

**MICROFINANCE SERVICES AND FINANCIAL PERFORMANCE OF MICRO AND
SMALL ENTERPRISES OWNED BY PERSONS WITH DISABILITIES IN
MUKONO MUNICIPALITY, UGANDA**

BY

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DECLARATION

I, Herbert Kimunga, hereby declare that this research dissertation entitled “Microfinance services and financial performance of micro and small enterprises owned by persons with disabilities in Mukono municipality, Uganda” is my original work and has not been submitted to any other, institution of higher learning for any academic award.

Signature:.....

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APPROVAL

This is to certify that this research dissertation entitled “Microfinance services and financial performance of micro and small enterprises owned by persons with disabilities in Mukono Municipality” is work done under our supervision and is now ready for submission to the graduate school.

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Second Supervisor

DEDICATION

This dissertation is dedicated to my youngest brother Jeremiah Nalobo so as to serve as an inspiration to him. I also dedicate it to my father and other family members for having financed this course. May their days on this planet be extended by the Almighty God.

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ACRONYMS AND ABBREVIATIONS

ILO	:	International Labour Organization
MFI	:	Microfinance Institutions
MSE	:	Micro and Small Enterprises
NGO	:	Non-Governmental Organization
PWD	:	People with Disabilities
UN	:	United Nations
UNCRPD	:	United Nations Convention on the Rights of Persons with Disabilities
UIA	:	Uganda Investment Authority
WHO	:	World Health Organisation

ABSTRACT

The research purpose was to make an investigation on the relationship between services provided by microfinance entities and the resultant MSEs owned by PWD's financial performance in Mukono Municipality. The objectives that directed the study were specifically three. Namely: To examine the relationship that exists between loan services and MSEs owned by PWD's financial performance in Mukono Municipality, to analyze the relationship that exists between saving services and MSEs owned by PWD's financial performance in Mukono Municipality, and to investigate the relationship that is existent between training and advisory services and MSEs owned by PWD's financial performance in Mukono Municipality. The study applied a descriptive design due to its ability to embrace fact finding inquiries of dissimilar kinds without controlling any variables. The target population for the study was 120 micro and small enterprises spread across the 2 divisions of Mukono Municipality. A formula generated by Krejcie and Morgan was used to make selection of 92 respondents to take part in the research. The method of purposive sampling was used in data collection. Questionnaires that were structured were used to collect data from MSEs owned by PWDs. key informants' data was obtained qualitatively through interviews. The study findings revealed that loans, savings, and training and advocacy services have a positive relationship with the financial performance of PWD's owned MSEs in Mukono Municipality. Specifically, The study revealed a very strong positive relationship between Loan services and financial performance of people with disability owned micro and small enterprises in Mukono Municipality ($r = .932$ $p < 0.01$). A relationship which was moderate and positive was also obtained between saving services and MSEs owned by PWD's financial performance in Mukono Municipality ($r = .450$ $p < 0.01$). Also, a relationship which was strong and positive was obtained between training and advocacy services and financial performance ($r = .607$ $p < 0.01$). The study recommends that MFIs ought to reinforce their saving products to be in position to attract other PWDs to engage in savings, reduction of loan interest rates for PWDs on loans available. The study also recommends robust strategies to assimilate PWDs operating MSEs who dislike attending training. Most notable is invention of self-study manuals to enable PWDs operating MSEs to substitute time wasted in classrooms learning financial management skills to practically engage in their businesses to step up their sales, production levels and profits respectively.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Macroeconomic goals of nations are attained with financial outcomes of micro and small enterprises (MSEs) including those owned by people with disabilities (PWDs) (Koech, 2011). In that respect, as MSEs strive towards growth, the need for financial performance becomes a focal point in every sector in every single enterprise. The fruits of financial performance are displayed through expenditure offsetting abilities when acquiring assets as well as through using profits generated to carry out research (Deloof, 2003). Additionally, financial performance enables MSEs to grow their asset portfolio which serves to generate appetite from lenders. Consequently, long-term financial performance holds relevancy in helping to generate and maintain connections between lenders who work in institutions of microfinance and borrowers who own as well as operate MSEs (Deloof, 2003).

In regard to the above, it is ideal to note that financial performance enables PWDs owned MSEs to develop their level of assets by holding a notion of improving their rate of investment returns. This notion is supported by empirical observations by Alshubiri (2011) who provided that MSE's financial performance makes funding to be more of internal rather than depend on finance from external debt, therefore, increase in profitability among MSEs implies that such firms are inclined to use their earnings rather than use debt. Conversely, the lack of financial performance of MSEs manned by people with disabilities results into their being beggars (Eide & Ingstad, 2011). In the struggle to avoid the aforesaid, Sánchez (2011) recognizes that PWDs owned enterprises embrace external funding from MFIs which sometimes affect profits because of increased interest rates. Therefore, the profits that remain after deducting expenses are always retained as dividends for

shareholder who are positioned under 80–90% of persons with disabilities self-employed in MSEs (UN, 2008). In due regard, the study aim of this research undertaking was to deliberately explore financial returns of PWDs owned enterprises measured by sales ratio, profits margin and production ratio basing on microfinance services and thereafter, offer recommendations geared towards elevation of financial performance of the above-mentioned enterprises.

1.1 Background to the study

The background is presented under four outlooks. These are, conceptual, theoretical the historical, and contextual perspectives.

1.1.1 Historical Background

Research conducted by Dondo (1999) traces the genesis of microfinance to emanate from Bangladesh from the services offered by Grameen Bank with Yunus Muhammad's initiation in 1976 as a trial examination on provision of loans to poor natives at full costs and fully valued interest rates. Policy makers and academicians have been attentive in regards to issues pertaining to Microfinance. Specifically, poverty eradication has been enhanced through the aid of microfinance services. This view is supported by the 2005 microcredit international year declaration by the UN. The mentioned proceedings provoked aid organizations and policy makers to wonder about the ability of microfinance to reduce the implication of poverty. According to the World Bank (2002) Microfinance gained reputation among persons with disabilities in underdeveloped nations of Latin America, Asia, Africa and Eastern Europe. It has been argued that microfinance services' improvement enables PWDs to build fruitful assets as well as enrich their efficiency and potential to maintain livelihoods that are sustainable as well poverty reduction (World Bank, 2001). Microfinance services play a significant part in the performance of businesses owned by people with disabilities. Idowu (2010) further illuminates that these services

serve as a basis for accessibility to capital, he further asserts that it is also a basic component for PWDs to build industrious potential to enable them succeed in their ambition.

In the above regard, Robinson (2001) acknowledges that PWD's capability to access microfinance services as a determinant of the possibility of survival and degree at which such enterprises are in position to generate profits is solely not dependent on the owner's nature of disabilities and size of businesses. Navajas, Gonzalez-Vega, Rodriguez-Meza and Schreiner (2000) supplemented with a notion affirming the fundamental objective of services given by micro-financing institutions as one aiming to boost the ability of firms to financially perform well in all sorts of business which include those owned by persons with disabilities. This is precious because it somewhat yields realization of small advances which were not easily accessible in banking facilities that were traditional. Bass and Henderson (2011) acknowledged that people with disabilities who were customers of microfinance institutions not only sought savings services but also loan products and capital. Despite the role played by savings services as directed by facilities working in microfinance, the arrangements of informal savings have encouraged professionals and those who make policies to support the aforesaid endeavor. Ledgerwood (1999) highlights that education in basic skills such as invention and basic accounting which help in sustenance of freshly designed and prevailing businesses of persons with disabilities and other groups of people ought to be incorporated.

Degener and Quinn (2000) further provide that the world has an estimated population of 600 million people who have disabilities of all sorts of nature. In that regard, People living with disabilities in underdeveloped nations constitute more than two-thirds. These statistics leave governments with responsibility of taking care of all their citizens who include vulnerable and disadvantaged persons (like PWDs) who require microfinance support to carry out their businesses

for self-sufficiency and sustenance of their families and themselves. The 3rd Article of the United Nations Convention on the Rights of People with Disabilities (UNCRPD) acknowledges that individuals with any type of impairment are supported by similar rights like other community members to realize the objectives and ambitions they set (UN, 2006). Clement and Bigby (2008) further asserts that these rights should be acknowledged in ways proportionate with accomplishing the fullest imaginable life quality. Accordingly, Uganda ratified the UNCRPD and its Optional Protocol on 25thSeptember 2008 and made approval of major rules and other establishments concerning PWDs as stipulated in Chapter 4 on Human Rights & Freedoms to be upheld, respected and promoted by all government agencies and organs.

1.1.2 Theoretical Background

The Lean Six Sigma Theory of a Firm's Financial Performance

There are many theories that explain how services provided by microfinance entities are related to financial performance of MSEs such as the Micro Credit theory propounded by Smith (1976) and the Lean Six Sigma Theory of a Firm's Performance propounded in 1986 by Motorola (Ananthukrishna, 2019). In that regard therefore, this research was directed by these two aforesaid propositions. The theory of Lean Six Sigma explains financial performance while the Micro Credit Theory promulgated by Smith (1976) lays down commandments for actualizing microfinance services by the poor who include Persons with Disabilities.

To begin with the Lean Six Sigma Theory of a Firm's Performance, the theory holds that financial performance is well explained by the Six Sigma approach which embraces quality management in all enterprises seeking profits (Khadem, Ali & Seifoddini, 2006). According to its proponent, Motorola, the lean sigma theory gave rise to 99.99966% faults free production notion which can only be actualized through an unceasing quality nourishment campaign that is customer dedicated

as well as through application of the problem-solving procedures that are enhanced with the aid of statistical apparatuses which Define, Measure, Analyze, Improve, as well as Control (DMAIC) performance (Ananthukrishna, 2019). Additionally, Singh and Malhotra (2014) further emphasize that the Lean Six Sigma theory agitates for lessening the process cycle duration and costs whilst increasing customer satisfaction and profits. In that regard, Six Sigma plans are only appropriate when stakeholders reveal the savings that the project will harvest. Kumar, Antony and Tiwari (2011) attribute six sigma success to management involvement, employees' attitudes, as well as project management skills.

The Lean Six Sigma theory is deemed appropriate in this research because it informs financial performance (the dependent variable). That is to say, through continuous improvement in products offered by micro and small enterprises of persons with disabilities, costs reduction is enhanced. The notion of continuous improvement is championed through access to training services offered by microfinance institutions. Bottom line, quality improvement is hypothesized to be a priceless step towards profit generation by MSEs which include those owned by PWDs.

Basing on the notion that the Lean Six Sigma Theory isn't conclusive on issues pertaining to microfinance services, Smith (1976) came up with the Micro Credit Theory which later metamorphosed into the Economic Theory (Smith, 1977). The theory states that private profits are bolstered by enterprises that are capitalistic in nature. It further provided that it becomes easy for microfinance institutions to review welfare of their clients. The theory further generated the miniaturized Scale hypothesis of credit which proposes asymmetries of data can be addressed by a loaning model which is standard and contains a duo system. Which serves to screen, manage, and coordinate unfavorable risk observation (Smith, 1977). Therefore, the theory looks at

institutions that are microfinance based as enterprises that are capitalistic and driven by social consciousness.

In regard to the above, financial performance of MSEs is therefore assumed to be bolstered by institution engaged in provision of microfinance services because they provide remedy to limited resources in which people like those with disabilities are offered capital. However, the theory holds that MSEs whose goal of profit maximization is enhanced can only be supported if these enterprises that are capitalistic in nature are willing to give them a helping hand in which both microfinance institutions and MSEs benefit (Smith, 1977).

1.1.3 Conceptual Background

The key concepts contained in this research are services offered in microfinance as the predictor variables and financial performance of MSEs owned by persons with disabilities as the outcome variable. These key concepts are understood differently by different authors.

Financial performance according to Praise (2003) refers to action geared towards attainment of financial goals from the outlook of individuals who are judging. In the same regard, Glenn (2006) refers to financial performance of an entity as an effectiveness and productivity determining tool which can be employed by an organization. In this research, performance related to finances was measured with the use of profit, sales turnover, and production ratio. In that regard, Brigham and Houston (2015) illustrate that financial performance for gigantic companies is divided into several ratios which are finance based. These include: profit attained, liquidity of an entity, market value, management of assets, and debt management. However, these five financial ratios are entirely lacking within micro and small enterprises. In this regard therefore, an empirical study by Wijewardena, Nanayakkara, and Zoysa (2008) shows that performance for MSEs in terms of

finances is generalizable by altering ratios of finance into sales turnover, level of production and profit. This similar notion is supported by MacMahon (2007) who contends that financial performance of MSEs can be rationed on the basis of sales ratio, production ratio, and profit.

Microfinance services according to Grameen Bank (2006) refer to the banking service provisions for low income payees particularly the deprived as well as the poverty stricken. Therefore, the service users not only include PWDs who are poor, but also business men with very small enterprises who are always in the hunt for capital to fund their entities. These categories of people including PWDs embrace services in microfinance entities for emergency management, acquisition of assets for households, financing obligations that are social in nature and also for their homes' improvement. Andreoni, Sassatelli and Vichi (2013) further argue that microfinance goes an extra mile to include transfer of savings. Additionally, according to Webster (1985), micro means something trivial, very tiny, or too small. Therefore, services provided by microfinance entities expound on multitude of products related to finance which are offered to customers who include PWDs such as micro-insurance, savings, and micro-loan products. Grameen Bank (2006) recognizes that microfinance started in the 1970's during the time when entrepreneurs who were social well off started borrowing money on an enormous scale to poor people who could work. Therefore, microfinance refers to the facilitation with financial amenities to the very poor or groups that come together such as those of clients and those that employ themselves, notably those with disabilities that naturally have limited access to microfinance products.

According to Boorse (2010), there is no single universally agreed upon way of defining disability which is a result of many ideas. It is therefore upon this notion that Boorse (2010) acknowledges that in the earlier centuries, the word 'disability' referred to a class of people which was different from the rest. In that regard, he highlights that the term disability is recurrently being used not only

as a substitute for the term “inability” but also used to refer to lawfully enforced restrictions on powers and rights. In support to the above notion, the World Health Organization (2007) defines a person with disability as one with distinguishing features such as those labeled mentally, physically or looked upon to be malfunctioning or impaired. It can also be put that a person with disability is one who has got some limits that may be social or personal (WHO, 2011). Additionally, A Disabled World Report (2006) established that basing on the standards of the United Nations, a person who has for a longer period existed with an impairment. Therefore, it refers to the functioning of people, including how people reason mentally, ability to move physically, ability to see, intellectual and cognitive abilities.

1.1.4 Contextual Background

Micro Enterprises’ in Mukono Municipality consist of entities employing not more than four people and have an asset total not more than 10,000,000 shillings. Additionally, In Uganda, small enterprises are entities employing not more than 49 people and not less than 5 employees and have an assets total from 10,000,000 shillings but not more than 100,000,000 shillings.

According to Department of Relief, Disaster Preparedness and Management (2016), Mukono Municipality has a total population of 24120 people with disabilities. However, the UNAPD (2020) report acknowledges that not more than 0.5% of individuals living with any kind of disability in Mukono Municipality were clients of microfinance entities. PWDs in Mukono Municipality face greater challenges than those in developed nations as institutions; political rights and social inclusion tend to be weaker in the former. Therefore, 80 to 90% of persons with disabilities have turned to self-employment due to failure to attain formal jobs (United Nations, 2007). Micro and small enterprises have therefore been the last resort for PWDs in their way to survive. It’s upon this notion that Ingstad and Whyte (1995) argue that it is ideal for individuals

living with impairment (notably females with impairment) to access microfinance with the goal of business operations because some men shy away and abandon women with disabilities after bearing children with them thus leaving women with disabilities to solely care for the children.

In the above regard, Mukono Municipality embraces the Constitution of Uganda (1995) which contains provisions that indirectly address disability issues. These embrace requirements that make persons with disabilities and other categories of people to have perfect treatment in reference to human rights that are universally applied. Among these undertakings comprise the 26th Article that offers for full property rights to people of various kinds. Among those include folks living with disabilities ability to own micro and small enterprises.

1.2 Statement of the Problem

Performance pertaining to finances earned by startups and established MSEs is significantly improved through microfinance services (Ebiringa, 2012). Mukono Municipality has Microfinance institutions whose agenda is to provide microcredit assistance to all groups of people including PWDs. These funds are intended to bolster the lives of these individuals and boost business standards of their enterprises. Accordingly, the UN (2018) highlights eradicating hunger and poverty for all PWDs (SDGs 1 and 2) by improving accessibility to bank loans and other banking services. This statement is supported by the 12th Article of the UNCRPD (2008) that provides for indiscriminate access to mortgages, loans, and supplementary categories of financial assistance.

However, the UNAPD (2020) report provides that not more than 5% of 24120 PWDs in Mukono Municipality are microfinance clients. The National Union for Disabled People's Union (NUDIPU) attributes this turn up to discrimination of PWDs by regarding them as too risky a group for lending with limited saving capacity (Bwire, Mersland & Mukasa, 2009) Also, Handicap

International (2006) further confirms the exclusion of PWDs from mainstream amenities of financing entities due to lacking collateral security verified from the micro nature of their economic activities. The lack of microfinance services has led to limited resources which have resulted into perpetual decline in financial performance of enterprises owned by PWDs (UNAPD, 2020; Nsubuga, 2017). Low financial performance is observed through low profit margin, low sales revenue, and low production ratio. This incidence has turned PWDs into their being beggars (Eide & Ingstad, 2011). Therefore, it's upon the above background that the researcher pursued to investigate the magnitude at which microfinance services can enhance financial performance of PWDs owned MSEs in Mukono Municipality.

1.3 Objectives of the Study

1.3.1 General Objective

The study sought to investigate the relationship between microfinance services and financial performance of PWDs owned micro and small enterprises in Mukono Municipality.

1.3.2 Specific Objectives

This section enlightens on the specific objectives in the following ways

- 1.** To examine the relationship between loan services and financial performance of MSEs owned by PWDs in Mukono Municipality.
- 2.** To investigate the relationship between saving services and financial performance of MSEs owned by PWDs in Mukono Municipality.
- 3.** To investigate the relationship between Training and advisory services and financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality.

4. To examine the effect of loan services, saving services, training and advocacy services on the financial performance of MSEs owned by PWDs in Mukono Municipality.

1.4 Research Hypotheses

The hypotheses generated to give a study direction are indicated below:

Ha₁: There is a significant relationship between loan services and financial performance of MSEs owned by PWDs in Mukono Municipality.

Ha₂ There is a significant relationship between saving services and financial performance of MSEs owned by PWDs in Mukono Municipality.

Ha₃: There is a significant relationship between training and advisory services and financial performance of MSEs owned by PWDs in Mukono Municipality.

Ha₄: There is a significant effect of loan services, saving services, training and advocacy services on the financial performance of MSEs owned by PWDs in Mukono Municipality.

1.5 Scope of the study

1.5.1 Geographical Scope

The geographical range considered within the study was, Mukono Municipality found in Mukono District, Central Uganda. This area was suitable for research because it comprises of rural and urban locations with multiple MSEs being operated by persons with disabilities.

1.5.2 Time Scope

Secondary data within 10 years range was employed to carry out this research and this included all useful data between 2010 and 2020. However, older literature was also utilized due to its

significance mostly in explanation of models and theories. Primary data regarding microfinance services and financial performance of MSEs owned by PWDs in Mukono Municipality was collected for a period of three months. This period was appropriate enough to obtain data which is adequate.

1.5.3 Content Scope

This research was centered on the relationship between services provided by microfinance institutions and performance in terms of finances of small and micro entities owned PWDs in Mukono Municipality. More specifically, the study was limited to examining the relationship of loans services, savings, and also advocacy and training services on MSEs of PWD's financial outcomes in Mukono Municipality. People with all sorts of disabilities were examined on how microfinance services aid the financial outcomes for their businesses.

1.6 Significance of the study

This section enlightens on the significance held by this research in the following ways.

Revelations emanating from research undertaken may offer preliminary evidence-based information for policy and research in future at both international as well as national level on issues pertaining to businesses of PWDs.

Observations from this research may enable entities involved in microfinance to devise methods of providing relevant services to their clients especially those with disabilities.

This research will be an addition onto the knowledge base. This therefore may provide information to donors intending to finance MSEs of PWDs with the aid of services related to microfinance.

This study having successfully been carried out may act as a point of reference for the PWDs owned MSEs which participated in this study.

1.7 Conceptual framework

Independent Variables

Microfinance services

Loan Services

- Long term loans
- Short term loans

Saving services

- Voluntary savings
- Involuntary savings

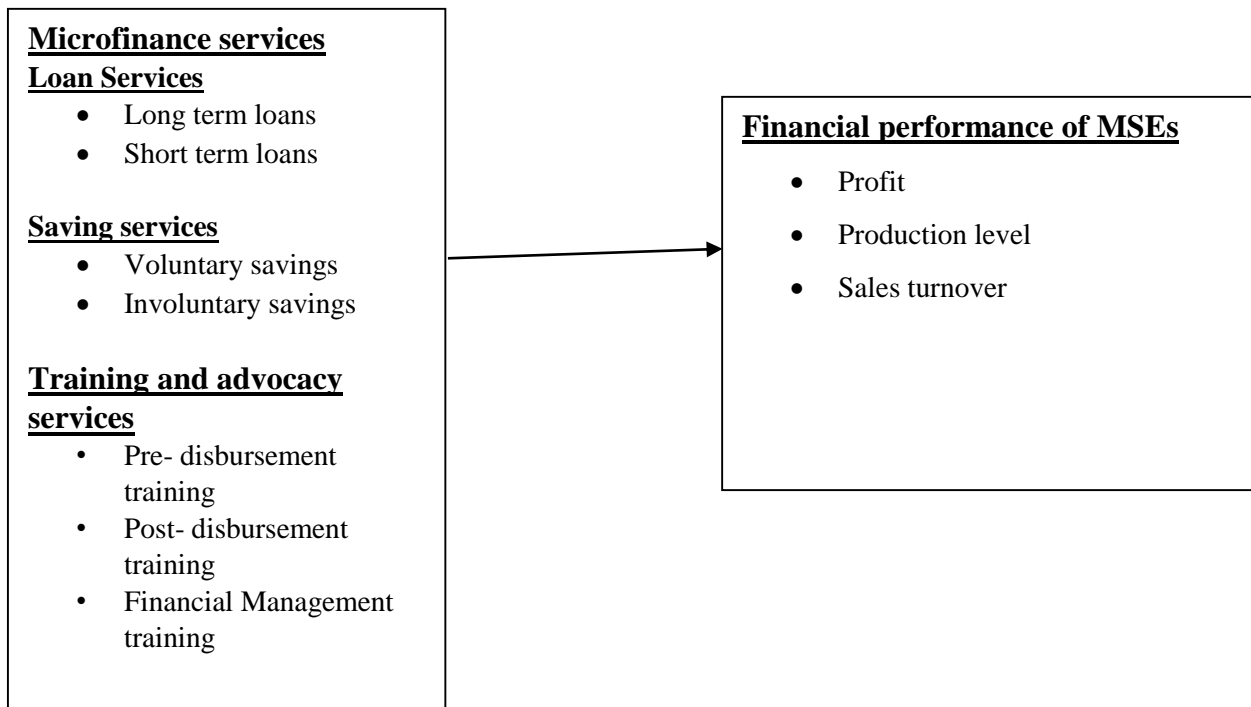
Training and advocacy services

- Pre- disbursement training
- Post- disbursement training
- Financial Management training

Dependent Variables

Financial performance of MSEs

- Profit
- Production level
- Sales turnover



Source: Adopted from Wilfred, Max, Omeke, Nasinyama and Tunwine (2013) with modifications from the investigator.

Figure 1. 1: Conceptual framework

The illustrated framework highlights the association existing between the predictor variable and the outcome variable. ‘Microfinance services’ signify the predictor variable whereas ‘financial performance’ of MSEs is the outcome variable. Within a conceptual framework, the independent variable (Microfinance services) is operationalized into loan services (short term loans, long term loans; Savings services (involuntary savings, voluntary savings); and training and advocacy services (pre-disbursement training, post-disbursement training, management training). All these affects financial performance of MSEs with basis on profit level, production ratio, and sales turn over.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter offers a discussion on various theories pertaining to microfinance. This is accompanied by existing empirical studies' review on the services provided by microfinance institutions and performance in terms of finances for MSEs owned by PWDs.

2.2 Theoretical review

This research used a theory of the Lean Six Sigma to elucidate financial performance and the Micro Credit Theory in pointing out the relationship between microfinance services and financial performance.

2.2.1 The Lean Six Sigma Theory of a Firm's Performance

The Lean Six Sigma Theory propounded by Motorola 1986 holds that financial performance is brightly explained with the Six Sigma style which embraces quality management in all enterprises seeking profits (Ananthukrishna, 2019). In that repute, the lean sigma theory gave rise to the 99.99966% faults free production notion which is actualized through an unceasing quality nourishment campaign that is customer dedicated as well as through application of the problem-solving procedures that are enhanced with the aid of statistical apparatuses which Define, Measure, Analyze, Improve, as well as Control (DMAIC) performance. Additionally, Singh and Malhotra (2014) further emphasize that the Lean Six Sigma theory agitates for lessening process cycle duration and costs whilst increasing customer satisfaction and profits, In that regard, Six Sigma plans are only appropriate when stakeholders reveal the savings that the project will harvest. Kumar, Antony and Tiwari (2011) attribute six sigma success to management involvement, employees' attitudes, as well as project management skills.

The above theory holds relevance in investigation by informing financial performance (the dependent variable). That is to say, through continuous improvement in products offered to persons with disabilities owned micro and small enterprises which may be catalyzed through access to training services of microfinance institutions, costs reduction is enhanced. Bottom line, quality improvement is hypothesized to be a priceless step towards profit generation by MSEs which include those owned by PWDs.

2.2.2 Micro credit theory

The absence of a universally accepted theory on issues pertaining to microfinance services prompted Smith (1976) to come up with the Micro Credit Theory which later metamorphosed into the Economic Theory (Smith, 1977). The theory acknowledged that private profits are bolstered by enterprises that are capitalistic in nature. It further provided that it becomes easy for microfinance institutions to review welfare of their clients. The theory further generated the miniaturized scale hypothesis of credit which proposes asymmetries of data can be addressed by a loaning model which is standard and contains a duo system. Which serves to screen, manage, and coordinate unfavorable risk observation (Smith, 1977). Therefore, the theory looks at institutions that are microfinance based as enterprises that are capitalistic and driven by social consciousness

In regard to the above, financial performance of MSEs is therefore assumed to be bolstered by institution engaged in provision of microfinance services because they provide remedy to limited resources in which people like those with disabilities are offered capital. However, the theory holds that MSEs whose goal of profit maximization is enhanced can only be supported if these enterprises that are capitalistic in nature are willing to give them a helping hand in which both microfinance institutions and MSEs benefit (Smith, 1977).

2.3 Conceptual Review

2.3.1 Microfinance services

Microfinance services according to Grameen Bank (2006) refer to the banking service provisions for low income payees particularly the deprived as well as the poverty stricken. Therefore, the service users not only include PWDs who are poor, but also business men with very small enterprises who are always in the hunt for capital to fund their entities. These categories of people including PWDs embrace services in microfinance entities for emergency management, acquisition of assets for households, financing obligations that are social in nature and also for their homes' improvement. Andreoni, Sassatelli and Vichi (2013) further argue that Microfinance goes an extra mile past savings to include transfer of Savings. Additionally, according to Webster (1985) micro means something trivial, very tiny, or too small. Therefore, services provided by microfinance entities expound on multitude of products related to finance which are offered to customers who include PWDs such as micro-insurance, savings, and micro-loan products. Grameen Bank (2006) recognizes that microfinance started in the 1970's during the time when entrepreneurs who were socially well-off started lending money on an enormous scale to poor people who could work. Therefore, microfinance refers to the facilitation with financial amenities to the very poor or groups that come together such as those of clients and those that employ themselves, notably those with disabilities who naturally rarely have accessibility to services related to banking. Contrary to the above-mentioned, research conducted by Kalui and Omwansa (2015) acknowledges that services related to microfinance that are obtained by people with disabilities include micro insurance, training, microcredit and micro savings. He further asserts that microfinance services affect financial performance of enterprises.

2.3.2 Financial performance

Financial performance as per Praise (2003) connotes to action geared towards attainment of financial goals from the outlook of individuals who are judging. In the same regard, Glenn (2006) refers to financial performance of an entity as an effectiveness and productivity determining tool which can be employed by an organization. In this research, performance related to finances was measured with the use of profit, sales turnover, and production ratio. In that regard, Brigham and Houston (2015) illustrate that financial performance for gigantic companies is divided into several ratios which are finance based. These include: liquidity, market worth, profits, asset administration and debt control. However, these five financial ratios are entirely lacking within micro and small enterprises. In this regard therefore, an empirical study by Wijewardena, Nanayakkara, and Zoysa (2008) highlights that the performance for MSEs in terms of finances is generalizable by altering ratios of finance into sales turnover, level of production and profit. This similar notion is supported by MacMahon (2007) who contends that financial performance of MSEs can be rationed on the basis of sales ratio, production ratio, and profit.

2.4 Empirical review

2.4.1 Loan services and financial performance of MSEs

Research conducted in Ibadan regarding how performance is impacted by microfinance in Nigeria by Olowe, Moradeyo and Babola (2013) established that microfinance is significantly related to financial performance. Research observations also portrayed that business growth within entities in Nigeria can be disabled by regular credit repayment, collateral security, and higher rates of interest. In that regard therefore, the study asserted that microfinance institutions should lessen the requirements for borrowing as well as increase the span of their clients' loan. Additionally, the

study also expressed that MFIs should make extensions for the repayment span to run for a longer duration.

Mugenda and Mugenda (2004) argue that the provision of microfinance services include loans, For instance if the loans advanced attract a high interest rate, then the cost of borrowing is high and this will in turn impact on the returns as there is a likelihood that the returns will end up covering the cost of borrowing. Low interest loans however yield qualitative and quantitative benefits for PWDs' owned MSEs upwards. In support to the above notion, Regression outcomes of research conducted in Nigeria, portray that loans contributes more to the financial performance of businesses because it leads to higher return on assets (Oleka, Maduagwu & Igwenagu, 2014).

According to research conducted in Italy, financing made by microfinance to subjects is being done notably by the public (51) and private (53). In due regard to the people who benefit from services provided by microfinance entities, 4,048 recipients obtained funding from privately operating entities. Religious institutions and banks have given funding to 2,612 and 2,914 beneficiaries. Also, government entities made provision of credit to about 2,844 recipients. In regard to the volume of cash lent, recipients acknowledge to have obtained around 42 million euros from private entities and approximately thirty nine million euros from public institutions (CamCom Universitas Mercatorum & Borgomeo, 2014).

Microfinance plays noble roles in poverty reduction and also considerably contributes towards income enhancement and level of assets which holds a positive effect (Mosley, 1999). However, reducing poverty is obtained through several mechanism which vary from one institution to another. Generally, entities which give small loans to credit applicants enhance incomes more considerably through elevating borrower's income beyond the line of poverty, while entities that

give bigger loans have it reduced through expansion pertaining to labor demands among people struck by poverty. In order to ascertain whether or not PWDs have to be specifically targeted as an interest group, it is necessary to understand the barriers they face in accessing finance. Issues regarding finance service provision among disabled poor have traditionally been left to organizations that work in the disability sector.

Micro-savings, training, and loans collectively have a positive contribution on performance and growth of MSEs (Kisaka & Mwewa, 2014). In contention, research conducted by Bwire (2009) found out that, MFIs in Uganda always considered PWDs as group that is risky to be lent with their capability to save being narrow. This was worsened by NUDIPU that presented PWDs as a needy group which MFIs should provide services that are cheaper in comparison to those without any disabilities.

UNAPD-Mukono (2020) illustrates that about 0.5% of PWDs in Mukono Municipality were clients of microfinance it is silent about the performance of people with disabilities' owned MSEs.

2.4.2 Saving services and financial performance of MSEs

Gardiol (2004) presupposes that savings is an act where part of present income is sidelined for later investment or consumption. Savings may be left under home custody, held in accounts within the bank or held as capital through various investments. Saving is an important aspect for business men that require immediate services by securing deposits which give opportunities to transactions which are small but with easy accessibility to those savings.

Research conducted in Kenya by Kurgat (2007) showed that clients had preference for savings and loans obtained from microfinance entities with business expansion being their major purpose to save (62%), taking children to school (40%) and to handle business disasters (26%). In the same

regard, customers who looked at mandatory savings with enthusiasm to save constituted 71%. The investigation also made conclusions that savings services are relevant in performance improvement and financial returns' access most notably in areas that are countryside that have challenges of accessibility to services that are financial related. Conversely, it is arguable that savings services are risky and costly in comparison with other financing options. Additionally, saving services were commended for PWDs due to their ability in enhancing assets accumulation which debt seeking wouldn't yield.

Akisirire (2010) conducted an investigation in Uganda which revealed that saving services given to MSEs from microfinance entities are being confronted with a lot of competition in the places for marketing due to downscaling of banking entities that are worn out and entrance of commercial banking entities which are new. MSEs find competition of banking entities important due to ability it possesses in enhancing savings with higher rates of interest. This affects institutions of microfinance by lowering the revenue present for lending. In the same regard, Yeboah (2010) highlights that less advancements were made in establishing MFI as intermediaries that are developed. Some MFIs give out only loans which makes saving services to become a microfinance element that is forgotten. MFI reach out to MSEs through provision of suitable savings services. Also, MFIs ought to under-take investigations on setting appropriate prices for saving services as a way to enhance sustainability.

Akisirire (2010) asserts that performance of a firm has an associations with levels of liquidity. In that regard, entities that have more prospects for investment hold more levels of liquidity so as to increase or keep alive projects for investment which are profitable. It is perfectly arguable to assert that MSEs should have dependable institutions for savings so as to enhance and ensure maximization of development chances. Also MFIs ought to make establishment of relevant

programs of savings through transformation of competences for supporting savings of MSE. Nevertheless, Gray, Saunders and Goregaokar (2012) highlight that a lot of liquidity is problematic because MSEs may use it lavishly.

Gray, Saunders and Goregaokar (2012) made establishments based on their investigations which highlighted that MSE's major financial bases included profits reinvestment (68%), loans (29%), and support accruing from families (39%). Therefore, the investigations highlight the relevance business operator receive when they save. In the same regard, savings are relevant to growth of MSEs as acknowledged by Bass and Henderson (2014) who illustrated that Ghana's example of Citi's "susu" in which approximately two hundred to eight hundred affiliates make savings of more than forty thousand dollars each cycle where the savings that are accumulated are recompensed to affiliates after multitudes of weeks.

2.4.3 Training and advisory services and financial performance of MSEs

According to research conducted by Kibet, Dennis, Kenneth and Omwono (2015) their findings provide that knowledge gained through training from MFIs makes an organization to record optimistic outcomes. This notion is commended by Asad, Haider, Akhtar and Javaid (2011) who asserted that the world recognizes the importance of training due to its relevance in yielding financial returns among MSEs. Conversely, low developed nations like Uganda attach low relevance to MSEs services obtained from microfinance entities and additional state training pertaining to returns on financial performance of owners of MSEs. Therefore, low accessibility to training hampers the strength owners of MSEs hold including PWDs abilities to operationalize micro enterprises whose efforts to develop such entities stagnate after hitting a given level.

Rodrigues, Dinis, Paço, Ferreira and Raposo (2012) make an assertion that business skills have a significant relevance in enhancement and development of MSEs' business returns. In that regard therefore, basing on the discussed notion, skills for business operationalization are critical for enhancing returns and they are supplemented by credit which critically helps in fueling enterprises at micro levels.

Training holds a relevance as an aspect yielding growth of MSEs' worldwide with vast recognition from various stakeholders. An investigation by Edgcomb (2002) highlights that building competencies significantly makes contribution towards enterprise growth. They further make an assertion that building competencies through skills learning significantly impacts features of business operators and their outcomes in the end. MSEs' operators being trained improves their competencies, enhances how operators behave and conceive businesses operations which serves to improve abilities to perform better. Appropriate skills among MSE's owners enhance their potential to obtain profits during moments of dynamic environmental competitiveness. With skills training, managers and owners of entities are in position to engage in networking, technology transmission, commercially developing enterprises and acquiring improved and fresh techniques of administration. The above notion is attributed to the fact that training in skills for businesses looks upon improving practices for businesses by building behaviors and skills for entrepreneurship. Contrary to that, research conducted in Ghana by Quaye and Sarbah (2014) acknowledged that absence of training services which are elaborative enough for small business operators limits borrowing.

King and McGrath (2002) presuppose that education is a requirement for successful operations of MSEs in Africa. Therefore, although services provided by microfinance entities were initiated so as to ease credit provision as an imperative source for required resources. It was highlighted that

giving out funds alone minus skills for manning those businesses would not favor entities to operate at a perfect rate. Therefore, enhanced skills for businesses would negate worries for credit among MSEs owners who would probably have such exposure by gaining relevant competencies regarding resource management of their entities.

2.5 Research gaps

Microfinance services have been a fertile field for multitudes of investigations. Research undertaken from Meru, Kenya revealed that micro and small enterprise (MSE) owners have unsuccessfully secured microcredit since they hold unsatisfactory collateral (Thuranira, 2009). The above investigation inspires the researcher to seek further views regarding relationships pertaining to microfinance services of vulnerable groups of people like the PWDs in Uganda.

Besides, Research conducted on developing countries by Mersland (2005) revealed that prominent microfinance entities such as banking institutions deny microfinance services including loans to individuals operating micro entities running ventures earning less revenue. The study justified the aforesaid notion by concluding that banks incur significant costs to manage accounts of clients irrespective of how little the deposits are. In that regard, fixed payments for administering lending services of all proportions is considerably the same since the process entails assessment of potential clients, the loan settlement prospects, collateral security, and others. From the above review, the desire to particularly find out prevailing relationships pertaining to services offered by microfinance entities and financial related MSE's performance particularly within Uganda offers a gap for further research which this study will serve to fill.

Besides, empirical observations relating to microfinance services and financial performance in Uganda have given life to inconclusive results. Some empirical observations only looked at microfinance and poverty alleviation amongst PWDs (Nsubuga, 2017; Eide & Ingstad, 2011).

Other studies looked at microfinance service delivery alone as a catalyst for enterprise growth (Nahamya, Ajanga, Omeke, Tumwine, & Nasinyama, 2015). A question pertaining to whether specific microfinance services (loan services, savings services, training and advisory services) improves or worsens financial performance of PWDs owned MSEs offers a gap for further research which this study will serve to fill.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The study methodology portrays the strategies the researcher followed when carrying out the study. The researcher focused on the research design, selection of sample from the population, choosing tools for research and piloting them as well as collecting and analyzing of data.

3.2 Research Design

This research embraced the descriptive design as highlighted by Saunders, Lewis, and Thornhill (2007) who proclaimed that this design type offers a clear way to understand the perceptions and thoughts pertaining to the problem with ease. In the same regard, Kothari (2004) further supported that a design that is descriptive uses so many people, and portrays characteristics of the population by selecting a sample that is not biased. It also involves using the interview guide and questionnaires. Also, basing on the population from which the sample is erected, results can be generalized (Saunders, Lewis, & Thornhill, 2007). Descriptive design is not fixed; therefore, it gives chance for looking upon various features of the problem being studied (Kothari, 2004). In the same regard, the study embraced an approach of mixed research (Creswell, 2009). Therefore, quantifiable and non-quantifiable data were used to establish the relatedness between services provided by microfinance entities and performance related to finances of MSEs owned by people with disability. A guide for interviews was used in collection of qualitative data for purposes of supporting quantitative findings (Guest, Bunce & Johnson, 2006).

3.3 Target Population

The targeted respondents included the whole set of people onto which conclusions would specifically be made by the researcher. Therefore, the population that was targeted consisted of

people with disability owning MSEs in Mukono Municipality, Uganda. This research therefore comprised of 120 MSEs owned by PWDs in Mukono Municipality spread across 2 Divisions (UNAPD, 2020). Besides, 6 microfinance institutions were considered. In the above regard the accessible population of PWDs owned MSEs was 120. Interviews with key informants were made on microfinance entities' officials with the aid of interview that were structured. Interviews were also done on 6 PWDs themselves to ease establishment of whether given information was authentic. A survey with the aid of questionnaires only involved PWDs.

3.4 Sample size

The researcher selected manageable numbers of people to take part in the research. The basis of that view was rooted in the opinion of Amin (2005) where he considered a size of a sample to be representative of a reachable population. According to Kerlinger (1975) the central features involved in ascertaining the size is to come across a good-sized sample easy to manage. Similarly, Mugenda and Mugenda (2008) highlights that 70% rate of response is perfect. the size of the sample computed was 92 respondents which was calculated basing on a formula by Krejcie and Morgan (1970).

The sample size (n) was computed with the aid of this formula as follows:

$$n = [z^2 * p * (1 - p) / e^2] / [1 + (z^2 * p * (1 - p) / (e^2 * N))]$$

Where:

Level of Confidence (α): 95

Error Margin (e): 5%

Proportion of Population (p): 50 %

Size of Population (N) (120)

Where: $z = 1.96$ to show level of confidence (α) of 95%, $p =$ proportion (conveyed in decimals),

$N =$ size of population,

$e =$ error margin.

$z = 1.96$,

$p = 0.5$,

$N = 120$,

$e = 0.05$

$n = [1.96^2 * 0.5 * (1 - 0.5) / 0.05^2] / [1 + (1.96^2 * 0.5 * (1 - 0.5) / (0.05^2 * 120))]$

$n = 384.16 / 4.2013 = 91.438$

$n \approx 92$

3.5 Sampling Techniques

The study purposively took on 92 PWDs operating MSEs, and 6 key informants (microfinance officials) to participate in qualitative research. Purposive sampling was used since it was cheap, speed oriented and simple (Nkapa, 1997). Additionally, this kind of sampling is indispensable during studies that are interested in definite features. In this case, PWDs running MSEs were nominated with basis that they are well informed about the study variables in question using purposive sampling (Nkapa, 1997). Also, microfinance officers were chosen with a view point that they held necessary information regarding the matter.

3.6 Data Collection Methods

Information was attained from participants quantitatively as well as qualitatively in this particular study as follows.

3.6.1 Questionnaire Survey

Quantitatively, survey questionnaires used in investigation practically aided collection of multitudes of information from the sample size within a specified time period and in a way that is relatively cheap. Closed ended questionnaires were embraced as supported by Amin (2005) who acknowledged that they offer responses which are unambiguous making it easy to evaluate. Additionally, Mugenda and Mugenda (1999) also acknowledged that using questionnaires is cheap in regard to monetary and time resources. Observations yielded by questionnaires were quick making it easy for the researcher to quantify them with the aid of SPSS.

3.6.2 Interviews

Interviews were used to obtain ideas and get in depth view on the variables of study (Creswell, 2003). The researcher employed interviews due to their ability to grant opportunities geared towards probing to derive more data, as well as ability to capture expressions made with interviewees faces (Creswell, 2003). Additionally, they offer chance to research participants to reconsider items that other participants give little emphasis yet they may be indispensable for the study. Therefore, the guide for interviewing granted an opportunity to the investigator to ask follow up questions in an attempt to seek further explanations on the problem (Amin, 2005).

To establish authenticity for the information given. Interviews were conducted on 6 microfinance service providers and 6 people with disabilities running business as supported by Guest, Bunce

and Johnson (2006) for maximum number of participants using interview method in qualitative research.

3.7 Validity and Reliability of Data

3.7.1 Validity

Kothari (2004) highlights that validity connotes the potential held by research instruments to deliver responses that are wanted from a given targeted population. Therefore, opinion pertaining to representativeness and adequacy of research tools was sought from the supervisor prior to data collection. In this case, the coverage of data collection tools elicited right information on the variables under study, invalid items were removing on the instrument.

Also, validity tests pertaining to criteria and content as supported by Saunders et al (2003) were ensured so as to experiment how well research instruments used were representing and capturing the variables relationships. Therefore, the instrument's validity can be ascertained numerically with the aid of Content Validity Index (CVI). As per the variables of the study, people with expertise gave scores on how relevant questions were. Consequently, a CVI more than 0.7 generated by the tool fell within the notarized ranges. CVI was computed as per the formula below:

$$CVI = \frac{\text{Number of relevant items}}{\text{Total number of items}} \times 100$$

$$CVI = 15/20 = 0.75$$

The instruments yielded a CVI of 0.75 which is above 0.7.

Validity was established for qualitative information by giving the tools for research to individuals with expertise who included people responsible for supervising the investigator. This served to make an assessment on the itemized elements in the tool basing on the stated hypotheses.

3.7.2 Reliability

According to Cohen, Manion and Morrison (2007) consistency and stability of the tool is what reliability implies. Therefore, reliability highlights the degree at which the different items in the tool are reflected with no bias. In qualitative terms, the tool was checked if it was reliable by carrying out a pilot study to make sure the tools were dependable, consistent, and able to generate information that would fully fit the study purpose. Data obtained from a pilot test was analyzed to establish whether it was reliable. In quantitative terms, reliability was calculated with emphasis on the Cronbach's Alpha. After testing, the values obtained were above 0.7. In that regard, reliability of items run in the tool were confirmed (Bill, 2011). Therefore, reliability of the tool was ascertained using the below accredited formula:

$$\alpha = \frac{N \cdot r - \bar{r}}{1 + (N - 1) \cdot r - \bar{r}}$$

N represents the items number,

r-bar portrays the average correlation derived from integrating items.

Table 3. 1: Reliability of the research variables

List of Variables	Number of items	Cronbach Alpha
Loan services	6	0.946
Saving services	6	0.67
Training and advisory services	6	0.68
Financial performance	5	0.889

Source: Primary Data

Table 3.1 portrays variables: loan services, saving services, training and advocacy services and financial performance; the number of questions and the alpha score. In order to obtain reliability, the average score was obtained divided by the number of variables where $(0.946 + 0.67 + 0.68 + 0.889)/4 = \mathbf{0.796}$). Amin (2005) urges that a reliability score of 0.7 and above is sufficient to explain reliability. In that regard therefore, a score of 0.7 from the variables under study indicated a very reliable instrument.

3.8 Data analysis

3.8.1 Quantitative Data Analysis

When in the session of information analysis, quantitative information was evaluated with due regard to research hypotheses. Questionnaires that were filled had to be edited to have them consistent and complete. Data analysis was a process which is done in numerous phases which involved coding, cleaning of information and analyzing data. Questionnaires yielded statistical data which was transformed into computations of frequencies. Analysis through bivariate means was done by the investigator because it is one of the simple ways to present statistical information. Besides means, counts of frequency, standard deviation, among others. The investigator also adopted correlations, notably, Spearman rank to ascertain the relationship that lies between the predictor variable and the outcome variable. A coefficient connotes a numerically quantifying element for a relationship that lies between variables for example between A and B which is symbolized by R (Ezeani, 2005). Coefficients for correlation always begin from -1 and end on +1. In the above repute, Creswell (2003) highlights that correlations are good to conduct in organizational environments that are natural with minutest interference and manipulation. Therefore, a multiple regression with due consideration of the predictor variables and outcome

variable was drawn to establish the degree at which microfinance services affect financial performance.

3.8.2 Qualitative Data Analysis

When analyzing qualitative information, in-depth interviews were used to acquire information. In that regard therefore, data was transcribed and summarized in accordance with generated sub-themes in line with the hypotheses generated for investigation. Thereafter, information was thematically analyzed to highlight possibilities of contradictions. Additionally, data was compared further to discover and rediscover interconnection between themes and sub theme. This therefore offered a consistent and elaborate interpretation.

3.9 Ethical consideration

The researcher sought authorization to undertake inquiries. In due consideration of research ethics, respondents were to remain anonymous, information given whilst in the inquiries was to remain confidential. The researcher had a discussion with respondents on issues pertaining to accessibility to the findings the inquiry would yield. Therefore, research ethics were maintained as per Gray's (2004) necessary requirements for research ethical code maintenance which commands researchers to seek permission.

3.10 Anticipated problems/ limitations

The entity policies relating to confidentiality constrained a few respondents from answering the questionnaire since it was observed to be against rules of their enterprises to air out organizational related facts to strangers. However, the researcher was emphatic on Anonymity and confidentiality to solve the aforesaid issue.

The lockdown due to Corona virus pandemic was also a gallant limitation befallen by the researcher. This was attributed to the fact that movement was banned and most of the MSEs were prohibited from operating. Nevertheless, the study was adjusted to make a perfect fit for data to be collected when the quarantine period was lifted. Strict adherence to standard operating procedures gave confidence to respondents to offer information required without fear.

Limited response to inquiries and other incidences which involved participants proceeding on with their own businesses before completing the questionnaire was anticipated. However, the aforesaid challenge was handled by building an egalitarian relationship with the respondents.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

From this section descriptive plus inferential revelations are shown. Data is revealed in accordance with hypotheses and specific objectives. The information pertaining to respondents' background is presented in segments. Inferential statistics and descriptive results are presented in the second segment along the objectives of the study.

4.1 Response Rate

The computations below portray the proportion response of participants which were derived during the time of collecting field information. In due process, ninety-two (92) forms for assembling data were given out by the investigator to participants. In that regard, seventy-four (74) respondents had capacity to bring back the tools given to them when the investigator was in the quest for information. Study outcomes are portrayed below in table 4.1.

Table 4. 1:Response Rate

	Questionnaires distributed	Questionnaires received	Response rate
Respondents with disabilities operating MSEs in Mukono Municipality.	92	74	80.4

Source: Field study (2020)

Table 4.1 portrays 80.4% participants who held capacity to bring back questionnaires issued out during the study. In that regard, scholars support a rate of 50% response as it portrays adequacy,

60% is rated good while more than 70% is regarded very good (Mugenda & Mugenda, 2008). This therefore acknowledges that the rate of response being 80.4% is an indicator of a perfect response percentage.

4.2 Background information of the respondents

Personalized data analyzed for respondents in this study comprised of the following.

4.2.1. Gender of the Respondents

Gender revelations for PWDs operating MSEs yielded the following outcomes which are portrayed below in table 4.2.

Table 4. 2: Distribution of respondents by gender

	Frequency	Percent
Male	45	60.8
Female	29	39.2
Total	74	100.0

Source: Field study (2020)

Results portrayed 45 (60.8%) of participants as male, female counterpart in comparison were 39.2% of the respondents. This revealed that majority of people with disability owned micro and small enterprises in Mukono Municipality were male owned.

4.2.2 Position of the Respondents

The positions for research respondents with disabilities operating MSEs in Mukono Municipality yielded results reflected in table 4.3 below

Table 4. 3: Distribution of respondents by Position

	Frequency	Percent
Owner	58	78.4
Manager	16	21.6
Total	74	100.0

Source: Field study (2020)

Findings revealed that 58 (78.4%) of participants were owners while 16 (21.6%) were managers. This therefore implies that, most of PWDs in micro and small enterprises in Mukono Municipality operated as owners of these entities. This therefore reinforces the notion that that majority MSEs are operated by owners.

4.2.3 Respondents Age Distribution

Age coverage for participants is portrayed within table 4.4.

Table 4. 4: Age Distribution

	Frequency	Percent
Below 20	5	6.8
21-30	36	48.6
31-40	13	17.6
41-50	12	16.2
51 Above	8	10.8
Total	74	100.0

Source: Research Data (2020)

Table 4.4 portrays the dominant age bracket among respondents as 21-30 holding a score total of 36 (48.6%). The group which came next was 31 – 40 with 13 (17.6%), age group 41-50 constituted 12 (16.2%). The lowest age bracket was below 20 years with a score of 5 (6.8%). This was followed by age bracket 51 above respondents with 8 (10.8%). The results above imply that MSEs are operated by all age groups of persons with disabilities.

4.2.4. Level of Education

PWDs operating MSEs’ education credentials are indicated below in Table labelled 4.5.

Table 4. 5: Level of Education

	Frequency	Percent
Diploma	13	17.6
Bachelor’s	6	8.1
Primary	13	17.6
Secondary	42	56.8
Total	74	100.0

Source: Research Data (2020)

Research output highlighted the least percentage of PWDs operating MSEs being 6 (8.1%) and belonged to a group that had completed bachelor’s degrees. While the majority of the respondents were 42 (56.8%) who had succeeded in finishing certificates at secondary level. Others who attained certificates at a diploma level were 13 (17.6%). Also, 13 (17.6%) of the respondents had only completed their primary education. These findings were a revelation that persons with disabilities operating MSEs were capable of making informed decisions. It is of little wonder

therefore that King and McGrath (2002) presuppose that education is a requirement for successful operations of MSEs in Africa.

4.2.5 Nature of respondent’s Disability

People with disabilities operating MSEs were asked to give replies on their nature of disability.

The replies are portrayed within Table labelled 4.6

Table 4. 6: Type of respondent’s Disability

	Frequency	Percent
Physical disability	40	54.1
Visual disability	7	9.5
Hearing disability	14	18.9
Speech Impairment	7	9.5
Down syndrome	6	8.1
Total	74	100.0

Source: Research Data (2020)

The results pointed out that the major type of disability amongst MSE operators in Mukono Municipality was those with physical disability who constituted 40 (54.1%). The least represented was Down-syndrome with 6 (8.1%) of the total sample of PWDs operating MSEs in Mukono Municipality. Other categories of disability included visual impairment 7 (9.5%), Hearing impairment 14 (18.9%), and speech impairment 7 (9.5%).

4.2.6. Experience Record

The study sought to establish the years of experience of respondents. In the aforesaid regard, PWDs were asked to rate their level of experience they had been operating MSEs. The results are revealed in Table 4.7 below:

Table 4. 7: Experience record

	Frequency	Percent
Less than 1 year	6	8.1
2-5 years	13	17.6
6-9 years	22	29.7
More than 10 years	33	44.6
Total	74	100.0

Source: Research Data (2020)

As indicated in Table 4.7 above, 8.1% of the respondents had experience record of below 1 year. Respondents with 17.6% had worked for between 2 to 5 years. Other respondents with 29.7 % had worked between 6 to 9 years. The majority of the respondents with 44.6% had a wonderful experience record of more than 10 years. These findings imply that the PWDs operating MSEs have adequate experience of understanding the dynamics of their business in terms of financing, training among others.

4.2.7 Commodities and MSEs in Mukono Municipality

The study sought to establish the distribution of persons with disability operated MSEs in terms of the commodities they sell or produce. This was necessary in order to determine if the sample was representative. The study findings are as presented in Table 4.8

Table 4. 8: Commodities produced or sold by respondents

	Frequency	Percent
Foodstuff	23	31.1
Electronics	9	12.2
Machinery	8	10.8
Furniture	5	6.8
stationery	5	6.8
Plastic	10	13.5
Boutique	5	6.8
Mobile money	6	8.1
chemical/ paint	3	4.1
Total	74	100.0

Source: Research Data (2020)

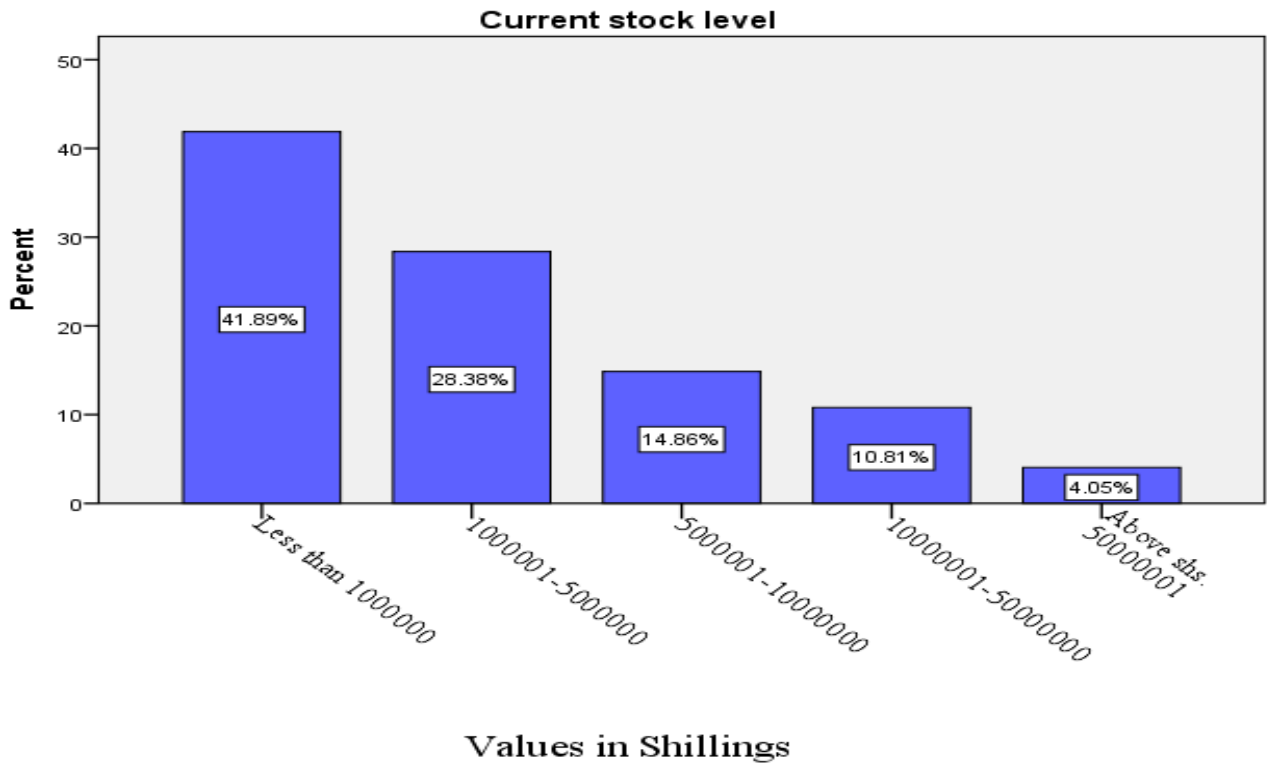
The study findings in Table 4.8 above indicated that people with disabilities operating MSEs in Mukono Municipality deal in a wide range of commodities. These commodities range from food stuffs 23(31.1%) to chemical/ paint 3(4.1%). These results imply that there are a lot of ventures being utilized by PWDs in Mukono Municipality.

4.2.8 Current stock level

The study pursued to establish the current stock levels of people with disability operating MSEs. This was significant in order to evaluate the financial capital investment of people with disability owning MSEs in Mukono Municipality. Nahamya, Ajanga, Omeke, Nasinyama, and Tumwine

(2013) argued that most MSEs do not grow fast enough due to low capital investments attributed to lack of credit. The study findings are presented in Figure 4.1.

Figure 4. 1: Current stock level



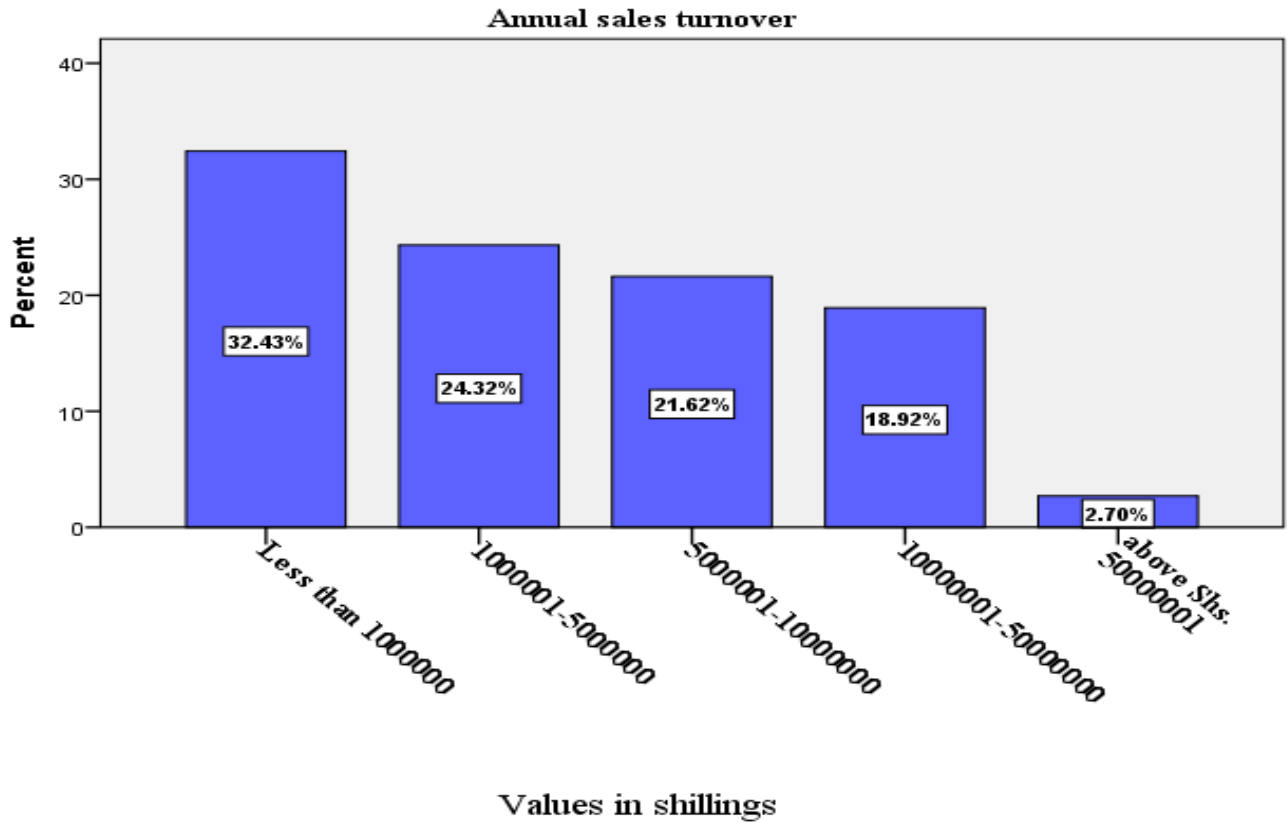
Source: Research Data (2020)

As portrayed in Figure 4.1 above, 41.89% of PWD’s owned MSEs had a stock of less than Shs. 1,000,000 while the least stock of about 4.05% was above Shillings 50,000,001 These findings imply that majority (85.13%) of the MSEs are operating a stock levels below Shillings 10,000,000 an indicator of micro businesses in terms capital investment (Uganda Investment Authority, 2020).

4.2.9 Annual Sales Turnover

The study pursued to establish the annual sales turnover levels of PWDs owned MSEs in Mukono Municipality. The study findings are as portrayed in Figure 2.

Figure 4. 2: Annual Sales Turnover



Source: Research Data (2020)

The study findings in Figure 4.2, portray that 32.43% of the PWDs operating MSEs had an annual turnover of less than Shs. 1,000,000 while the least had about 2.70% of Shs. above 50,000,001. These findings imply that majority (78.4%) of the mentioned people with disabilities had a turnover of below Shs. 10,000,000.

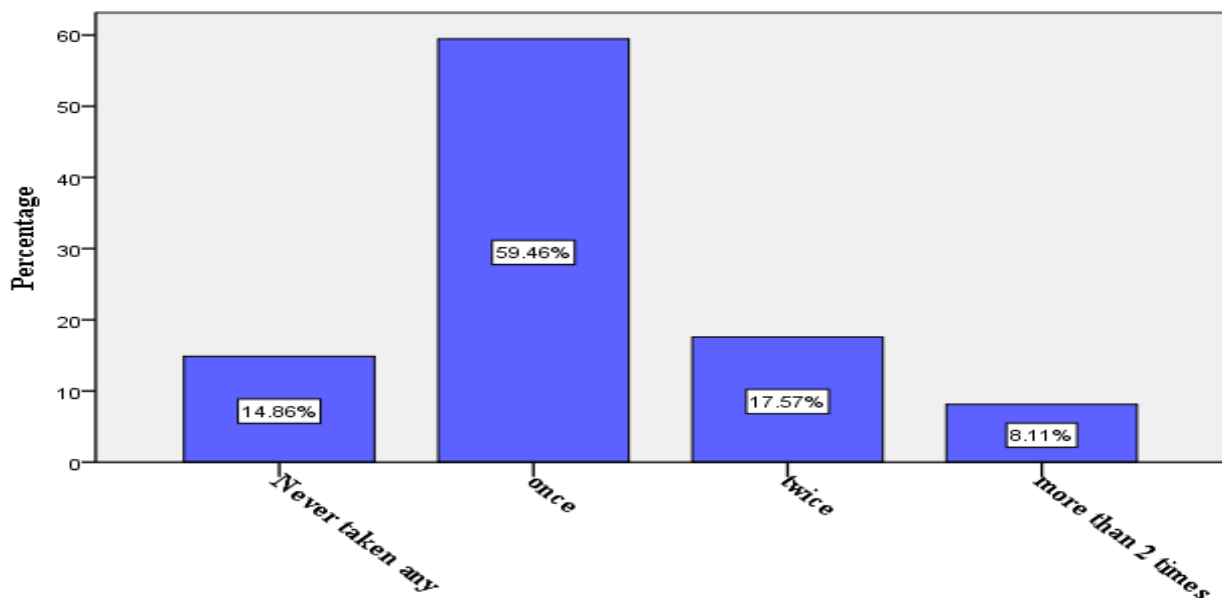
4.3 Microfinance Loan Services

The study sought to examine the relationship between loan services and financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality.

4.3.1 Frequency of Borrowing Loans from MFIs

The respondents were asked how often they used loan services. The study findings are as presented in Figure 4. 3

Figure 4. 3:Frequency of Borrowing Loans from MFIs



Source: Research Data (2020)

As presented in Figure 4.3 above majority (59.46%) of the PWDs had taken loans once in a year, 17.57% twice and 8.11% had taken loans over two times within a year period. About 14.86% had never taken a loan from any given MFI. The findings reveal that the number of PWDs who operate MSE and take loans from MFI more than once is low compared to those who take loans once. The study also revealed that majority (85.14%) of the mentioned PWDs had taken a loan from MFI.

4.3.2 Level of microfinance loan Services

The respondents were asked to indicate their level of agreement with the several statements pertaining to the relationship between microfinance services and financial performance of PWDs owned micro and small enterprises in Mukono Municipality. The findings are shown in the table below.

Table 4. 9: Level of loan Services

Statements	N	Mean	Std. Deviation
Flexible loan repayment schedules have helped me increase my sales.	74	4.08	1.156
Investments made using loans with low interest rates increase on my profits.	74	4.09	1.088
Small loans to meet temporary business shortfalls increase my business sales level.	74	3.76	1.312
Short term loans increase my business production levels.	74	3.62	1.235
Loan terms are fair enough for my business sales operations.	74	4.03	1.170

Source: Research Data (2020)

Table 4.9 illustrates that the majority of people with disabilities operating Micro and small enterprises in Mukono Municipality had a mean score of 4.09 and a standard deviation of 1.088 which implied that Investments made using loans with low interest rates increased on respondent's profits while other respondents with a mean of 4.08 and a standard deviation of 1.156 believed that flexible loan repayment schedules helped them increase their sales. Other respondents with a mean score of 4.03 and a standard deviation of 1.170 revealed that loan terms were fair enough for

business sales operations. Some of the respondents with a mean of 3.76 and a standard deviation of 1.312 felt that small loans to meet temporary business shortfalls increased business sales levels while the minority of the respondents with a mean of 3.62 and a standard deviation of 1.235 maintained that short term loans increase business production levels.

In summary, Table 4.9 illustrates that the majority of people with disabilities operating Micro and small enterprises in Mukono Municipality acknowledged that Investments made using loans with low interest rates increased on respondent's profits

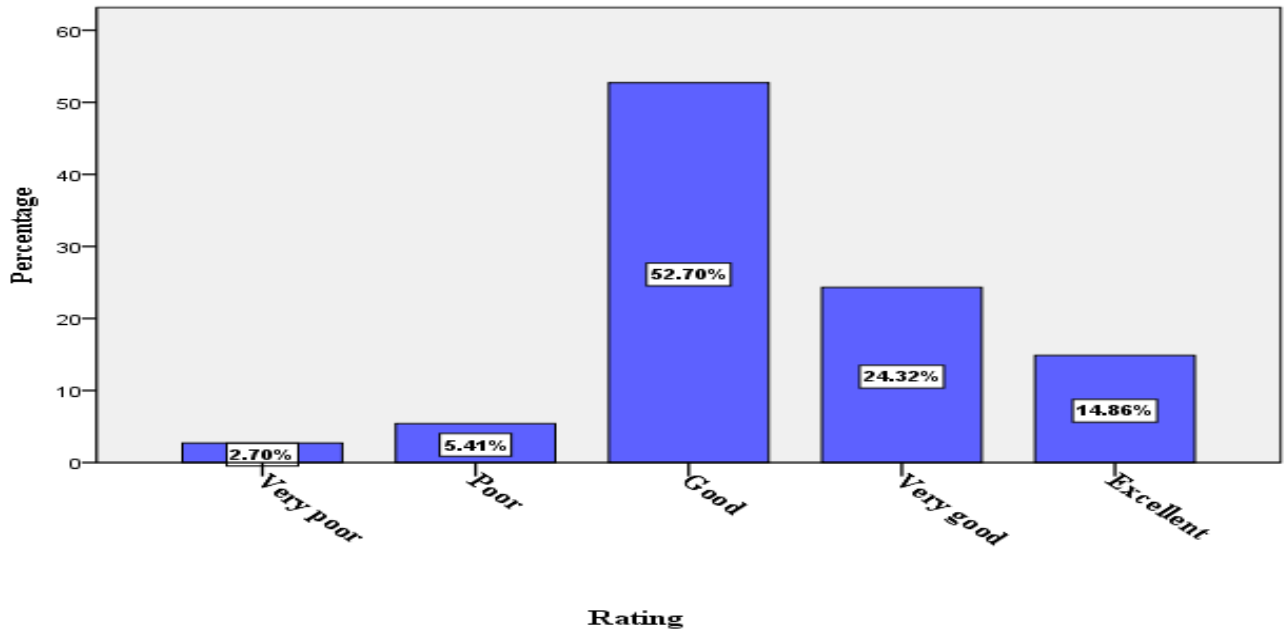
The above finding was supported by qualitative findings from one of the PWDs operating a MSE who was coded "B" who provided as thus:

"The loan I got last year increased my stock making me generate a lot of profits. Some people even think that I am working for an Indian when they see me seated in a wheelchair they think I am not in position to raise this whole capital. In April, I intend to apply for a loan top up" (B).

4.3.3 Rating Microfinance Loan Services in MSEs owned by PWDs

People with disabilities operating MSEs were asked to rate the loan services offered. This was essential in order to establish role played by loan services on the financial returns of MSEs owned by PWDs as portrayed in Figure 4.4

Figure 4. 4: Ratings of Micro Finance Loan Services in MSEs owned by PWDs



Source: Research Data (2020)

The study results portrayed above in Figure 4 clearly illuminate that majority (52.70%) of the respondents rated the loan service’s contribution to financial performance of PWDs owned MSEs as good compared to 2.70% who rated its contribution as very poor. The aforesaid revelations are in conformity with findings of Nahamya et al (2013) who established that microfinance has a good contribution on the establishment and growth of MSEs in Uganda.

4.4 Microfinance Saving Services

The study sought to analyze the relationship between saving services and financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality.

4.4.1 Microfinance Saving services Ratings

The respondents were requested to indicate their level of agreement with the following statements pertaining to the relationship between saving services and financial performance of people with

disabilities owned micro and small enterprises in Mukono Municipality. The results are portrayed in table 4.10 below.

Table 4. 10: Microfinance Saving services Ratings

Statements	N	Mean	Std. Deviation
Interest earned on voluntary savings increases on my profits.	74	3.35	1.276
Investments made using savings increase on my sales.	74	3.88	1.216
Regular savings with MFI safeguards my business profits.	74	4.11	1.080
Absence of ledger fees on savings made maintains my profits.	74	3.54	1.295
Annual withdrawals of savings increase my business capital and sales significantly.	74	3.82	1.307

Source: Research Data (2020)

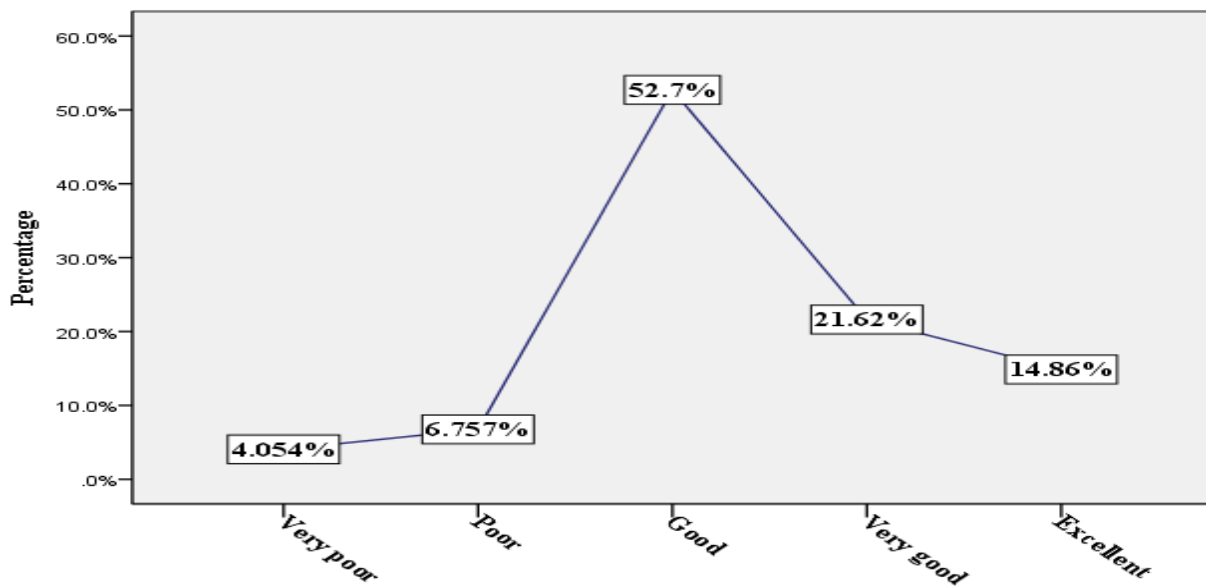
The study found that the majority of the respondents with a mean score of 4.11 and a standard deviation of 1.080 believed that regular savings with MFIs safeguards business profits while respondents with a mean of 3.88 and a standard deviation of 1.216 opined that investments made using savings resultantly led to increase in their sales. Other respondents with a mean of 3.82 and a standard deviation of 1.307 argued that Annual withdrawals of savings increased business capital and sales significantly in Mukono Municipality. The respondents with a mean score of 3.54 and a standard deviation of 1.295 presupposed that the absence of ledger fees on savings made maintained their profits while respondents with a mean of 3.35 and a standard deviation of 1.276 noted that their Interest earned on voluntary savings increased on business profits. Therefore, the study found that the majority of the respondents believed that regular savings with MFIs safeguarded business profits of PWDs operating MSEs while the minority of the respondents

yelled that Interest earned on voluntary savings increased on business profits amongst PWDs Micro and Small enterprise owners leading to wealthy creation.

4.4.2 Rating of Microfinance Saving Services

The respondents were asked to rate the microfinance saving services offered. This was essential in order to establish the relationship between saving services on the financial performance of their Micro and Small Enterprises. The findings are as portrayed in Figure 4.5

Figure 4. 5: Rating of Microfinance Saving Services



Source: Research Data (2020)

As presented in figure 4.5 above, majority (52.7%) respondents rated saving services with MFI as good as compared to 4.1% who rated saving services as very poor. It is of little wonder therefore that the aforementioned revelations concur with the findings of Nahamya, et al. (2013) who established that microfinance has a good contribution on the establishment and growth of MSEs

in Uganda. The aforementioned finding was supported by qualitative findings from one of the PWDs operating a MSE (participant: D) who provided as thus:

“Savings I make with Pride microfinance have helped me increase my capital investment. When I get my savings next month, I intend to reinvest all my savings in my furniture business. The investment made will yield more sales and profits for me” (D).

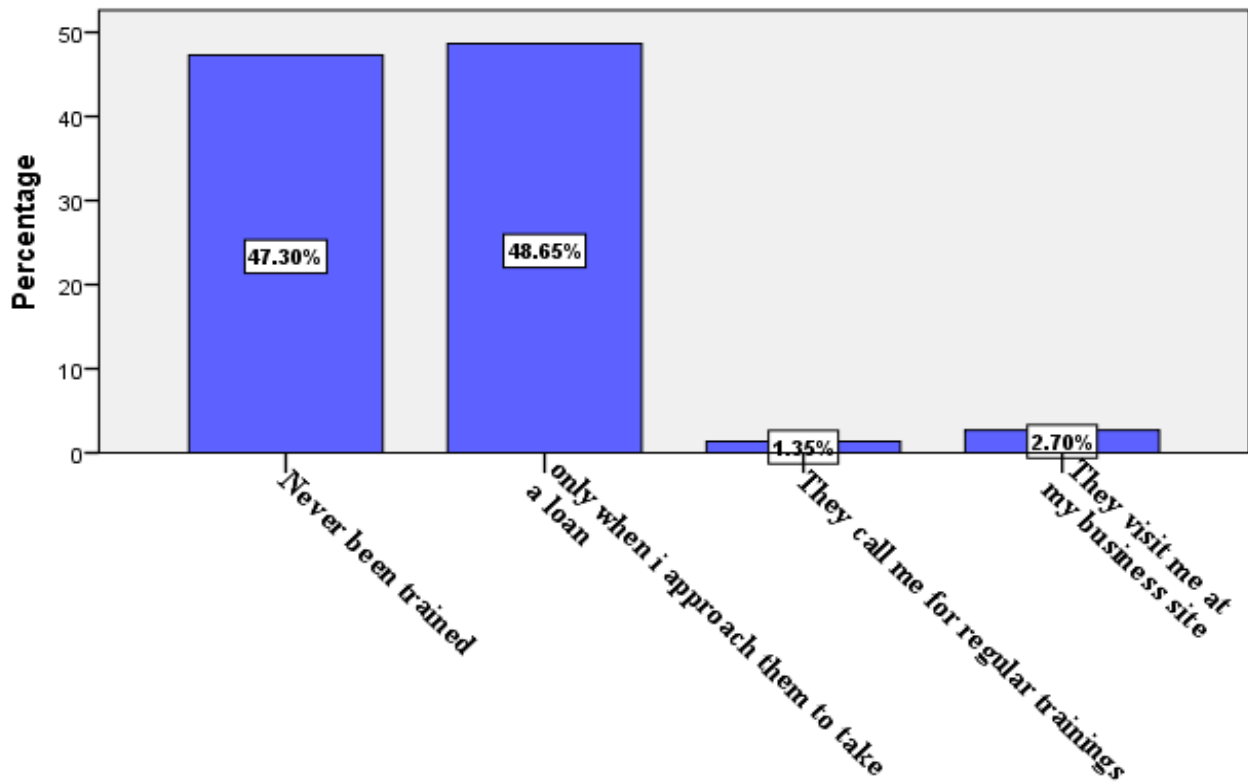
4.5 Microfinance training and advocacy Services

The study sought to investigate the relationship between Training and advisory services on financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality.

4.5.1 Training on Micro Finance Services

The study sought to establish when MFI trainings are conducted. This was important in order to assess how regular the training services are offered to people with disabilities operating MSEs who were their customer. The findings are as presented in Figure 4.6

Figure 4. 6: Training on Microfinance services



Source: Research Data (2020)

The study findings above reveal that 48.65% of the respondents have been trained only when they seek loans. 47.30% indicated that they have never been trained. 2.70% indicated that they are trained at their business premises when they are visited. 6.0% acknowledged that they are trained when Microfinance institutions conduct regular trainings. The study findings imply that training is not a requirement to apply and be granted a loan from MFI. This is justifiable by a larger number (47.3%) of the respondents who were not trained but secured loans. In support to the aforementioned results, Qualitative findings from microfinance officer coded 'K' indicated as thus:

“We train loan applicants on numerous financial management skills to reinforce their ability to pay back what we’ve given them on time. Training is organized to help those who come for our services with limited capacity. The issue of training is purely voluntary; we don’t force our loan applicants who are not willing to be trained” (K).

4.5.2 Relationship between Microfinance Training and advocacy Services and financial performance

The respondents were asked to indicate their views on the sub theme above. The findings are portrayed in Table labelled 4.11.

Table 4. 11: Relationship between Training and advocacy services and financial performance

Statements	N	Mean	Std. Deviation
Basic business skills attained from MFIs have increased my sales.	74	3.53	1.252
Training on maintaining records has enabled me ascertain my profits.	74	3.97	1.158
Financial management training has significantly helped increase my sales revenue.	74	3.89	1.267
Business management skills help small business to increase their profits in the long run.	74	4.09	1.088
Pre-loan training has enabled me increase my sales revenue.	74	3.31	1.271

Source: Field study (2020)

The study revealed that the majority of the respondents with the mean score of 4.09 and a standard deviation of 1.088 revealed that business management skills help small business to increase their profits in the long run while respondents with a mean of 3.97 and a standard deviation of 1.158 said that training on maintaining records had enabled them ascertain their next profits. Other respondents with a mean of 3.89 and a standard deviation of 1.267 asserted that financial

management training had significantly helped increase their sales revenue while respondents with the mean of 3.53 and a standard deviation of 1.252 said that the basic business skills attained from MFIs had increased their sales. While respondents with a mean of 3.31 and a standard deviation of 1.271 yelled that the Pre-loan training has enabled them increase sales revenue. Therefore, it can be said that the majority of the respondents revealed that business management skills training helps small business to increase their profits in the long run in Mukono Municipality.

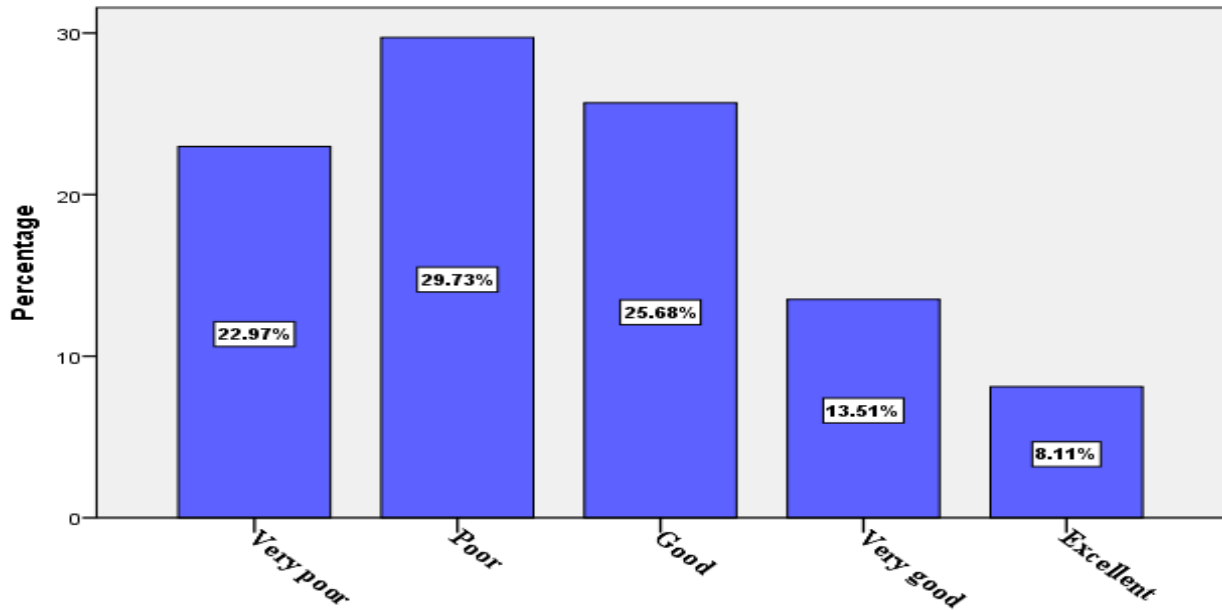
In support to the above results, Qualitative findings from a person with disability operating a micro and small enterprise coded 'H' indicated as thus:

“The financial management skills training built my capacity to keep an eagle’s eye on my profits. My ability to keep record of all my sales revenue has enabled me stay up-to-date with all financial possession of my mobile money business. For the last three years, I have been kin on the profits I make on each and every clients transaction” (H).

4.5.3 Rating of training and advisory Services

The respondents were asked to rate the microfinance training and advisory services offered. This was essential in order to establish the relationship between Microfinance training and advisory services and financial performance of their Micro and Small Enterprises. The findings are as portrayed in Figure 4.7.

Figure 4. 7: Rating of training and advisory services



Source: *Field study (2020)*

The study analysis as presented in Figure 6 above illustrates that 29.73% of the respondents rated the MFI training services contribution to financial performance of PWDs operated MSEs as poor in comparison with 8.11% who rated its contribution excellent. These results are discouraging since training is an important component of sustaining MFI operations. The aforementioned findings can be attributed to the notion that it's not mandatory for one to be trained to meet the requirements of loan application.

4.5.4 MSEs Challenges with Micro Finance Services

The study sought to establish the challenges encountered by people with disabilities who were operating MSEs while seeking the services of MFIs. This was necessary in order to establish the

nature of challenges. The findings are disaggregated into three categories, loan, saving, and training challenges as tabulated in Table 4.12

Table 4. 12: Challenges with Microfinance Services

Challenges on loan services	Responses count	Percentage%
Limited collateral security	27	17
Require a lot of time due to red tape	57	36
Inadequate information about loans	29	19
high interest on loans available	44	28
Total	157	100
Challenges of savings		
Low interest rates	53	40
Lack of proper records on savings	33	25
Poor administration of client information	29	22
Lack of diversified saving products	18	13
Total	133	100
Challenges on training services		
Training is time consuming	28	20
Training is not available when needed	12	8
poor coordination	56	39
Lack of proper information on training	48	33
Total	144	100

Source: Research Data (2020)

NB: Data was analyzed from multiple responses.

As portrayed in Table 4.12 above, PWDs operating MSEs face a number of challenges while seeking services from MFI. The major challenge under the loan services category is a longer period of time requirement accruing from the red tape (37%), high interest on loans available (28%), inadequate information about loans (19%) and limited collateral security (17%). These revelations may explain the reason why PWDs operating MSEs may not prefer taking up loans from MFI.

Additionally, analysis in table 4.12 above shows that PWDs operating MSEs face innumerable challenges while seeking saving services from MFI. The major challenges include; low interest rates (40%), lack of proper records on saving (25%), Poor administration of client information (22%) and lack of diversified saving products (13%).

4.6 Financial Performance

The respondents were asked to rate financial performance of their micro and small enterprises in the last three to five years.

4.6.1 Financial performance Assessment

Table 4. 13: Financial performance Indicators

Statements	N	Mean	Std. Deviation
My business capital has been growing over the last five years.	74	3.96	1.254
My cash collections have increased over the last three years.	74	4.03	1.134
My profits have been growing over the last five years.	74	3.68	1.346
Each year we register an increase in sales volume.	74	3.54	1.284
Our production levels have increased over the last three years.	74	3.92	1.258

Source: Research Data (2020)

As portrayed in table 4.13 above, People with disabilities operating MSEs were asked to rate their financial performance. The majority of the respondents rated cash collections increment over the last three years with the highest mean score of 4.03 and a standard deviation of 1.134 as a super indicator of financial performance in Micro and small enterprises in Mukono Municipality. Business capital growth over the last five years was one of the indicators of performance which was rated with a mean of 3.96 and a standard deviation of 1.254. Production levels increment over the last three years was rated with a mean of 3.92 and a standard deviation of 1.258 while profits growth over the last five years was rated with a mean of 3.68 and a standard deviation of 1.346. Lastly, increase in sales volume was least rated with a mean of 3.54 and a standard deviation of 1.284

4.7 Correlation Analysis

To examine the strength of the relationship between microfinance services and financial performance of PWDs owned micro and small enterprises in Mukono Municipality, a Spearman correlation analysis was conducted on Ordinal data so as to determine the relationship between the dependent and independent variables used in the study. Kothari (2011) highlighted that Correlation between two variables is measured by applying the correlation coefficient which ranges from -1 to +1, where -1 indicates a strong negative correlation, +1 indicates a strong positive correlation and zero (0) indicates lack of correlation.

This research examined the relationship between microfinance services and financial performance of PWDs owned MSEs in Mukono Municipality. The objectives of the study were to investigate the relationship of Loan services, saving services and Training and advisory services on financial performance of PWDs owned MSEs in Mukono Municipality. Spearman correlation coefficient was used to determine such relationship. Table 4.14 portrays the findings.

Table 4. 14 Correlation between Microfinance services and financial performance of MSES owned by PWDs

			Financial performance
Spearman's rho	Loan services	Correlation Coefficient	.932**
		Sig. (2-tailed)	.000
		N	74
	Saving services	Correlation Coefficient	.450**
		Sig. (2-tailed)	.000
		N	74
	Training & advocacy services	Correlation Coefficient	.607**
		Sig. (2-tailed)	.000
		N	74

Source: Research Data (2020)

** . Correlation is significant at the 0.01 level (2-tailed).

The results portrayed in Table 4.14 above reveal that there is a very strong significant relationship between Loan services and financial performance of people with disability owned micro and small enterprises in Mukono Municipality. This relationship is indicated by the Spearman's correlation coefficient of 0.932 significant at $P < 0.01$. This implied that any effort taken by MSEs to improve Loan services would yield a strong likelihood of registering an increase in financial performance. The results also revealed that there was a positive moderate significant relationship between Saving services and financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality ($r=0.450$ and $P\text{-Value} < 0.01$). This implies that MSEs in

Mukono municipality that embrace saving services on average have high financial performance. The above revelations are similar to those of Kisaka and Mwewa (2014) who provided that Micro-loans, training and micro-savings were an important aspect for MSEs financial performance because their contribution was positive in financial objective accomplishment.

Furthermore, the findings in Table 4.14 also revealed a moderate positive relationship between training and advisory services and financial performance of people with disability owned micro and small enterprises in Mukono Municipality. This is evidenced by the Spearman's correlation coefficient of 0.607 and $p\text{-Value} < 0.01$. This implied that MSEs in Mukono Municipality receive training and advisory services on average obtain higher financial performance. In addition, although all findings reflected a positive coefficient, it is also observed in the findings that Loan services contribute more to financial performance as compare to saving, and training services. These findings are compatible with those of Kisaka and Mwewa (2014) which provided that Micro-loans, training and micro-savings were an important aspect for MSEs financial performance because their contribution was positive in financial objective accomplishment.

4.9 Regression results

Regression analysis was carried out to establish the extent to which Microfinance services affect financial performance, multiple regression analysis was carried out to establish the effect of the constructs of the independent variable on financial performance.

Table 4. 15: Regression coefficients portraying the relationship between loan services, saving services, training and advocacy services and financial performance

Model	Unstandardized		Standardized			Collinearity	
	Coefficients		Coefficients			Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-.417	.222		-1.876	.065		
Loan services	.949	.045	.905	20.919	.000	.727	1.376
Saving services	.077	.056	.058	1.384	.171	.764	1.309
Training & advisory services	.063	.062	.048	1.014	.314	.611	1.637
<hr/>							
R	R Square	Adjusted R Square		F	Sig.		
.951 ^a	.905	.901		221.473	.000 ^b		

a. Dependent Variable: Financial performance.

b. Predictors: (Constant), Loan services, Saving services, Training and advisory services.

From the Table 4.15, the multiple regression model was used to establish whether microfinance services affected financial performance of PWDs owned MSEs in Mukono Municipality. Therefore, the regression model equation was as follows.

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Which became: $Y_i = -0.417 + 0.949X_1 + 0.077X_2 + 0.63X_3$

The model implies that when all the variables of the study are held constant, financial performance of PWDs owned MSEs in Mukono Municipality will be at the intercept which is -0.417. A unit improvement in loan services while all other factors held constant results in 0.949 increase in financial performance, a unit increase in savings services with other factors held constant leads to 0.077 increase in financial performance. Similarly, a unit increase in training and advisory services while other factor are held constant results into 0.063 increase in financial performance of PWDs owned MSEs in Mukono Municipality.

From Table 4.15, the above regression coefficients help in answering the regression equation on the underlying effect between the study variables, the coefficient of Loan services was statistically significant ($p=0.000$), the coefficient of saving services was statistically insignificant ($p= 0.171$). Also, the coefficient of training and advisory services was not statistically significant ($p=0.314$). This implies that hypothesis 2 and hypothesis 3 were not supported because their p values were greater than 0.05.

To begin with loan services which were deemed statistically significant ($P=0.000$), this implied that loan services were an indispensable element for PWDs owned MSEs looking forward to attain financial performance. This was probably because of loans ability to increase business capital. This observation was similar to findings in research conducted in Ibadan on the impact of microfinance on performance in Nigeria by Olowe, Moradeyo and Babola (2013) which established that there was a significant relationship between loan services and financial performance. Contrary to the aforesaid, research conducted by Kisaka and Mwewa (2014) contended that the effect of loan services on financial performance may not necessarily be significant because loans with exorbitant rates of interest make the borrowing cost to be high which

impacts profits.

Besides, Table 4.15 also makes a revelation that saving services were statistically insignificant ($P=0.171$) which implied that saving services don't necessarily yield financial performance for PWDs owned MSEs. This is probably because mobilization of savings is costly and risky making PWDs operating MSEs to pay a blind eye to it. This observation was similar to findings in research conducted in Uganda by Bwire (2009) who acknowledged that saving services were insignificant because PWD's savings capacity was too small. Contrary to the aforesaid, research conducted in Machakos County in Kenya by Kisaka and Mwewa (2014) which provided that micro-savings were an important aspect for MSEs because their contribution was positive towards attainment of financial objectives.

Besides the above, Table 4.15 also illustrates that training and advisory services was not statistically significant ($P=0.314$). This implies that hypothesis 3 was not supported because its P values was greater than 0.05. This is probably because training alone without business capital yields no returns which is an ideal situation of PWDs operating MSEs in Mukono Municipality. This observation was similar to findings in research conducted in Ghana by Quaye and Sarbah (2014) which acknowledged that absence of training services which are elaborative enough for small business operators' limits borrowing which resultantly catapults into low investment, and low profits respectively.

Table 4.15 also portrays the coefficient of determination (0.951) which implies that one unit of change in the independent variable (Microfinance services) causes a change of 95.1% of the Dependent variable (financial performance). This indicated that the remaining percentage (4.9%) can be explained by other factors. Table 4.15 above also portrays the R square of 0.905 which

implies that the three independent variables studied explain only 90.5% of the variations in the financial performance of PWDs operated Micro and small enterprises in Mukono Municipality. This means that other factors not covered in this research project explain 9.5% of the variations in the financial performance of PWDs owned MSEs in Mukono Municipality.

Multicollinearity was tested using the VIF (variance inflation factor) as supported by Chatterjee and Price (1991) VIF values more than 10 show presence of multicollinearity. However, basing on multicollinearity results in Table 4.15 above, the results showed the output of the VIF of the predictor variables were within the threshold of 10. This indicated that data used doesn't pose problems pertaining to multicollinearity. Additionally, as supported Field (2009) the tolerance value yielded results more than 0.1 which is an indicator of absence of multicollinearity.

CHAPTER FIVE

SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section presents the research summary, study recommendations, and study conclusions of the study. The general objective sought to investigate within Mukono Municipality, the relationship that exists between microfinance services and financial performance of MSEs owned PWDs. The objectives specifically were; To have an examination on the underlying relationship concerning loan services and financial performance for MSEs owned by PWDs in Mukono Municipality, to make analysis on the relationship pertaining to saving services and MSEs owned by PWDs' financial performance in Mukono Municipality, to investigate the relationship between Training and advisory services and financial performance of MSEs owned by PWDs in Mukono Municipality. During analysis, a correlation was made between research findings and theoretical and empirical literature. A direct link between conclusions and specific objectives was made in due regard. From the findings discussed and conclusions drawn, the study made recommendations.

5.2 Summary of the Major Study Findings

5.2.1 Relationship between loan services and financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality

Revelations on the first hypothesis revealed a very strong positive relationship between Loan services and financial performance of people with disability owned micro and small enterprises in Mukono Municipality. This implies that loan services in the study significantly explain variations in financial performance of PWDs owned MSEs.

5.2.2 Relationship between Saving services and financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality

The revelations on the second hypothesis illustrate that a moderate positive relationship was obtained between saving services and financial performance of PWDs owned MSEs. This implies that the aforesaid saving services in the study significantly explain variations in financial performance of PWDs owned MSEs. This means that when utilization of saving services is fully embraced by PWDs operating MSEs, it is highly likely that financial performance would improve in terms of increased level of sales, increased production levels, increased profits and also continuity of business.

5.2.3 Relationship between training and advocacy services and financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality

Revelations on the third hypothesis reflected that there was a strong and positive relationship between training and advocacy services and financial performance. This implies that the aforesaid training and advocacy services in the study significantly explain variations in financial performance of PWDs owned MSEs. This means that when training and advocacy services are fully embraced by PWDs operating MSEs, it is highly likely that their financial performance would improve in terms of increased level of sales, profits and also increment in production levels.

5.2.4 Effect of loan services, saving services and training and advocacy services on financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality

Investigations found out that loan services were statistically significant which implied that loan services were an indispensable element for MSEs owned by PWDs looking forward to generate financial performance. Besides, saving services were statistically insignificant which implied that

saving services don't necessarily yield financial performance for MSEs owned by PWDs. Also, training and advocacy services were statistically insignificant which implied that training and advocacy services don't necessarily yield financial performance for MSEs owned by PWDs.

5.3 Discussion of findings

5.3.1 Relationship between loan services and financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality

Revelations on the first objective portrayed a very strong positive relationship between Loan services and financial performance of people with disability owned micro and small enterprises in Mukono Municipality. This implies that the aforesaid loan services in the study significantly explain variations in financial performance of PWDs owned MSEs. This means that when utilization of Loan services is systematically done by PWDs operating MSEs, it is highly likely that financial performance would improve in terms of increased level of sales and profits and also continuity of business. Therefore, these findings were in agreement with previous studies by various scholars who established a positive significance for instance; Research conducted on microfinance implication on business growth within Ibadan in Nigeria by Olowe, Moradeyo and Babola (2013) established that there is a significant relationship between microfinance loan services on business growth.

As reflected in figure 4. 3, investigations established that most of the PWDs had taken loans once in a year. Minority had never taken a loan from any given MFI. The findings reveal that the number of PWDs who operate MSEs and take loans from MFI more than once is low compared to those who take loans once.

The study overwhelmingly confirmed that the respondents liked the loan services as analysis

provided in table 4.9 revealed that Investments made using loans with low interest rates increased on profits of MSEs owned by PWDs. This observation is in line with research conducted in Nigeria by Oleka, Maduagwu & Igwenagu (2014) which acknowledged that low interest loans are likely to push the growth of MSEs upwards.

Also, the revelations in Figure 4.4 illustrate that majority of the respondents rated the loan service's contribution to financial performance of PWDs owned MSEs as good. The aforementioned observation concurs with research conducted by Oleka, Maduagwu & Igwenagu (2014) who asserted that loans serve to increase on financial performance of businesses because it leads to higher returns.

5.3.2 Relationship between Microfinance saving services and financial performance of PWDs owned MSEs in Mukono Municipality

The revelations on the second hypothesis illustrate that a moderate and positive relationship was obtained between saving services and financial performance of PWDs owned MSEs ($r = .450$ $p < 0.01$). This implies that the aforesaid saving services in the study significantly explain variations in financial performance of PWDs owned MSEs. This means that when utilization of saving services is fully embraced by PWDs operating MSEs, it is highly likely that financial performance would improve in terms of increased level of sales, increased production levels, increased profits and also continuity of business. These findings were in agreement with previous studies by various scholars who established a positive significance for instance; Kisaka and Mwewa (2014) who expounded that micro-credit, micro-savings and training jointly contribute positively to MSEs' financial performance.

The study findings as reflected in table 4.10 provided that majority of the respondents believed

that regular savings with MFIs safeguards business profits. However, People with disabilities operating MSEs disregarded that Interest earned on voluntary savings increased on their profits. Overall, majority of participants rated saving services as good. The above reflections show that microfinance services play a critical role in the financial performance of MSEs by providing access to savings. Therefore, these findings are in agreement with Kisaka and Mwewa (2014) who acknowledged that micro-credit, micro-savings and training jointly contribute positively to MSEs' performance.

5.3.3 Relationship between Microfinance training and advocacy services and financial performance of PWDs owned Micro and Small Enterprises in Mukono Municipality

Revelations on the third hypothesis reflected that there was a strong and positive relationship between training and advocacy services and financial performance ($r = .607$ $p < 0.01$). This implies that the aforesaid training and advocacy services in the study significantly explain variations in financial performance of PWDs owned MSEs. This means that when training and advocacy services are fully embraced by PWDs operating MSEs, it is highly likely that their financial performance would improve in terms of increased level of sales, profits and also increment in production levels. The aforesaid findings are in line with revelations from investigations of Kisaka and Mwewa (2014) who highlighted that training contributes positively to MSEs' financial performance.

Figure 6 also reveals that majority of the respondents acknowledged that they had been trained only when they seek loans. Minority indicated that they have never been trained. Therefore, the study findings imply that training is not a requirement to apply and be granted a loan from MFI. This is justifiable by a larger number of the respondents who were not trained but secured loans. Besides, as portrayed in table 4.11, majority of the respondents revealed that business management

skills help small business to increase their profits in the long run. This is in agreement with research conducted by Edgcomb (2002) who highlighted that features of participants with their final outcomes are significantly impacted by training. Also, as portrayed in figure 4.7, majority of PWDs operating MSEs in Mukono Municipality rated training and advisory services contribution to financial performance as poor. The aforesaid findings can be attributed to the notion that it's not mandatory for one to be trained to meet the requirements of loan application.

5.3.4 Effect of loan services, saving services, training and advocacy services on financial performance of people with disabilities owned micro and small enterprises in Mukono Municipality

Investigations found out that loan services were statistically significant which implied that loan services were an indispensable element for MSEs owned by PWDs looking forward to generate financial performance. Besides, saving services were statistically insignificant which implied that saving services don't necessarily yield financial performance for MSEs owned by PWDs. Also, training and advocacy services were statistically insignificant which implied that training and advocacy services don't necessarily yield financial performance for MSEs owned by PWDs.

5.4 Conclusions

The study concluded that loan services are very important in influencing financial performance of people with disabilities owned micro and small enterprises. Therefore, it is important for microfinance institutions to reduce on the interest rates, reduce on the red tape involved in the loan application processes so as to increase on loan service access for PWDs operating MSEs.

The study also concluded that saving services are relevant factors in influencing financial outcomes of PWDs owned MSEs. Therefore, it is important for microfinance institutions to

generate interventions geared towards aiding PWDs to obtain saving services.

The study concludes that unlike saving and training and advocacy services, loan services were found to have a significant effect on financial performance. Therefore, it is relevant for PWDs operating MSEs to adapt loan services so as to grow their financial base, this can be done through reduction on rates of interest on the loans to increase appetite of PWDs operating MSEs.

In a nut shell, investigations made herein justify microfinance services noble role in the financial performance of persons with disabilities owned micro and small enterprises in Mukono Municipality. Therefore, it cannot be underestimated and if microfinance services are provided, then there would be a significant increment in micro and small enterprise owned by PWDs.

5.5 Recommendations

Loan services were found to be significantly related with financial performance. Therefore, the investigation recommends that PWDs operating MSEs need to embrace loan services so as to grow their financial base, this can be done through reduction on rates of interest on the loans to increase appetite of PWDs operating MSEs.

Microfinance saving services were found to be significantly related with financial performance. In that regard, the study therefore recommends that MFIs should make diversification for saving services they offer to comprise of services like purchasing of shares and insurance which may increase appetite for other PWDs operating MSEs. Various services entice consumers which yields competitiveness of their entities.

Training and advisory services proved to be significantly related with financial performance. Therefore, the study recommends that self-study manuals for training MSEs' operators be designed

to assimilate those PWDs operating MSEs who dislike attending training because it consumes a lot of their time.

Unlike saving and training and advocacy services, loan services were found to be significantly affecting financial performance. In that regard, the study therefore recommends that PWDs operating MSEs need to adapt loan services so as to increase financial returns, this can be done through reduction on rates of interest on the loans to increase appetite of PWDs operating MSEs.

5.6 Suggestions for further research

This investigation specifically considered three microfinance service categories and left out other types of services such as insurance and many more. Therefore, future researchers should address such aspects relevant for financial performance to blossom.

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APPENDIX I: QUESTIONNAIRE

Dear respondent,

This research is for a student pursuing a Master of Business Administration at Kyambogo University. The study is on “microfinance services and financial performance of micro and small enterprises in Mukono Municipality.” You have been identified as a respondent, and I therefore request you to kindly spare a few minutes of your busy schedule to fill this questionnaire. This study is purely for academic purposes. Your honest answer and sincere responses are highly appreciated and shall be treated with outmost confidentiality.

Should you require any additional information or wish to receive the findings for the study please contact me on the following contacts:

Tel: 0775457233/ 0700124960

Email: kimungaherbert@gmail.com

SECTION A

DEMOGRAPHIC CHARACTERISTICS

Please Tick (√) in the appropriate box and where applicable write your response on the spaces provided.

1. What is your position in this firm?

- a) Owner
- b) Manager
- c) Others (specify).....

2. Gender:

a) Female b) Male

3. Age

- a) Below 20 years b) 20 – 30 years c) 31 – 40 years
d) 40 – 50years e) Above 50 years.

4. Marital status

- a) Single b) Engaged c) Married d) Divorced
e) Widowed

5. Highest level of education Qualification

- a) Certificate b) Diploma c) Bachelor's Degree d) Masters
e) Others (Specify).....

6) Type of disability

- a) Physical impairment b) Visual Impairment c) Hearing Impairment
d) Speech impairment e) others (specify).....

7) Experience record?

- a) Less than 1 years b) 2– 5years c) 6 – 9 years d) 10+ years

8) Which type of commodities does your business sell or produce?

- a) Foodstuff b) Electronics c) Machinery equipment d) Furniture e)
Other (specify).....

9) What is your average annual sales level?

- a) Less than Shillings: 1,000,000
b) Between shillings: 1,000,001 and 5,000,000
c) Between shillings: 5,000,001 and 10,000,000
d) Between shillings: 10,000,001 and 50,000,000
e) Between shillings: 50,000,001 and 100,000,000

10) What is your current stock level?

- a) Less than shillings: 1,000,000
- b) Between shillings: 1,000,001 and 5,000,000
- c) Between shillings: 5,000,001 and 10,000,000
- d) Between shillings: 10,000,001 and 50,000,000
- e) Between shillings: 50,000,001 and 100,000,000

SECTION B: MICROFINANCE LOAN SERVICES

11) How often do you take a loan service from a microfinance institution?

- i) Never taken any
- ii) Once in a year
- iii) Twice in a year
- iv) Over two times in a year

12) Fill the table below on your opinion regarding the loan services. Please show your level of agreement or disagreement. **(Tick (√) in the appropriate box)**

Strongly agree (SA)	Agree (A)	Not sure (NS)	Disagree (D)	Strongly disagree (SD)
1	2	3	4	5

		1	2	3	4	5
L1	Flexible loan repayment schedules of MFIs have enabled me increase my sales					
L2	Investments I make using loans with low interest rates from MFI increase on my business profits					
L3	Small loans to meet temporary business shortfalls increase my business sales level					
L4	Short term loans from microfinance institutions increase my business production levels					
L5	The MFI loan terms that are in the market are fair enough for my business sales operations					

13) How would you rate loan services offered on financial performance of your firm?

i) Very poor []

ii) Poor []

iii) Good []

iv) Very good []

v) Excellent []

SECTION C: MICROFINANCE SAVINGS SERVICES

14) Fill the table below basing on your opinion regarding saving services. Please show your level of agreement or disagreement (MFI).

(Tick (√) in the appropriate box)

Strongly agree (SA)	Agree (A)	Not sure (NS)	Disagree (D)	Strongly disagree (SD)
1	2	3	4	5

		1	2	3	4	5
S1	Interest earned on my voluntary savings in the MFI increases on my profits					
S2	Investments I make using my savings from MFI increase on my sales					
S3.	Regular savings with a MFI safeguards my business profits					
S4	Absence of ledger fees for savings made in the MFI maintains my business profits					
S5	Annual withdrawals of my savings increases my business capital and sales consequently.					

15) How would you rate savings services on financial performance of your firm?

i) Very poor []

ii) Poor []

iii) Good []

iv)Very good []

v) Excellent []

SECTION D: FINANCIAL TRAINING AND ADVOCACY SERVICES

16) How often do you get training from microfinance institutions on how to use their services such as savings and loans to improve your business?

- i) Never been trained []
- ii) Only when I approach them to take a loan []
- iii) They call for regular training programs []
- v) They visit me at the business site []

17) Fill the table below on your opinion regarding financial training and advocacy services. Please show your level of agreement or disagreement. **(Tick (√) in the appropriate box)**

Strongly agree (SA)	Agree (A)	Not sure (NS)	Disagree (D)	Strongly disagree (SD)
1	2	3	4	5

		1	2	3	4	5
T1	Basic business skills attained from MFIs has increased my sales					
T2	Training on maintaining records of my business transactions has enabled me ascertain my profits					
T3	Financial management training by MFIs' has helped me increase my sales.					
T4	MFIs training programs help small business to gain business management skills which increases their profits in the long run					
T5	Pre-loan training by MFIs has enabled me to increase my sales revenue					

18) How would you rate the training services offered by MFIs on financial performance of your firm?

i) Very poor []

ii) Poor []

iii) Good []

iv) Very good []

v) Excellent []

19) Outline the challenges you face on the following

i) Saving with MFIs

.....
.....

ii) Accessing loans from MFIs

.....
.....

iii) MFIs Training and advisory services

.....
.....

SECTION E: PERFORMANCE ASSESSMENT

20) In the following questions about financial performance of MSEs, please show your level of agreement or disagreement.

Strongly agree (SA)	Agree (A)	Not sure (NS)	Disagree (D)	Strongly disagree (SD)
1	2	3	4	5

No	<u>Question items</u>	1	2	3	4	5
P1	my business capital has been growing over the past 5 years					
P2	my cash collections have increased over the last three years					
P3	my profits have been growing over the last five years					
P4	Each year we register an increase in sales volume					
P5	Our production levels have increased					

THANK YOU FOR YOUR TIME AND CO-OPERATION

APPENDIX II: INTERVIEW GUIDE

- 1) In your own opinion, how has loan services helped you in achieving success in your business?
- 2) In your own opinion, do you think the success of your business is as a result of saving services?
- 3) To what extent do you attribute the success of your business to be as a result of microfinance advocacy and training services?
- 4) In your own observation, has the financial performance of your business improved over the last three years?

APPENDIX III: KYAMBOGO UNIVERSITY ACCEPTANCE LETTER



KYAMBOGO UNIVERSITY

P. O. BOX 1 KYAMBOGO
Tel: 041 - 4286792 Fax: 256-41-220464
Website: www.kyu.ac.ug

Office of the Dean, Graduate School

28th October, 2020

To Whom It May Concern

RE: LETTER OF INTRODUCTION

Dear Sir/Madam,

This is to introduce **Mr. Kimunga Herbert** Registration Number **18/U/GMBA/19387/PD** who is a student of Kyambogo University pursuing a Masters Degree.

He intends to carry out research on “**Micro Finance Services and Financial Performance of Persons with Disability owned Micro and Small enterprises in Uganda**” as partial fulfillment of the requirements for the award of the Master of Business Administration of Kyambogo University.

We therefore kindly request you to grant him permission to carry out this study in your institution.

Any assistance accorded to him will be highly appreciated.

Yours sincerely,

Assoc. Prof. Muhamud N. Wambede
DEAN, GRADUATE SCHOOL

APPENDIX IV: MUKONO MUNICIPALITY LETTER OF APPROVAL



THE REPUBLIC OF UGANDA

MUKONO MUNICIPAL COUNCIL

P.O. Box 201

Phone: 0414290203/204

Mukono – Uganda

Email: info@mukonomunicipalcouncil.go.ug

Our Ref: MMC/013/INT

Your ref:.....

Date: 3rd August , 2020

**The Department Head,
Business Administration,
Faculty of School of Management
Kyambogo University.**

RE: PERMISSION TO CARRY OUT RESEARCH

This is to inform you that **KIMUNGA HEBERT** a student of Master of business administration degree at the university has been accepted to do her research within Mukono Municipal Council.

He will be attached to the department of **Gender and Community Based Services** and will be supervised by the **Community Development Officer – Mukono Central Division.**



Wassajja Abubaker
Senior Community Development Officer

- CC: Town Clerk MMC
- CC: Community Development Officer - MCD
- CC: Mr. kimunga Herbert .