

**EFFECT OF MICRO FINANCE ACTIVITIES ON THE PRODUCTIVITY OF SMALL
SCALE BUSINESS IN KAMULI MARKET, KAMULI DISTRICT.**

CASE STUDY OF PRIDE MICROFINANCE UGANDA LIMITED KAMULI BRANCH.

BY

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DEDICATION:

I dedicate this work to my beloved parents, Mr. MPAULO JAMES FELIX and MRS, HARRIET MPAULO, my beloved son Israel Buwemba and my supervisor Byamugisha Michael and the entire family members for their moral and financial support throughout my academic career. GOD stewards you abundantly.

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ABSTRACT

The study was about the effect of microfinance activities on the productivity of small scale business in kamuli market, kamuli district, and the case study was pride microfinance Uganda limited in kamuli district the objectives of the study were the effect of loan scheme on the productivity of small scale business, effect of micro-credit on the productivity of small scale business and effect of micro- insurance on productivity of small scale business

A case study design was used to conduct the study with a sample size of 20 respondents from kamuli market in kamuli district various data collection instruments were used in this study and these include; questionnaires and interview guide was given to the managers of pride microfinance in kamuli district and the questionnaire was given to the respondents in kamuli market mainly the business operators and owners from kamuli market.

The findings revealed that majority of the business owners and operators in kamuli market responded highly towards the micro-credit services from the institution as compared to loan scheme and micro insurance. However, this has improved on the productivity of small scale business in kamuli market. The researcher recommends that small scale business should be better organized and so that they should have a collective mass which may prevail on the micro finance institutions, government should introduce motivation incentives in support to small scale business owners and operators as well in kamuli district. Pride micro finance should engage itself in many types of business such as home based business for instance, poultry and others.

Small scale business operators and owners should widen their market so as to reduce on the high competition. Small scale business needs to employ professionals to manage their business.

Government should involve draft policy framework for small scale business that focus mainly on the legal and regulatory conditions.

CHAPTER ONE:

1.0 INTRODUCTION

This chapter covers the background to the study, the problem statement that indicates the existing gap in relation to the efforts put forward to address the challenges. This chapter also discussed the objectives of the study including, the general objective and the specific objectives that contribute to achieving the research question as derived from the specific objective, the scope of study in terms of the study, the justification and the conceptual framework which shows the relationship between the dependent and independent variables with a special focus on kamuli market.

1.1 BACK GROUND TO THE STUDY.

Pride micro finance is micro finance deposit- taking institution (MDI). It provides financial services to that segment of Ugandan population who are not commercial banks. Its focus are the micro, small and medium size entrepreneurs .the institution also offers money transfer services through the western union an money gram. Loan products are, group guaranteed honor insurance for instance death, disability and catastrophe insurance.

Despite certain success in reaching the poorer groups of households, it had been estimated that certain groups of extreme poor house hold do not take part in micro-credit programs. Since NGO-MFIS have to face the realities of declining subsidized fund, they should take effort to reduce administration and transaction cost which seems very high. Most of them do not practice proper book keeping and accounting policies, lack professionalism in financial transaction, therefor training and capacity of building in accounting and financial management plus greater

transparency in their operation is essential not only to make them attractive to the donors but also to enable them to tap commercial markets and banks. (Hoqueserajul (2004)

However, lack of access to formal financial assistance has constrained the development in the country. Microfinance bank in Uganda has not been affecting people's life in the past due to unavailability of funds at their disposal and government policy.

Due to lack of collateral security but microfinance has made it possible to receive loan with little or no collateral security. These microfinance institutions have gone to the extent of buying tools, paying for shops and providing business capitals to these small scale business owners in kamuli market, kamuli district.

In Uganda, micro- credit has been recognized as an essential tool for promoting small and micro enterprises (SMES).about70 percent of the population is engaged in the informal sector. The small and medium scale entrepreneurs in rural areas lack the necessary financial services, especially credit from commercial banks this is because they considered not credit worthy. Consequently depend on families, friends and other informal sources of funds to finance their business

The Ugandan, microfinance institutions have come a long way, a central bank study has identified as at 2001, 160 registered microfinance outstanding are of N649.6m indicating huge business transactions in the business. (Anyanwu, 2004).

The work shop recognized that the development of appropriate microfinance policy was critical to the development of sustainable microfinance institutions and by implication through micro enterprises in kamuli district.

However, lack of access to formal financial assistance has constrained the development in the country. Microfinance bank in Uganda has not been affecting people's life in the past due to unavailability of funds at their disposal and government policy.

In Uganda, over the last 25 years, microfinance has emerged as an effective vehicle for poverty reduction. Essentially microfinance is the provision of financial services (loans, savings, insurance) to individuals who are otherwise excluded from the traditional banking system due to their low economic status. Uganda is generally seen as the country with the most vibrant and successful microfinance industry in Africa. Some MFIS have experienced strong growth and are now reaching a considerable number of clients with three in particular serving between 25000 and 45000 clients, number of microfinance providers are close to financial sustainability.

Uganda ranked the second in sub Saharan Africa in terms of GDP growth since 1990. During the same period, inflation was brought down from dizzy heights of 240 percent in 1986-87 and has been less than 10 percent in the last 5 years. These achievements can largely be attributed to the government's commitments to macroeconomic stability and liberalization of the economy including the financial system. Despite considerable productivity and output improvements for certain small scale businesses following the government liberalization efforts. The rural economy is still largely dominated by low productivity.

As a result of continued economic and financial instability financial deepening has been very low and improved only slightly broad money to GDP. Credit unions and lending cooperatives have been hundreds of years. However, the pioneering of modern microfinance is often credited the majority of the authors who began experimenting with lending to poor women in the village of kamuli district and kamuli market in particular..In Africa, the sectors growth has been more

limited despite of the increasing interest in the potential. To achieve these objectives, microfinance in Africa support from the business sector as well as from the community development and the social service sector such as services, working with volunteers to provide monitoring tools which are essential in ensuring positive development of micro-enterprises. The importance of non-financial services is one of the characteristics of microfinance in Western Europe.(Polakow-suransky.sasha(2003)

Since its inception, microfinance has evolved as an economic development approach to benefit both low income people in both rural and urban areas Employment opportunities of the poor have increased to the great extent in terms of both longer hours and new employment. The targeted house hold that are eligible for participation in micro finance programs have a high probability of being self-employed than their counter parts in non- program villages.

Upon this background, the study aimed at establishing the effect of micro finance activities on small scale business productivity. How productivity is measured and addressing the problem specifically through the services offered by the micro finance institutions, explain how low income earners and owners of small scale business benefit from micro finance institutions and the major challenge faced by the micro finance institutions on attempt to alleviate poverty in Uganda. The rise of micro finance is based mainly on the promise that lack of access to credit and other financial services are serious constraint on business productivity.(Morduch 20005, Collinset al 2009.

1.2 STATEMENT OF THE PROBLEM.

Microfinance institutions provide a chance to access of credit but acquire collateral security, charge high interest rates and impose stringent supervision over loan repayment and savings mobilization most of the owners can meet (MSED, 2013). Traders who manage getting credit continuously perform poorly and spend even the small return in serving the credit required.

Small scale businesses have declining productivity and performance and others closed even before their anniversary, (, Balunywa 2002).To improve productivity and consequently performance and prevent failure, small scale business owners identify productivity drives and focus on how to improve them. They lack access to funds, incomes opportunities because they operate with inadequate capital. (Harris and Gibson, 2006)

Despite the activities performed by microfinance institutions, small scale businesses still do not perform well. They do not prosper which shows the effect of MFIS on productivity needs to be investigated. However the potential importance of small scale business in an economy high mortality rate among the established small scale business is a matter of the major concern in developing the economy. The report was corroborated by small scale businesses.

1.3 PURPOSE OF THE STUDY.

To analyze the relationship between the effect of microfinance activities and productivity of small scale ping the business in Kamuli district.

1.4 OBJECTIVES OF THE STUDY.

- (i) To determine the impact of loan scheme on productivity of small scale business in Kamuli district.
- (ii) To investigate on how micro insurance affects the productivity of small scale businesses in Kamuli district.
- (iii) To find out how credit services affects the productivity of small scale business in Kamuli district

1.5 RESEARCH QUESTIONS

- (i) What is the impact of loan scheme on the productivity of small scale businesses in kamuli district?
- (ii) How does micro insurance affect the productivity of small scale businesses in kamuli district?
- (iii) How does credit service impacts on the productivity of small scale business in kamuli district.

1.6 SCOPE OF STUDY.

1.6.1 Time scope.

The research covered using figures from 1991 up to date

1.6.2 Subject scope.

The study was limited to identify the effect of micro finance activities used to enhance the on the productivity of small scale business in kamuli market, Kamuli district.

The researcher investigated the aspects of the study such as loan scheme, credit services and insurance. The study covered the youth, women involved in retail business owners, food vendors, restaurant and managers on the businesses

1.6.3 Geographical scope.

The case study research was limited to pride microfinance Uganda limited, Kamuli branch in Kamuli district eastern part of Uganda.

1.7 JUSTIFICATION OF THE STUDY

To assess whether the microfinance activities impact on the productivity of small scale business in kamuli district. Research was based on both the use of qualitative and quantitative techniques to collect data.

1.8 SIGNIFICANCY OF THE STUDY

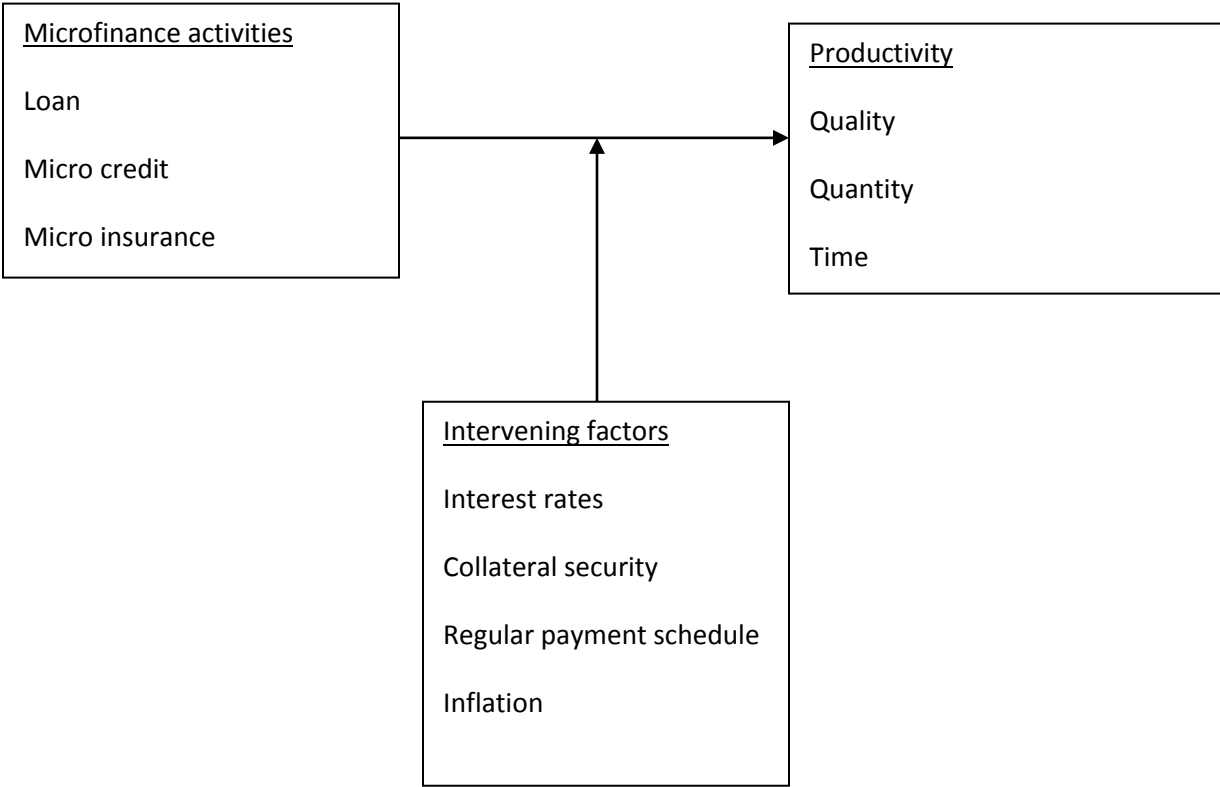
Research findings were be of great importance to the owners of the micro business as they decide on how to expand, increase productivity and set up especially with numbers of capital and liquidity in a challenging business environment with stiff competition and hard survival.

1.9 CONCEPTUAL FRAMEWORK

Effect of microfinance activities on the productivity of small scale business in kamuli district.

The independent variable is microfinance institutions and the dependent variable is productivity of small scale business. It also discusses the intervening variables such as collateral security, inflation, interest rates, and regular repayment schedules.

Figure 1: showing conceptual frame work
Independent variable Dependent variable



Source: by the researcher (2015)

It relates the key variables of the study of measurable terms. If loan schemes are improved, quality of output increases. Credit services are also important in improving the volumes of quantities produced by small scale business. Insurance is important in explaining what time is capable for the productivity of small scale business.

1.10 DEFINITION OF TERMS

Loan scheme is a debt evidenced by note which specifies the principal amount, interest rate and the date of repayment. A facility where banks are able to lend to firms that would not otherwise qualify for bank finance due to lack of track record. Loan scheme is also the extension of very small loans to impoverished borrowers who typically lack collateral security.

Credit refers to the extension of very small loans to impoverished borrowers who are typically lack collateral security.

Insurance refers to a promise of compensation for specific potential future losses in exchange for a periodical payment. It's designed to protect the financial well-being of an individual, company

Micro finance banks refers to licensed financial institutions meant to serve the unserved but economically active clients in the rural and semi-urban areas by providing diversified, affordable and dependable financial services to the active poor, in timely and competitive manner.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

Literature review is an evaluative report of information in the literature related to your selected area of study. It should describe the theoretical base for the research and help the author determine the nature of your research. It gives an overview of what has been said, who the key writers' are, what are the prevailing theories and the hypothesis, what questions are being asked and what methodologies are appropriate and useful. The literature review however related the independent variable and the dependent variable of the topic of study, objective theme and the summary of literature.

2.1 CONCEPTUAL REVIEW

It involves defining the variables both the independent and dependent variables of the study. Therefore, the independent variable is the microfinance activities and the dependent variable is the productivity of small scale business.

2.1.1 MICROFINANCE INSTITUTIONS.

Microfinance is the development tool that provides or grants financial services and products such as very small loan, credit services, micro insurance, micro- leasing and money transfer services

through money gram and western union, well it also offers several products such as deposit products for instance, pride smart account, pride akiba account, savings account, fixed deposit account, minors savings account, loan, insurance fund and others. The major aim is to assist the very or exceptionally poor and excluded section of people in the societies who do not have any access to formal banking to build assets diversity livelihood options and increase income, and reduce their vulnerability to economic stress. Robinson (2003).

Micro finance institutions work with clients, who guarantee each other's loans instead of demanding physical collateral security, which most of the small scale business do not possess. They offer and supply small loans, insurance and other financial services to the business owners mainly that are paid back in small but frequent installments and accept very small savings deposit.(Association of micro finance institutions, Brochure 2002). rather than to wait for the clients to come to other many micro finance institutions It helps to deploy staff who visit clients in villages. These conditions have made micro finance institutions very popular and favorable sources of credit to any small scale business. (Uganda micro fiancé industry assessment report 2008).

Marguerita S.R (2001) reveals that microfinance institutions are either an formal lending institutions or the bank that offers loans to the low income borrowers, microfinance institutions try to help eradicate poverty and the creation of sustain able development in rural areas and slum settlement in the urban areas by providing small loans. Services for the enterprise and small scale business lacking access to banking and the related services. The two main mechanisms for the delivery of the financial services to such clients are relationships based banking for individual entrepreneur and small scale entrepreneurs come together to apply for the loans and other services as a group. To fill this gap, the emergency of micro finance institutions like pride micro

finance limited. There is still the infancy is still seen as one of the promising financial institutions to micro enterprises. Micro finance institutions specialize in providing financial services to economically active people. These organizations that provide savings or credit facilities to small scale business people who have experienced difficulties in obtaining these loans or services from most formal financial institutions because their business and credits needs to all small. The provision of loans low income entrepreneurs make a critical contribution in them to fight against poverty by giving borrowers access for the small scale financing. Micro finance institution refers to the organization where activities consist in significant part of the provision of financial services such as micro credit, group lend micro saving to micro entrepreneurs. Also discusses the provision of small loans that are repaid within a short period of time and is essentially used by low income individuals and households who have few assets that can be used as collateral security.

2.1.2 PRODUCTIVITY

Productivity refers to the efficient transformation of inputs into outputs. Productivity typically leads to greater profitability; productivity also measures how well an organization is using its resources in producing its goods and services. For example useful measure for the restaurant would be the number of people who of the people who needs to be served. Small scale business in kamuli market have widely recognized it as an engine of growth and productivity to Uganda as a whole since it creates income generating activities, incomes and provide capacity. Besidethe evidence available about as follows the role of small scale business in kamuli market is preferred by the majority of the population in the area. [J.stewart black, lymanw.porter]

In Uganda, Productivity of small scale business in kamuli market is about the effective and efficient use of all resources, including time, technology, knowledge, finance and equipment. To manage resources of the business it is essential to critically understand exactly what needs to be done to meet the customers demand establish a plan that clearly indentify the work to be carried out define and implement the methodologies that need to be used to complete all services and the tasks efficiently. Small scale businesses in kamuli market contribute 20 percent of the Uganda's gross domestic product. This is mainly by the small scale business holders who may not even define the micro and small scale enterprises. Besides, since he great component of country's gross domestic product is non monetized and largely subsistence, its possible that the contribution of both micro and small units is much larger than 20 percent.[Scott Grant]

Productivity is very important for the business productivity objectives are normally expressed in terms of output per employee and the output in relation to plant material yields and costs. Taylors aim in his system of scientific management was to increase the efficiency of production methods.[Robin Dixon]

2.2 IMPACT OF LOAN SCHEME ON PRODUCTIVITY OF SMALL SCALE BUSINESS.

Abbink et al [2003], reveals that the individual provides some collateral security to guarantee there generally small for the initial capital requirements. The loan payment scheme depends on the individual capacity to pay back it is common in months and one year. Unless the individual risks are perfectly involuntary non-payment in relation to kamuli market majority of the business owners have failed to access the loans from pride micro finance in kamuli district.

Well, Abbink is interested in individual loan schemes than that of a group lending schemes. This makes it easy to increase the level of productivity individually since it is to manage and facilitate the funds individually hence increasing productivity.

According to the IDA report [1995] on micro financing in Bangladesh, the microloans goals of providing the poor with income generating activities, employment opportunities to support the poverty reduction strategy were not using the loans for productivity purposes. Micro loans involves individual and groups loan schemes. Individual loanscheme is the microcredit that is extended to the small-scale business owners under to this credit. The individual provides some collateral to guarantee the loan where sizes are generally small for the initial capital requirements. The loan repayment period under the scheme depends on the individual capacity to pay back the loans is commonly between 4, 6 and also one year. This however makes it difficult for the small scale business owners to access funds hence leading to low productivity of small scale business.

Parker [2006] argues that commercial banks usually demand for collateral security before giving out the loans for business purposes. This is a necessary factor in obtaining a collateral security serves as the guarantee for the recovering of the loans given out by commercial incases of repayments default. Thus the difficulty to access the loan from the financial institutions such as commercial banks constitutes a great se back to entrepreneurial productivity in kamuli district.

2.3 THE EFFECT OF MICRO INSURANCE ON PRODUCTIVITY OF SMALL SCALE BUSINESS

Micro-insurance is a risk management tool for poor people. Insurance protects people and businesses against financial loss by spreading the risks among large numbers. The contract indicates the amount of a specific potential loss covered by the insurer and the insured person or enterprise pays a premium that is directly related to the likelihood and the cost of the particular risk.

Micro-insurance traditionally started as loan insurance, but is now expanding to address the needs of the low-income market and to cover a variety of insurance products such as:

- **health insurance** covering medical costs for illnesses and injuries;
- **annuities, endowment and life insurance** providing savings accumulations for retirement and in case of death;
- **crop insurance** against poor yields due to specific causes such as natural disasters;
- **property insurance** against damage, destruction and theft of assets;
- **A death insurance fund** providing benefits for the members and their legal dependents and loan redemption for member-borrowers.

Micro-insurance provides a safety mechanism against negative events: it is therefore particularly useful for rural and poor families and for forest-based small-scale enterprises where the nature of the activity and the return periods expose the enterprises to greater risks. Since it is costly to create new distribution channels, micro-insurance has greater chances of reaching these enterprises viably when it is integrated into existing microfinance institutions, using the existing

delivery mechanisms and clientele. If provided at a reasonable cost, micro-insurance can be a powerful poverty reduction mechanism with great expansion potential, and at the same time, can significantly contribute to microfinance institution profitability.

Since 2005, micro ensures has been designing and implementing agricultural micro insurance to provide compensation to small scale farmers when their harvest is damaged or totally destroyed by a weather related catastrophic event. These agricultural micro insurance products act as an enabler of agricultural loans that in turn help the rural poor work their way out of poverty with agricultural micro insurance small scale farmers in kamuli district with a major focus to business proprietors in kamuli market, kamuli district have been able access the agricultural loans for the first time, enabling them to purchase drought resistant seeds, fertilizers. Finally micro ensures experience in sub Saharan Africa suggests that small scale farming crop yield can be increased by between three and five.

Compulsory asset insurance and like insurance to the borrower at small cost approximately 5 percent of the loan scheme. These two insurance products ensure that borrower further indapted often face when becoming clients of many micro-lending institutions. The creation of an insurance exchange would also provide better and low- cost options for the workers in small scale business that do not offer insurance. Low income individuals and the families would receive sliding scale subsidizing to help them purchase insurance.

Additionally in 1997, American international group (AIG) Uganda entered into an agreement with a micro finance institution (MFI) called PRIDE MICRO FINANCE Uganda to offer insurance products it PRIDE MICRO FINANCE Uganda credit clients. The resulting personal

accident product was one of the 1st success stories with a large company proved that micro insurance could be profitable in low income market.

Six years after the introduction of the product in 1997, most Ugandan MFIS were offering it to their clients. It led to 1.6 million lives being covered in three countries. By 2003 the product was contributing 17% of the profit \$ 100,000 AIG Uganda.

In summary, although micro insurance is unlikely to ever be the major focus of more than a few insurers, many insurers have found micro insurance to be profitable if they operate, imply and efficiently on all levels respond to market needs and access large numbers of low income people.

2.4 EFFECTS OF CREDIT SERVICES ON PRODUCTIVITY OF SMALL SCALE BUSINESSES

According to muhamood et al, (2009) Microcredit consists of small loans provided to poor households or micro-enterprises. Microcredit is normally characterized by standardized loan products with short maturities, limited amounts, fixed repayment schedules and high interest rates. Most microfinance institutions require potential borrowers to save before applying for a loan in order to demonstrate their intention to develop a long-term banking relationship. When the amount saved reaches a specific level, the lender will consider granting a certain amount as a loan. Although forced savings might be effective in helping to control moral hazard risks, they increase the effective interest rate and restrict potential borrowing.

One of the most characteristic microcredit innovations is the use of group lending techniques. Group lending reduces information asymmetries common to most lending situations, drawing on borrowers' superior knowledge of each other. Since a group member is far more likely to

understand the creditworthiness of an individual in a village than a non-local loan officer, group techniques can be gainfully used to screen members, monitor repayments, and exert peer pressure. Groups utilize the networks of trust and relationships in the village, mutual guarantees, and shared knowledge about eligibility and performance to help ensure repayment of the loans given to the group. Group incentives and dynamics to avoid moral hazard are reinforced through regular group meetings, often required under the terms of the group loan.

Group and village credit and savings associations or village banks are usually formed following the loan from a sponsoring agency to a group or village association, which then makes individual loans to its members. The sponsoring agency can be an NGO or a bank. "Village banking" normally refers to a group of 10 to 30 individuals, while in "group lending", the group consists of 3 to 9 individuals. However, here the term "group lending" is used generically for both, as the key features are essentially the same.

Among key rationales for group banking methodology are the reduced operating costs for the microfinance institution, which provides a single loan to many small borrowers at once instead of a much greater number of individual loans, and the opportunity to substitute individual collateral with social solidarity to guarantee the loans (in the case of a solidarity group). Pooling compulsory with voluntary savings helps overcome minimum deposits and low balance fees and reduces transaction costs for the savers with representatives making the trip for many. The disadvantage is that loan officers must travel to and attend all group meetings, and that time must be spent organizing and training new groups.

Groups can be used in two ways: simply as delivery mechanisms, receiving the loan payments from the microfinance institution and collecting savings and repayments on behalf of the

members, while maintaining individual responsibility; or as solidarity groups, where the group as a whole is responsible for the individual members' sub loans and if one member fails to repay, the repayment will be covered by the others. The solidarity group guarantees these sub loans and relies on peer pressure and peer support among members to ensure repayment. In addition to providing a group guarantee for the loan, the advantage of all group members being responsible for loan repayment is that it creates incentives to admit only responsible individuals, and to make sure that each individual borrows within his/her repayment capacity.

As a complement to the co-liability for the existing loans of fellow group members, a group guarantee fund is often established. A small fee is added to each member's loan and deposited in a fund. The money can be used in emergencies to cover the loan installments of group members who experience temporary difficulties in making timely loan payments. The fund reduces the need for group members to use their own resources to make these payments, but raises the effective interest rate on their loans.

Group banking can offer small-scale enterprises and rural families several important services in addition to credit and savings: groups often also receive non-financial services, and establish internal accounts. As part of their establishment and functioning, groups normally adopt bylaws, strengthen their financial literacy and learn how to keep records of financial transactions with the assistance of the sponsoring microfinance institution. Regular meetings, which are the vehicle for delivery of credit and savings services, also provide benefits such as networking, informal technical assistance on production and processing aspects, empowerment, and strengthening of social group capital. The group internal account, under which money is collected from several sources (forced and voluntary savings, interest income earned, fees and fines levied) and then

used to make loans to group members, is practiced by some groups as a supplementary source of credit and savings among its members.

All of these advantages make group lending particularly useful when trying to reach forest-based small-scale enterprises and poor rural households. However, a limitation is that group loans are rather inflexible compared to individual loans; each member receives a loan that starts on the same date and has the same term and repayment frequency, and the size of the single individual sub loan is generally capped, in view of the group's solidarity. It may therefore be better suited to small-scale enterprises engaged in activities requiring limited capital and with regular and shorter-term yields.

Social capital is a prerequisite for the success of group lending. When social cohesion is weak, groups are not homogeneous and peer screening and monitoring are inadequate, putting the group's repayment at risk. Solidarity group lending however has the disadvantage of making group members responsible for co-borrowers' possible default, over which they may feel they lack control. This can hinder group participation and borrowing, or cause the failure of group lending initiatives.

As clients develop economically and become more acquainted with microfinance services, and as competition in the sector strengthen, small-scale enterprises are likely to have greater demand for more diversified products, such as flexible repayment schedules, individual loans and loans with different term structures and different purposes. Under the new Generalized System, flexible loan terms and repayments and new deposit products have been introduced and group liability has been discarded. Other microfinance institutions are also shedding the

traditional model, or making more flexible products available together with traditional standardized group ones.

Small-scale enterprises, especially when engaged in businesses like food vendors, retail shop businesses and others, may need financing for larger investments that have prolonged amortization periods. Due to the gestation period, there is normally a significant time lag between the initial expenditures and the time when investment creates a positive cash flow and the enterprise can repay the loan. While presenting the advantage of reducing transaction costs and credit risks, the traditional standardized micro-credit and group lending may not match their cash flow, and may not suit their investment requirements. Small-scale enterprises with intensive capital needs to finance fixed-term investments and that are engaged in higher risk activities are likely to face difficulties in accessing microcredit that matches their demand, given its shorter maturities, limited amounts and fixed repayment schedules.

Innovative lending practices and financial products can be adapted to suit small forest-based enterprises and household cash flows. Innovations that can facilitate access to credit include the use of collateral substitute. Muhmood et al 2009, the introduction of easy and cheap credit is the quickest way of boosting productivity of small scale business. The argument is the agricultural depend more on credit than any other sector in the economy because of the seasonal variables in the farmer's return and the requirements in the transformation of substances to commercial farming. Credits provides the opportunities for them to increase productivity and improve their standard of living

Cohany, J (2001), argues that given its strategic importance to national economy and the development of rural areas almost all government gave a high priority to improve agricultural

productivity and hence farmer's income. This is largely associated with lack of credit facilities for the procurement of the basic poultry equipment and materials. This however reveals out that; it makes it difficult for small scale business owners to produce and supply sufficient and good quality feeds to the poultry birds hence leading to low production. This recognizes that the establishment of micro credit program enhances that perception of women's contribution to house hold income and family welfare this however increases women's participation in house hold decision making about expenditure and creating a great expenditure on women's welfare. According to Guerin 2006, micro credit has had apposite and significant effect on the poverty reduction and women empowerment. Findings present in other studies threw light on some success to micro credit alleviating households' poverty. They enabled women go further into self employment. Income from such nonfarm enterprise is used for household provisioning and other essential basic services.

2.5 SUMMARY OF LITARATURE

Conclusively, introduction of easy and cheap credit is the quickest way for boosting productivity of small scale business. The fact that small scale business depend on credit facilities largely compared to other microfinance services. However, the continuous existence of the poultry industry in kamuli is also characterized by low level of production due to the fact that rural areas micro finance institutions do not exist this make the largest population not to access the funds hence leading to low production.

Research reveals that in kamuli market, kamuli district,, the individual provides some collateral to guarantee the loan which is very difficult to low income earners to provide the collateral securities leading to low level of productivity. This however makes the majority of the business

operators' ns owners to access the financial services of pride micro finance since the policies attached to the loan access are not proper and well explained to them. In relation to the above, small scale business owners and operators have not fully gained from the service of loan scheme.

In summary, micro insurance has emerged as a subset of financial tools from the microfinance sector and is now widely recognized as a mechanism to assist the poor, especially in kamuli district to better manage the risks they face. One group of risks of particular growing interest is weather related risk which affects the livelihood, assets and personal safety of growing numbers of people worldwide. Despite of the risks that they face micro-insurance is of great value and importance in their business and this has improved on the level of productivity.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This chapter presented the methods and techniques that were based in conducting the study. This chapter also presented the following sections, research design, study population, and the area of study. Sample size and the sampling data collection methods, data collection instruments, data collection procedures, data analysis and the study limitations.

3.1 RESEARCH DESIGN

The research design was descriptive in nature and also both qualitative and quantitative approaches were used. Structured questionnaires were drawn and administered since it covers

many people's attitudes above all measuring, classification, comparison and interpretation of data.

3.2 STUDY POPULATION AND THE AREAS OF STUDY

The target population for the study was 30 proprietors comprised of all small scale business in kamuli market, kamuli district that have benefited from microfinance institutions and the categories involve the managers from pride microfinance kamuli district branch and the staff such as women, retail business owners.

The accessible population was made up of women, retail business owners, food vendors, restaurants and also managers of pride microfinance limited in kamuli district. That was of great importance in collecting and explaining the issues being studied since the focus is in- depth analysis.

3.3 SAMPLE SIZE AND TECHNIQUES.

3.3.1 Sample size

The sample size was determined using R.V Krejcie and D.N Morgan (1970) table where a population size (N), the sample size 20 who responded and filled in the questionnaire and the interview guide.

3.3.2 Sampling technique

The researcher used both the random and purposive sampling method. Random sampling method involved selecting respondents from the study population by chance. In this way every respondent had equal chance of being included in the sample. It also used customer or the

respondents from pride micro finance kamuli district. Purposive sampling also involved selecting a certain number of respondents based on the nature of the study. It's appropriate because it was enabled selection of informed person who posses vital data that comprehended enough to allow gaining a better insight into the problem. In the study, respondents were conducted in person, as the researcher wanted first hand information from them and the study was keenly inquiries respondents view on the subject of the study.

3.4 SOURCE DATA.

3.4.1 Primary data.

This is the first hand information collected from the respondents in kamuli market, kamuli district. It comprises of the interview guide and questionnaire and observations.

3.4.2 Secondary data.

This is the information that is gathered from the documents, brochures, magazines, journals, text books as well in relation to the area of study.

3.5 DATA COLLECTION METHODS AND RESEARCH INSTRUMENTS.

Two methods were used to collect data from respondents such as questionnaires and the interview guide

3.5.1 Questionnaire.

It was used in the process of collecting data. The researcher administered questionnaires to be selected, small scale business operators and owners in kamuli market. The relevancy of this was that questionnaires are convenient and less tome management. The questionnaire was piloted as

recommended by saunder et al (2003) who writes that, piloting helps validity and reliability and also said that it helps to refine the questionnaire so that respondents have no problem in answering the questions and there was no problem in recording data.

3.5.2 Interview guide.

The researcher used formal interviewing as method of data collection and the interviews offered a chance to explore topics in depth and allow interaction between the researcher and the respondents such that misunderstanding of questions and answers provided were easily corrected. The researcher also interviewed the respondents from pride micro finance Uganda limited in kamuli district using the interview guide. This was used to tap the vital information that was collected using the questionnaires from the bank managers and the top management, administrator, banking officers, accounting and finance department.

3.5 DATA COLLECTION PROCEDURES

Several procedures were employed such as to find out the accessible population in regard to the problem of the study, portioning the accessible population into samples such as clients samples as discussed above, developing a questionnaire and an interview guide, which was given to the clients of pride micro finance Uganda limited kamuli branch several questions were developed and implemented.

3.6 DATA ANALYSIS AND PRESENTATION.

Data was entered into a computer and analyzed with the use of statistical packages for social scientists (spss), which helped to summarize the recorded data and this facilitated quick

interpretation on the side of the researcher. The data was presented in form of graphs, pie charts and tables as well.

3.7 STUDY LIMITATIONS

(i) The reliance on information supplied by small scale business operators who normally do not want to make a full disclosure of their business to an unknown person for fear of being subjected to tax payment.

(ii) In the same vein, most of the small business operator lack proper record keeping and accounting procedures. Some of them do not have the necessary skills need for sound book keeping, auditing and tax assessment neither do they employ qualified personnel to undertake such tasks for them.

(iii) The oath of secrecy between the bank and its customers is another area of constraints in the study. Factors such as economic environment, political instability and government policy on small scale businesses are considered to have strong effects on productivity of small scale businesses but are not readily available and so constitute a constraint to the study.

(IV) However, we rely on scientific methods to obtain the data and the analysis is based on the superior analytical techniques, which we believe allow us to generate our findings.

(v) Revision of the original research plans. Due to time constraint, the researcher might have deviated from the original research plan and the project continued little outside from the scope of the study.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION OF THE FINDINGS

4.0 INTRODUCTION

This chapter involves analyzing, presenting and the interpretation of data from the respondents with the effect of micro finance activities on the productivity of small scale business in kamuli market, kamuli district. A case study of pride micro finance limited in Buwenge, kamuli district.

4.1 RESPONDENTS' RATE.

The researcher conducted the research to 20 respondents as the sample size and they answered both the interview guide to mainly the owners of small scale business owners and the questionnaire was given to small scale business operators of kamuli market in kamuli district. However, only 20 questionnaires and interview guides were answered. There was 100% response rate because there was a real cooperation amongst the respondents.

4.1.1.Age

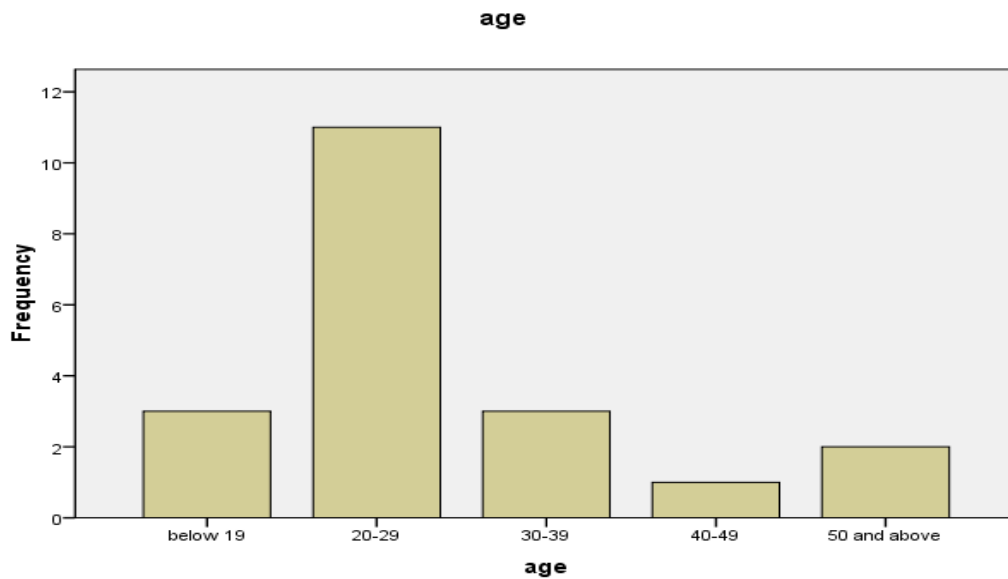
Table 1: showing the age of the respondents.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 19	3	15.0	15.0	15.0
	20-29	11	55.0	55.0	70.0
	30-39	3	15.0	15.0	85.0
	40-49	1	5.0	5.0	90.0
	50 and above	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Source: primary data (2015)

The age of the respondents revealed that below 19 years the frequency was 3 and the percentage was 15, 20-29 years frequency was 11 and the percentage was 55, 30-39 years frequency was 3 and the percentage was 15. 40-49 years the frequency was 1 and percentage was 5, 50 and above years the frequency was 2 and the percentage was 10 and the total frequency was 20 and the percentage was 100.

Figure 2: showing the description of respondents' age.



4.1.2: Marital status.

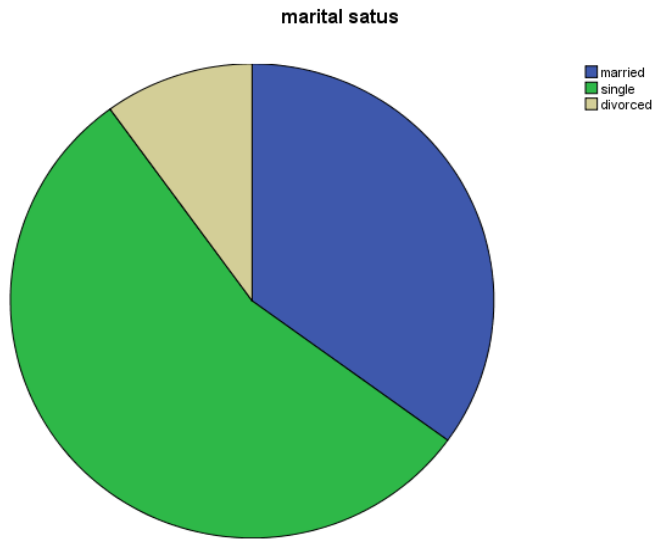
Table2: showing the marital status of the respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Married	7	35.0	35.0	35.0
Single	11	55.0	55.0	90.0
Divorced	2	10.0	10.0	100.0
Total	20	100.0	100.0	

Source: primary (2015)

The marital status of the respondents comprised of the married, single and divorced, well the married had frequency of 7 and the percentage of 35. Single had frequency of 11 and the percentage of 55. Divorced had frequency of 2 and the percentage was 10. however the single had the biggest percentage and frequency as well giving the final total of frequency 20 and the percentage of 100 of the respondents.

Figure3: showing the description of respondents’ marital status.



4.1.3: Gender.

Table 3: showing the gender of the respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	9	45.0	45.0	45.0
Female	11	55.0	55.0	100.0
Total	20	100.0	100.0	

Source: primary (2015)

In relation to the area of study, the gender of respondents comprised of male and female. Male had a frequency of 9 and a percentage of 45. Female had a frequency of 11 and a percentage of 55. Finally, the female responded greatly towards the area of research since it has the highest frequency and percentage.

Figure 4: showing description of the respondents' gender



4.1.4: Educational level.

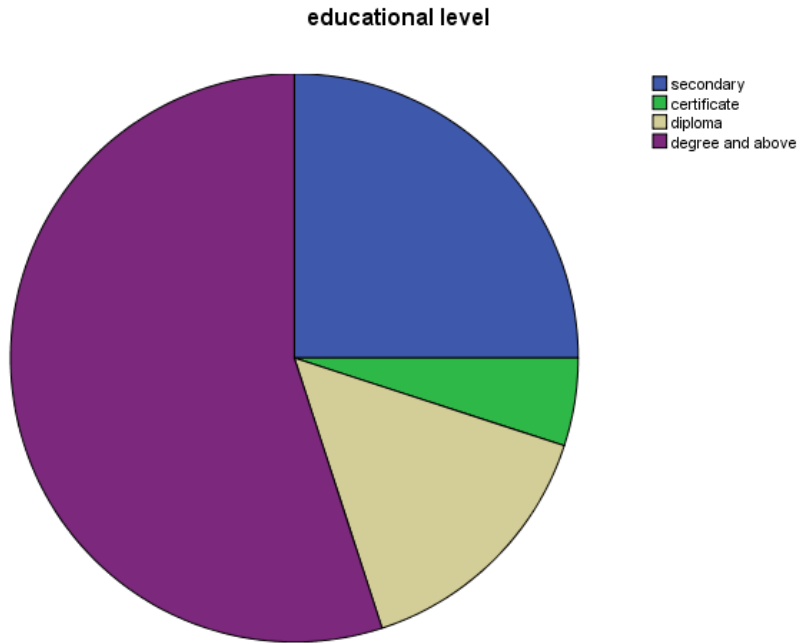
Table4: showing the educational level of the respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Secondary	5	25.0	25.0	25.0
Certificate	1	5.0	5.0	30.0
Diploma	3	15.0	15.0	45.0
degree and above	11	55.0	55.0	100.0
Total	20	100.0	100.0	

Source: primary (2015)

The education level of the respondents comprised of secondary, certificate, diploma, degree and above revealed that secondary had a frequency of 5 and a percentage of 25. Well, certificate had frequency of 1 and a percentage of 5. Also diploma level had a frequency of 3 and a percentage of 15. Finally degree and above had a frequency of 11 and a percentage of 55. In summary, the educational level that had the highest frequency was degree and above and the highest percentage was 55 and it revealed that degree and above respondent to the area of study and had great impact on how they have benefited from the micro finance activities in relation to productivity of small scale business.

Figure5: showing description of respondents' educational level.



4.1.5 Religion

Table 5: showing the religion of the respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Christian	11	55.0	55.0	55.0
Muslim	9	45.0	45.0	100.0
Total	20	100.0	100.0	

Source: primary (researcher 2015)

Religion of the respondents comprised of Christians and Muslim and it revealed that, Christian had frequency of 11 and percentage of 55. Muslim had a frequency of 9 and percentage of 45. This however, revealed that Christians responded highly in relation to effect of micro finance activities on the productivity of small scale business

Figure:6 showing description of respondent's religion.

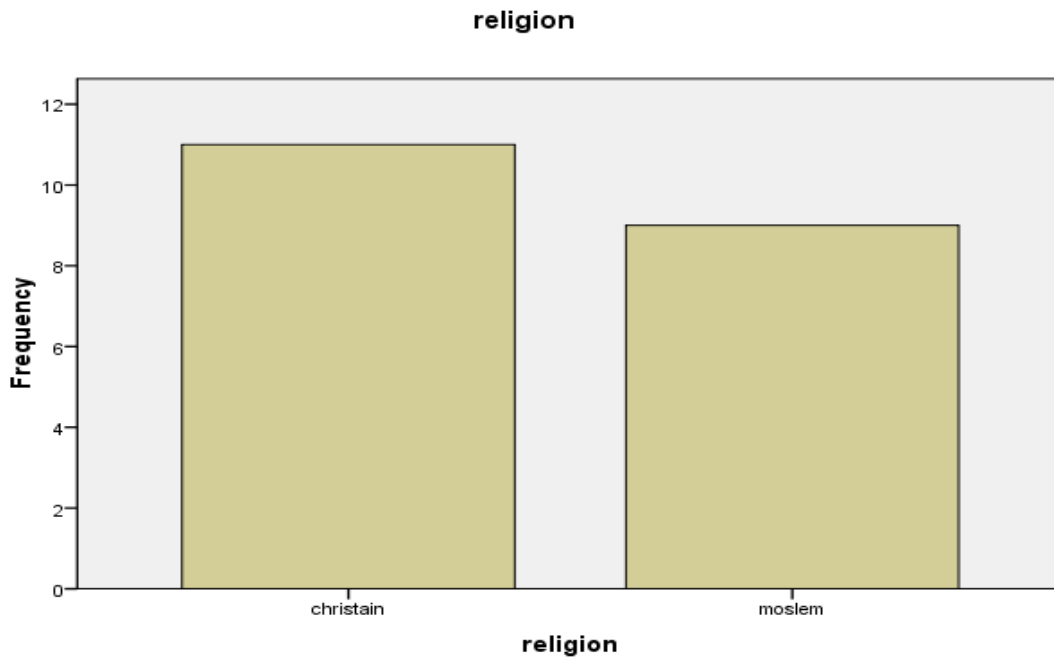


Table 6: showing the impact of loan scheme on the productivity of small scale business.

Statistics

	Mean	Std. Deviation	Min	maxi
MFIS policies are appropriate for productivity in your area	3.55	1.146	1	5
provision of collateral security before getting the loans	4.20	1.005	1	5
loan payment scheme depend on individual capacity	3.30	1.129	1	5
loan scheme provide individual goal of providing the poor with income generating activities	2.85	1.268	1	5
you have ever been able to access the loan	3.30	1.380	1	5

Source: primary data (2015)

The impact of loan scheme on the productivity of small scale business revealed that the valid information from the respondents totaled to 20 respondents and it involved the following; MFIS policies are appropriate for productivity in your area, Provision of collateral security before getting the loans involved the valid information. Loan payment scheme depend on the individual capacity and this makes it difficult of the small scale business owners to access loans from pride micro finance in kamuli market. You have ever been able to access the loan the mean, standard deviation was minimum level was and the maximum level.

Table 7: showing the effect of micro-credit on the productivity of small scale businessStatistics

	Mean	Deviation	minimum	maximum
credit facilities are sufficient	3.80	1.240	1	5
you are aware of the existence of MFIS	3.65	1.137	1	5
you belong to any association	2.45	1.050	1	5
your association patronize the services of MFIS	2.65	1.226	1	5
any improvement in your business because of micro credit	3.25	1.209	1	5

Source: primary (2015)

The effect of micro credit on the productivity of small scale business revealed the following statistics. Credit facilities are sufficient, the valid data was 20, the mean was 3.80, standard deviation, the minimum level was 1 and the maximum was 5. You are aware of the existence of MFIS the valid data was 20, mean, standard deviation, the minimum level was 1 and the maximum was 5. You belong to any association, the valid data was 20, the mean was 2.45, standard deviation and, the minimum was 1 and maximum was 5 as well Your associations

patronize credit services of MFIS, and the valid data was 20, the mean , the standard deviation , the minimum level was 1 and the maximum was

Any improvement in your business because of micro-credit, the valid data the mean and standard deviation, the minimum level was 1 and the maximum .however the highest mean and standard deviation, minimum and maximum was the same 1 and 5 respectively.

Table 8: showing the Effect of micro insurance on the productivity of small scale businessStatistics

	Mean	Std deviation	min	Max
micro- insurance a major focus in improving on the productivity	3.05	1.050	1	5
you have benefited from micro insurance	2.95	1.234	1	5
micro insurance services are sufficient	3.10	1.071	1	5
MFIS operate efficiently in accordance to micro- insurance	3.25	1.118	1	5
any improvement in your business because of micro- insurance	2.95	1.311	1	5

Source: primary (2015)

Effect of micro- insurance on the productivity of small scale business revealed the following statistics. Micro-insurance is a major focus on improving on the productivity and the respondents agreed that micro- insurance is of great importance and major focus on improving on their business. And in addition, majority of the small scale business owners have benefited from the service and they are also sufficient , meaning majority have really benefited from the services in regard to productivity of their business. However, pride micro finance operate efficiently in accordance to micro-insurance and majority of the respondents agreed with such statement.

4.5 Responses from the interview guide.

The interview guide was given to managers of Pride Microfinance Limited Buwenge branch Kamuli district and below was their response in relation to the area of study. Pride microfinance limited kamuli branch offers the following services to mainly the business owners in kamuli

district and most especially kamulimarket. Pride microfinance offers money transfer services through western union and money gram. They also offer loan products such as group guaranteed honor, individual loans, salary loans and asset financing loan. It also offers death, disability and catastrophe insurance products to loan clients offered through AIG insurance. And education services through seminars to the clients of this institutions and it also offers micro training to both the client and the managers of pride micro financelimited. This enables the clients to have wide overview on how to use and make and have a productive benefit from the service thus improving on the productivity of their services as well. It also offers deposits products for example, pride smart saving account, pride Akiba, savings account, fixed deposit account, minors savings account, and loan insurance fund as of June 2014. This service enables clients to save for the money for future investments in order to increase on the level of productivity in their business. Acquiring loans for example individual loan, asset loans, salary loans and financing loans in order to help the business owners to increase on the productivity of their business. Getting information about the other services that pride offers such as micro-insurance for instance death, disability and catastrophe insurance products to the loan and micro-credit clients offered through AIG insurance. Fear of people to acquire loans is great challenge to the company and thus making business operations to be low thus low production. Failure of customer to pay in time the loans, micro-credits that have been acquired by the small business owners in kamuli district. Majority of the customers operate businesses that don't have high level of sales and profits as well. This has made the institutions transactions and operations to be accomplished late thus limiting the chance of other business owners to access such services for business use. Lack of knowledge by the customers about pride microfinance and the services that it offers to its customers in kamuli district. Many members in kamuli district are left out since pride micro

finance kamuli articulates and better-off community members may cheat on the poorer or less educated intercommunity. Poorly developed markets for output, this has affect the institution to offer the right services at the right period. How this has hindered the level of productivity in their business. Corruption and poor links to local and national government for instance for those who are affected and sick among the target population. The following are the customers that are served by pride micro finance Uganda limited in kamuli district. Farmers, Small scale business owners, Cooperate personnel. Food vendors, Retail shop. Micro-training, teaching the customers about the services that pride microfinance delivers to the customers and mainly the small-scale business operators and owners as well. Use of improved measure to collect the finances from its customers. Agricultural innovation and technology should be deployed for example green manure, crop rotation, drought resistant crops and crop that is resilient.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION.

This chapter has been designed to give a detailed account of the findings from chapter four. This however helps to draw conclusion of the study in relation to the topic. Effect of micro finance

activities on the productivity of small scale business in kamuli market kamuli districts as it is above. The major focus is on pride micro fiancé limited in kamuli district.

5.1 SUMMARY OF FINDINGS.

5.1.1 Effect of loan scheme on the productivity of small scale business.

Research revealed that the loan scheme was of great importance in order it increases on the volume of productivity in their business mainly the business operators from kamuli market in kamuli district. It comprises the mean and the standard deviations such as, micro finance policies are appropriate in your area, the respondents revealed that the policies are appropriate due to the fact that it enables them to know what terms and condition to follow when accessing the loan as well, and the mean and standard deviation. Well provision of collateral Security before getting the loan has limited the operations of the business since majority of the business operators don't have such securities thus lagging behind in their operations thus limited productivity in their business. However it revealed that the mean and the standard deviation was .finally collateral securities have limited the chance of business operators to fully access the loans from the pride micro finance limited in kamuli district thus leading to low level of out and productivity as well. In addition to the above, loan payment scheme depends on individual capacity where the majority of the respondents strongly disagreed in that pride micro finance clients do not pay the loans back in groups instead it's done individually since the loans are accessed individually. This challenges the business operators' in a sense that many of them fear to acquire the loans individual due to fear of debts while carrying out their business operation in kamuli district. However the mean of the respondents and the standard deviation this finally indicates that many business operators don't access the loan scheme services from pride micro finance thus leading to

the low level of productivity in their business operations. Furthermore, loan schemes also revealed that loans do not provide individual goals for generating activities in their business. This has limited the access of business operators to fully utilize the services.

5.1.2 Effect of micro-credit on the productivity of small scale business.

In relation to the area of study, findings revealed that the majority of the respondents in Kamuli district with a major focus on Kamuli market, majority of the respondents agreed that micro-credit is of great importance and it has improved in their business operations. The findings revealed that the majority of the respondents agreed that the credit facilities are sufficient in relation to the productivity of their business. This means that the majority of the business operators have fully used the micro-credits fully in regard to productivity of their business. Well, the researcher also approached the managers of Pride Micro Finance in Kamuli districts and agreed that the majority of the business operators from Kamuli market successfully have benefited from the micro-credit and that it has increased on their level of productivity in their business operations. In addition to the above, many business operators and owners are aware of the existing micro finance in Kamuli district since it offers the required products and services that are of great importance to their business operations in Kamuli district. Well, this was evidenced with the standard, the researcher interviewed one of the manager of Pride Micro Finance in Kamuli district on whether the business operators are aware of the existing micro finance institution in their area and the manager answered that despite of the fact that, credit facilities are sufficient some of the business operators are not aware of the existing micro finance due to the fact that its location is very far and this gives hard time for the rest of the business operators to fully access such services. Furthermore, the findings revealed that majority of the business operators don't belong to any association in order to fully access such services of micro-credit. due to the fact

that this was evidenced with the mean and the standard deviation as .as if this wasn't enough the researcher went ahead and interviewed the several departments of pride micro finance in kamuli district due to the fact majority of the business owners and operators lack solidarity and togetherness in that majority access such services individually and this has hover limited the productivity of small scale business in kamuli district.

5.1.3 Effect of micro-insurance on productivity of small scale business.

The findings revealed that micro-insurance is of great importance in relation to the productivity of small scale business in kamuli market, kamuli district. This evidenced with such statements that were asked to the respondents in relation to the productivity off their businesses. Micro-insurance is a major focus on improving on the productivity. Her findings revealed that business owners strongly agree that with the above point and this wasevidenced with the mean and the standard deviation as however, the researcher also interviewed one of the managers of pride micro finance in kamuli district and they responded that micro-insurance is major focus due to the fact the offer such services for instancecatastrophe insurance, death insurance and others. This however reveals out that micro-insurance is a major focus as already discussed above. Secondly, you have benefited from micro- insurance within your business; the findings revealed out that few of the business owners and operators have benefited from micro-insurance in relation to productivity of their business. However this was evidenced with mean andstandard deviation and all this reveals out that few of the business operators and owners have benefited from micro-insurance this has led to a low level of productivity. In addition to the above the findings also revealed out that micro-insurance service are sufficient this was evidenced with and the standarddeviation. This has enabled the small scale business owners and operators in kamuli market have been benefited from the services and this has made a great increase own the level of

productivity. Micro finance operate efficiently in accordance to micro –insurance, the findings revealed out that majority of business operators and owners in kamuli district with a major focus on kamuli market strongly agree and this was evidenced with the mean and the standard deviation this however reflects that micro-insurance has done a great importance in relation to productivity of small scale business in kamuli district. However the researcher also interviewed the top management of pride micro finance in kamuli district and they also revealed that micro-insurance However, the productivity of small scale business in kamuli district is low despite the existence of micro-insurance in kamuli district.

5.2 CONCLUSION OF FINDINGS

5.2.1 Effect of loan scheme on productivity of small scale business.

Conclusively, the loan scheme services are not of great importance to small scale business owners and operator in kamuli market, kamuli district. this is due to the fact the policies are not favorable for small scale business owners in kamuli district, the access of loans from pride micro finance in kamuli district is low in relation to their level of productivity in their business. Well the managers have also not done a good job in lifting the productivity of small scale business in kamuli district.

5.2.2 Effect of micro-credit on productivity of small scale business.

Finally majority of the small scale business in kamuli district have greatly benefited from micro-credit services from pride micro finance. Due to the fact the services are appropriate and sufficient and are accessible by the small scale business in kamuli district. This has improved on the level of productivity in their business.

5.2.3 Effect of micro-insurance on productivity of small scale business.

Conclusively, micro-insurance is of great importance to small scale business owners in kamuli market, kamuli district. Prude micro finance ensures that people's products and business are secure safely and thus improving on the level of productivity in the business.

5.5 RECOMMENDATION.

i) Small scale businesses need to employ professionals to manage their business this will improve on their productivity since these will establish and strengthen the internal controls as regards financial resources to reduce on the mismanagement and misappropriation. It's through this that small business whose set up capital is based on loans, micro credit will easily access financial institutions for the loans to enhance on their business operations towards productivity increase.

ii) Government of Uganda should involve draft policy framework for small scale business that focus on the legal and regulatory conditions, capacity building in support of improving on the business environment to increase on the competition level and promote the sector as well.

iii) Small scale business should be better organized, so that they can have a collective mass which prevail on the micro finance institutions and lead to reduction in interest rates charged and increase in the nature of the credit facilities hence increase on the level of productivity in their business.

iv) Micro finance institutions should engage themselves in many types of business such as home based business such as poultry rearing so as to meet their financial needs. Micro finance loans and micro-credit should explore the possibility of assets like machines, land and others.

v) The repayment schedule or period should be particularly determined by the client basing on his capacity to pay back and the amount required.

vi) Microfinance institutions should be evolved in long-term assistance, sustainable strategies for instance the financing projects by carrying out aggressive research which will help small scale business to understand the needs of customers as regards the company's products and services.

vii) Government should introduce motivation incentives in support of small scale business operations for example increased salaries, wage tax holidays and other non-monetary rewards. This would improve on the productivity of the business in kamuli district.

viii) Small scale business operators should widen their market so as to reduce on the competition. This should be done by interacting with marketing information into the planning process because marketing is the life blood of a competitive market place as it is driven towards the needs and desires of the customers in the production decisions. However, this should be done with the help of the government through the tax exemption strategies for investment and direct financial support to small scale business.

xi) Recordkeeping is very vital in any business since it helps to record whether it's the financial or non financial records in regard to the business productivity as well. Such records are important of keeping the owner manager in the true picture of the business at all times. Records such as sales book, cash book, stocks, receivables, assets and liabilities should be kept.

x) Creativity in the form of invention, innovation or extension are mostly works of small scale business owners.

xii) Full commitment to their business is also vital in that since pressure is another factor that can affect the efficiency of small scale business owner and that everyone should perform the within the shortest period possible in order to increase on the level of productivity.

5.6 AREAS OF FURTHER RESEARCH.

The role of micro finance institutions on performance of small scale business.

The effect of money transfer on the performance of small scale business.

The effect of micro finance institution on the social, economic and political set up of Uganda.

The effect of micro finance funding on the profitability of small scale business.

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APPENDIX 1

RESEARCH QUESTIONNAIRE

Dear respondents, I am MpauloJoaniter a student of Uganda Martyrs University Nkozi carry out research on the effect of microfinance activities on the productivity of small scale business with focus on kamuli market in kamuli district. You are kindly requested to spare a few minutes and fill in this questionnaire. Thank you for the cooperation.

Section A.

Tick as appropriate

(1) Age

(a) Below 19

(b) 20-29

(c) 30-39

(d) 40-49

(e) 50 and above

(2) Marital status

(a) Married

(b) single

(c) (c) divorced

(3) Gender

(a) Male

(b) female

(4) Education level

(a) Primary

(b) secondary

(c) certificate

(d) diploma

(e) degree and above

(5) Religion

(a) Christian

(b) Muslim

(c) Others specify....

SECTION B

Use the key below to answer the questions below.

1. Strongly disagree (**SD**) 2. disagree (**D**) 3. not sure (**NS**) 4. agree (**A**) 5. strongly agree (**SA**)

Impact of loan scheme on the productivity of small scale business.

		SD	D	NS	A	SA
1	MFIS policies are appropriate for productivity in your area					
2	Provision of collateral security before getting the loans					
3	Loan payment scheme dependence on individual capacity					
4	Loan scheme provide individual goal of providing the poor with income generating activities					
5	You have ever been able o access the loan					

2) What ways do you think that pride microfinancekamuli customers improve on the productivity of their business?

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3) What challenges have you faced in the process of improving on the productivity of small scale businesses?

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4) What categories of customers do you serve?

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5) What measures have you laid to overcome the challenges faced in improving the productivity of small scale business?

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THANKS FOR YOUR INTERACTIONS