12 (34%)	8 (23%
4.	The staff members strictly work within the set procedures of fund repayments	10 (28%)	10 (29%)	5 (14%)	8 (23%)	2 (6%)
5.	Fund repayment is usually associated with extra charge in case of failure to pay promptly.	1 (3%)	2 (6%)	3 (8%)	21 (60%)	8 (23%)

Source: Field data 2014

The objective of loan/ fund payment under debit financing focused more on how vendors pay back the borrowed funds and how they actually succeed in their business. Loan payment requires payments in installment to the financers. The vendors within the market highly voted the fact that most of them pay back when the business is making profits and also agreed too on matters concerning prompt payment under reasoned of protecting their images before their financers simply because one who pays well stands better chances of obtaining other loans (field data 2014).

Disagreements were presented form the market vendors on issues concerning the procedures of loan repayment where they proved to the researcher most of them didn't have a proper procedure of paying back their loan. This included paying back non-fixed installments i.e. paying back different amounts of money from time to time as they serviced their loans. Away beyond this, respondents to a larger percentage agreed that penalties were set for those who delayed paying back their dues to the financers which included the payment of an extra charge onto the loan being serviced. When contacted, one of the vendors explained that the increase came up through an increase in the interest by 5% from 3% that by their debit financing officer who was operating for a small SACCO next to the market.

The implication of this was that the nature of loan payment determined the kind of relationship between the vendors and the financers. There is a direct relationship between paying well the loan and keeping the trust of the financer. This implies that those who pay well their loan installments can easily secure more loans compared to those who poorly pay up their loans.

6.2.3. The effect of loan training on the survival of Small Scale business

Training on loans to beneficiaries is looked at as a start over for loan users to effectively manage and use the funds they secure from loan financers. This implies that there is a possibility for individuals to pave a way for their businesses to survive as they financially manage them in the due course of operations. The table below presents the level of argument on how the respondents reacted on how training contributes to the survival of SSBs within the market area.

Table 3: Loan training & survival of SSBs

	Statements	S D	D	N	A	S A
1.	The business financers usually organizes regular- training on credit for members	9 (26%)	7 (20%)	2 (6%)	10 (28%)	7 (20%)
2.	The trainings usually equip the staff with better skills of debt financing	2 (6%)	3 (8%)	4 (11%)	16 (46%)	10 (29%)
3.	The costs of trainings are normally high to the business in terms of hiring experts	11 (32%)	5 (14%)	5 (14%)	9 (26%)	5 (14%)
4.	The end results of the training are usually positive to the business in terms of managing debts.	9 (26%)	4 (11%)	3 (8%)	9 (26%)	10 (29%)
5.	Training programs are usually welcomed by the vendors	11 (31%)	3 (9%)	3 (9%)	21 (31%)	7 (20%)

Source: Field data 2014

Training is literally looked at as the acquisition of knowledge, skills and competences as a result of teaching practical skills and knowledge that relate to specific useful competences. More onto that, it has specific goals towards helping individuals develop their capability, capacity and performance.

Table3; focused more on loan training offered to vendors in the market geared towards effective usage of the funds as it is invested within various businesses in the market.

The level of agreement concerning the idea of training vendors was shared according to the respondents in the market where the researcher received almost equal percentages of respondents both agreeing and at the same tie disagreeing the financers offering loan training to the vendors. However, when contacted, they agreed that the training programs offered by the financers were always helpful to them in various ways which included; proper accountability of both expenditures and earnings, savings more so on the earned profit and other income generation activities which included farming.

One of the vendors noted that some finance institutions went ahead on top of the finances offered to offer seeds, pesticides and trained them in order to enable farmers within the market to improve on the quality of products brought onto the market all t the expense of the institution that offered the loan.

The fact being that the end results of training were always positive because the entire procedure was always looked at as a way of imparting skills and knowledge in terms of business operations and funds management, a good number of respondents strongly disagreed that the training programs were never welcome by them as though, another section of the representative warmly welcomed the programs from the financers.

Mangham & Silver (1987) noted that financial training is one of the keys to business success that various business managers can undergo to make successful businesses which supports our findings where the vendors also need training in order to increase chances of their business survival.

6.3. Dependent Variable/ survival of Small Scale Businesses

Looking at the survival of small scale businesses, the researcher used a few dimensions like; Business growth and expansion, Level of risks involved and payback period all as yardsticks as far as performance of SSBs is concerned in the market. The dimensions of the dependent variable will present findings too in form of tables concerning the survival of Small scale businesses within The New Ntinda Market.

6.3.1. Business growth

Business growth focuses more on job creation or more opportunities, business expansion among others. The data presented below in a table represents data from the field concerning the rate of business growth amongst the vendors in the market.

Table 4: Business growth

	Statements	S D	D	N	A	S A
1.	The business growth and expansion usually has a positive relationship with its investment.	0	5 (14%)	6 (17%)	10 (29%)	14 (40%)
2.	The business growth and expansion is usually associated with good results in terms of profits.	0	2 (6%)	4 (11%)	11 (31%)	18 (52%)
3.	To grow and expand the business needs proper analysis of their finances/financials.	4 (12%)	7 (20%)	4 (11%)	12 (34%)	8 (23%)
4.	There is usually a need for the business to have policies geared towards growth and expansion.	10 (28%)	10 (29%)	5 (14%)	8 (23%)	2 (6%)
5.	To grow and expand the business, need to minimize the risks associated with it.	2 (6%)	3 (8%)	10 (29%)	7 (20%)	13 (37%)

Source: Field data 2014

Growth is one of the key indicators of a performing business in any kind of setting. The biggest number of respondents agrees to the fact that there is a strong relationship between growth and the levels of investment. This acknowledges the fact that there is proper usage of credit/ loans by the vendors of the New Ntinda Market. This was evidenced by the researcher upon observations where various assets were acquired by the vendors who were operating on loans.

The respondents also agreed with the biggest percentage on the idea of proper analysis of finances as a way to stimulate business growth within the market which requires having proper accountability of funds in order to budget effectively as though the respondents disagreed about having the need of policies linked with business growth. This augment was brought up by an individual who was a member in the market who noted that the businesses carried out in the market are more of small scale businesses which require small incomes and less supervision which pulls off the idea of policies that govern them

From the many vendors who had taken on loans, the researcher identified through observations from their businesses in relation to business growth. The researcher identified that some vendors had acquired a few assets to the business of which one vendor had acquired a motor cycle for easing the transportation of his goods where as the others, their businesses had make an improvement in size.

6.3.2. Level of risks

A risk can be addressed as a possibility that a business will have lower than anticipated profits, or that it will experience a loss rather than a profit as it is conducted Henry et al., (1991). From the market, vendors affirmed that Business risks are influenced by numerous factors which included sales volume, per-unit price, input costs, competition, and overall economic climate and government regulations where as financial risks included; un-expected expenses (field data 2014). Businesses with a higher business risk should choose a capital structure that has a lower debt ratio to ensure that it can meet its financial obligations at all times

Table 5: level of Risks

	Statements	S D	D	N	A	S A
1.	There is normally a need for the business to keep low levels of risks in order to survive the competitive business environment.	5 (14%)	4 (11%)	8 (23%)	8 (23%)	10 (29%)
2.	To have a steady business, there is need for one to be always aware of risks.	2 (6%)	1 (3%)	5 (14%)	12 (34%)	15 (43%)
3.	To have a successful business, there is usually a need for proper management of risks through insuring the business.	4 (12%)	7 (20%)	4 (11%)	12 (34%)	8 (23%)
4.	High levels of risks are usually associated with high returns to the business	10 (28%)	10 (29%)	5 (14%)	8 (23%)	2 (6%)
5.	There is always a need for the business to regularly update/revise their levels of risks.	1 (3%)	2 (6%)	3 (8%)	21 (60%)	8 (23%)

Source: Field Data 2014

While assessing business level of risks as one of the key dimension of business survival, Table 5; presents findings from the respondents where 29% and 23% of the respondents strongly agreed and agreed respectively towards the need for their businesses to keep low levels of risks in case they were to be successful. As noted above, the risks that the respondents presented were both business and financial risks and in addition to the ones given already, fires were also presented by some informants as key business risks. However, in disagreement to this, the least percentage of the respondents disagreed as the other respondents of 23& seemed not to relate with the issue of risks as far as businesses are concerned.

6.3.3. Payback period as a measure of SSBs survival

Payback period refers to the time taken for individuals to pay back the borrowed funds. In most cases, the debt financers give periods to borrowers according to the loans taken by the individuals. To some point, the period might determine the usage of a loan which then comes in as a determinant for business survival. The table below presents the level of agreement form the respondents regarding payback period and business survival amongst the vendors.

Table 6: Payback period

	Statements	S	D	N	A	SA
1.	To have a short period of payback, the business usually enjoys high benefits such as cash flows.	5 (14%)	7 (20%)	8 (25%)	5 (14%)	10 (29%)
2.	There is usually a need for the business to critically look into the payback period in order to be successful.	7 (20%)	3 (9%)	10 (29%)	11 (31%)	4 (11%)
3.	The payback period is usually looked at as a business expense for most of the business.	8 (23%)	5 (14%)	18 (51%)	2 (6%)	2 (6%)
4.	The payback period does not usually consider the time value for money	5 (15%)	5 (14%)	5 (14%)	7 (20%)	13 (37%)
5.	Long payback periods usually have an issue with their cash flows in case they are negatives.	10 (29%)	7 (20%)	6 (17%)	8 (23%)	4 (11%)

Source: Field Data 2014

Table 6 presents the level of argument from the respondents concerning payback period as a dimension of small scale businesses survival dependent of debit financing. From the findings, the researcher noticed that the respondents almost had equal levels of agreement from those who agreed and disagreed with the question of short period of payback as the business enjoys high benefits such as cash flows. The respondents had almost similar views towards that issue concerning pay back and business cash flows as though 25% of the respondents seemed not having a say regarding the matter.

Most of the respondents agreed onto the issue of putting payback period into account as they conduct businesses compared to those who disagreed. Some respondents noted that since they operate small businesses and pay unclear stated loan installments to the debit financers, to them, it seemed no necessary to take it as a big issue as they operated businesses. 29% of the respondents didn't present their levels of agreement regarding this matter.

6.4. Summary and Implications from the findings

The above discussion has shown the role of debt financing on the survival of small and scale business in the New Ntinda market. It was established that a good percentage of the market vendors were beneficiaries of debt finance and accessed services which include; loans, training and sensitization of members on matters concerning financial management and how best they can use and maintain the borrowed funds.

The findings after the study revealed that most respondents suggested lowering the interest rates as a strategy geared at making small scale businesses survive as they are operated by vendors. This would go a long way in enticing non debt users to become debt financing beneficiaries and thus ensuring increased use of the debt financing services by the current clients. It will also enable the vendors of The New Ntinda Market to benefit more as interest rates are lowered since it will favorably impact on their profitability.

The findings also revealed that vendors from the market using credit/ loans have always complained about the short repayment period/ payback period. This is due to the fact that majority of the majority of the vendors in the market deal in agricultural products which require a long period to reap from the operation. Lengthening the payback period would enable them meet their financial obligations in time. The respondents al so urged debt financing institutions to give them a grace period before start of the payback period to enable them start the payment schedules after a reasonable degree of business stability.

From the findings, the researcher noted that the key hindering factor limiting accessibility to credit/Loan from debt financing institutions was the collateral security requirement policy. The respondents suggested that it should be cleared off or adjusted so as to enable those without security to access the services freely. This will enable vendors operating bigger businesses within the market to access larger loans. This may however not be practical since security is a requirement by all debt financing institutions more so with banks. The idea of group pressure as security does not seem to be good enough for the respondents as it limits the advances required by them to certain limits which are seemingly peanuts to people with bigger ventures within the market.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0. Introduction

This chapter discusses the findings of the study, the conclusions and recommendations in relation to the study objectives. The discussion explains the findings of the study in support or in contrast to the literature after which conclusions and recommendations are drawn

5.1. Profile of Debt Financing amongst Vendors in the New Ntinda Market

From the study, the findings revealed that from the composition of the vendors within the market most of them were agricultural product vendors who specialized in the sale of agricultural products that is food crops, Birds and live stock where as the smallest percentage of vendors were those that dealt in electronic equipment. This clearly brought up the need to determine the difference within the weight of the loan that could be taken up by the many categories of vendors within the market.

The study also revealed that vendors had various sources of credit which ranged from banks, micro-finance institutions and individual money lenders. All these were always accessed by vendors who wanted credit facilities. These had different procedures that were put up for vendors to access loans. Some needed collateral security from vendors more so banks and microfinance institutions where as some had some other systems of post dated cheques which they used as security on those taking up loans. Amongst other services offered by these institutions, training is a key service which involves; financial management and business training towards the beneficiaries of credit.

5.2. Indicators of Growth in Economic Activities

The findings revealed that respondents revealed the 'increase in vendor’s incomes' as their key measure of growth in economic activities which was seen through increased assets and capital in the merchandise sold, while some gave prompt payment of loans, a good number of the respondents business gave expansion, some respondents said meeting expenses in time, and respondents noticed improvement in the standard of living as the indicators of growth in economic activities. The majority of respondents therefore prefer increase in income as the best measure of growth in business and individual welfare, closely followed by the ability to pay back the loans.

Most authors argue that there are several indicators of growth in economic activities amongst SSBs, the above indicators inclusive, notable among these include Dyck and Alexander (1997). However, Ledgerwood (1999) noted from the clients that there are no particularly outlined ways of measuring growth in economic activities.

5.3. The Contribution of Debit Financing to the Survival of Small Scale Businesses

As mentioned earlier, the major setback in the small scale business sector is capital constraint and this constraint, as it were, are supposed be minimized by the existence of the traditional banks through credits. However, most vendors have indicated that access to credit from the traditional banks has been their major problem.

The research finding show that debt financing institutions have contributed enormously to the growth of the small scale business sector through several activities as enumerated below:

To begin with, debt financing institutions have greater access to credit/ Loans; the debt financing institutions have provided Small Scale Businesses with a greater access to credit than the traditional banks. Most respondents indicated that almost 90% of their credit demand was granted. Since most of these the businesses carried out are micro, their credit needs are very small and their credit needs are most of the times meet. Most Small Scale businesses were found to be dealing with more than one financing institution, and the credits granted helped to boost their capital and expand their businesses.

Debt financing institutions amongst vendors have created an enhanced saving habit. The traditional banking sector is unable to introduce saving products that will attract small businesses. Debt financing institutions have been able to create a platform that enables small scale businesses to save the little income they earn on daily basis with little cost. For most debt financing institutions, the saving accumulated is the basis for the amount of loan to be granted. The habit of saving has been enhanced through the activities of debt financing institutions.

Business, Financial and Managerial Training is also another package offered by debit financing institutions towards its beneficiaries. Many vendors within the market revealed that they have been beneficiaries of Business, Financial and Managerial training activities of small scale businesses. Knowing that most entrepreneurs lack or have very little knowledge in financial management, these support services have gone a long way to make them more competitive and very alert to the implications of their financial decisions.

General effects; findings from the market also revealed a majority of 75 percent respondents indicating that the operations of vendors running small scale businesses had had a positive effect on their businesses.

5.4. Challenges of (Loan/ Credit) as used by Vendors

The operations of the debit financing institutions were also associated with some challenges as were enumerated by the operators of small scale businesses. These challenges are provided below:

Problem of repayment of loans of which respondents affirmed that with the many situations that come up as they run their businesses, sudden expenses do occur which end up affecting the rate at which loan installments are paid.

Vendors within the market noted that they lacked collateral security required on their part as they look forward to access credit/ loans from the debt financing institution. The informants from the market affirmed that they didn't have physical assets as they are required by banks.

Poor records keeping on the part of the SSBs; the fact that most of the respondents were illiterate, they were not good at record keeping which has put them in a position of running off track of their financial records and stand with their financers

The other challenge vendors are facing is failure to disclose detailed operations of their SSBs towards the concerned parties more so their financers because they fail to get the basis on which loans can be granted to them

Small scale business operators more so those in the New Ntinda Market presented a challenge of misappropriation of loans granted of which they ended up using the money for other purposes and this challenge was attributed towards lack of training from the financers.

Lack of proper documentation in terms of business registration and a permanent business addresses is also another challenge faced by vendors within the market because most of them don't have permanent addresses within the market and are subject to change from time to time as they practice their activities within the market. This in a long run results into a problem to the financer because they fail to locate their clients while in the field during times of installment collection and thus failing to collaborate with people who need loans.

5.5. Conclusion

The research which was undertaken to assess the contribution of debt financing on the survival of small scale businesses reveals that SSBs have a positive effect on the business survival regardless of the inherent challenges. It has been noted that, access to credit/loans which is a major challenge in the SSBs sector has been reduced to a large extent through the operations of debt financing institutions. The findings also show that debt financing institutions have also contributed to the growth of SSBs through the provision of non-financial service such as Business, Financial and Managerial training programs.

It is also critical to highlight the challenges that have the tendency of derailing the efforts of the debt finance institutions in granting credit. Some of these are the inability of clients to repay their loans and the rate of credit misappropriation. It is worth noting that debt financing institutions provide better access to credit than the traditional banks. However, the research reveals that a good number of debt financing institutions more so banks require collateral security before credit/loans are granted and this negatively affects the small scale businesses as some are unable to provide the collateral requested. High interest rate has also been mentioned as one of the challenges in accessing credit facilities of debt financing institutions. In relation to high interest rate, financing institutions have explained that the risk attached to the granting of loans is on the high side and are unable to reduce the interest rates.

5.6. Recommendation

In view of the findings made and conclusions drawn from the study, the following recommendations are provided to help enhance accelerated and successful yardsticks towards the small scale sector and also provide recommendations to help in the improvement of the services offered by debt financing institutions towards entrepreneurs.

Debt financing through the many institutions that offer such services may be quick to measure their survival rate by considering factors like high repayment, outreach and financial sustainability, but these may not necessarily survive if their activities do not reflect in the survival of SSBs. The survival of SBBs does not only rely on access to credits but also the creation of favorable and formidable business environment.

The debt financing officials have a great responsibility of ensuring the proper use of credit which is an important facility in business acceleration. To achieve this, credits should client-oriented and not product- oriented. Proper and extensive monitoring activities should be provided for clients who are granted loans.

With solutions to cab the problem, debt financing institutions can research into very profitable business lines and offer credit to clients who have the capacity to exploit such business lines.

Finally, the researcher recommends that business and financial training should be provided by debt financing institutions on a regular basis and most cases should be tailored toward the training needs of the entrepreneurs who are always in need of loans so as to boost their businesses.

5.7. Areas for further research

As the interest rates have been observed to be a serious problem, there is a need to conduct a study to determine rates that would cater for the operating expenses of small scale business and at the same time facilitate the survival of their clients' business. There is a need to conduct a comparative study between member based small scale business operations' Savings and Credit Cooperative Societies (SACCOS) in rural areas and MFIs operating in urban areas. This would delineate the rural-urban structure of MFIs operations.

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Appendix 1

QUESTIONNAIRE

I am Kembabazi Doreen a Student of Business Administration and Management at Uganda Martyrs University Nkozi. Am conducting an academic the Research on the effect of debt financing and the survival of small scale enterprises.

I assure you that whatever information you share with us shall be treated with maximum confidentiality;

Thank you so much.

Please tick or write as appropriate

1. What is your gender?
   1. Male ☐ 2. Female ☐
2. what is your age bracket
   1. 20 – 30 years ☐ 3. 31 – 40 years ☐
   2. 41 – 50 years ☐ 4. Over 50 years ☐
3. What is your highest level of educational attainment?
   1. Certificate ☐ 3. Masters ☐
   2. Bachelors ☐ 4. Diploma ☐
   5. Others ☐ specify ……………………………………
4. Where are you employed?
   1. Self employed ☐ 2.Parastatal bodies ☐
   3. Others ☐ specify……………………………………..
5. How long have you been employed?
   1. Below 5 years ☐ 2. 5 – 10 years ☐
   3. 10 – 15 years ☐ 4. 15 and above ☐
6. What is the legal status of your business?
   1. Private limited enterprise ☐ 2. Partnership informal ☐
   3. Public limited enterprise ☐
   4. Others ☐ specify…………………………………………

7. In what sector does the business belong?

   1. Agriculture ☐ 2. Service sector ☐

   3. Industrial (manufacturing) ☐

   4. Others ☐ Specify…………………………………..

8. Do you know the term debt financing?

   1. Yes ☐ 2. No ☐

9. Have you ever applied for a loan?

   1.Yes ☐ 2. No ☐

10. How many times have you acquired a loan?

    ………………………………………………………………………………………

11. How easy was it to acquire a loan?

    ………………………………………………………………………………………

12. Did you acquire the loan?

    1. Yes ☐ 2. No ☐

    ………………………………………………………………………………………

13. Where did you first learn about debt financing?

    1. Media ☐ 2. Friend ☐

    3. Bank ☐

    4. Others ☐ Specify …………………………………..

14. Were you sensitized before acquiring the loan?

    1. Yes ☐ 2. No ☐

15. Did you find the information / sensitization useful?

    1. Yes ☐ 2. No ☐

    b. Explain

    ……………………………………………………………………………………………

    ………………………………………………………………………………

16. Did you need a collateral security to acquire the loan?

1. Yes ☐ 2. No ☐

17. Was the loan received used for its objectives?

1. Yes ☐ 2. No ☐

18. Do the lending institutions keep you posted on your loan servicing progress?

1. Yes ☐ 2. No ☐

19. The aim of this evaluation tool is to improve the understanding of debt financing and its survival of small scale enterprises and not to examine/penalize the business. Please grade in the space provided with marks ranging from 1 to 5, 5 being the highest and 1 being the lowest.

Key: 1.Not sure: 2. Strongly disagree; 3. Disagree: 4. Agree:5. Strongly agree

	Debt financing	1	2	3	4	5
1	Low interest rates normally encourage borrowing					
2	High interest rates normally discourage borrowing					
3	High interest rates are usually associated with high markets					
4	Small scale enterprises normally have the ability to pay high interest rates					
5	There is an agreed set of procedures the business follows as per as interest rates are concerned					
6	Fund repayments normally take place when the business is making profits					
7	Fund repayments are normally made promptly by the business					
8	The business usually has a set of procedures that govern their fund repayments.					
9	The staff members strictly work within the set procedures of fund repayments					
10	Fund repayments are usually associated with extra charge in case of failure to pay promptly.					
11	The business usually organizes regular- training for staff members					

12	The trainings usually equip the staff with better skills of debt financing					
13	The costs of trainings are normally high to the business in terms of hiring experts					
14	The end results of the training are usually positive to the business in terms of managing debts.					
15	Training programs are usually welcomed by the staff					
	Survival of small scale enterprises					
16	The business growth and expansion usually has a positive relationship with its returns.					
17	The business growth and expansion is usually associated with good results in terms of profits.					
18	To grow and expand the business, needs proper analysis of their finances/financials.					
19	There is usually a need for the business to have policies geared towards growth and expansion.					
20	To grow and expand the business, need to minimize the risks associated with it.					
21	There is normally a need for the business to keep low levels of risks in order to survive the competitive business environment.					
22	To have a steady business, there is need for one to be always aware of risks.					
23	To have a successful business, there is usually a need for proper management of risks through insuring the business.					
24	High levels of risks are usually associated with high returns to the business					
25	There is always a need for the business to regularly update/revise their levels of risks.					
26	To have a short period of payback, the business usually enjoys high benefits such as cash flows.					
27	There is usually a need for the business to critically look into the payback period in order to be successful.					
28	The payback period is usually looked at as a business expense for most of the business.					
29	The payback period does not usually consider the time value for money					
30	Long payback periods usually have an issue with their cash flows in case they are negatives.					

INTERVIEW GUIDE

1. How has debt financing / borrowing helped your business?
2. What are some of the challenges you have faced in acquisition of a loan?
3. What solutions can be adopted to overcome the above challenges?
4. What are some of the challenges you have faced in repayment of the loan?
5. What are some of the solutions adopted to overcome such challenges?
6. How long do you take to access a loan?
7. Particularly what activities do you use the loan for?
8. At the end if it all, do you think the profit margin is high on credit invested in to the business
9. What areas do you think further research needs to cover regarding debt financing?

END
THANK YOU