

**MICRO-FINANCE SERVICES AND THE GROWTH OF SMALL-SCALE  
BUSINESSES IN KAMPALA CENTRAL,  
UGANDA**

**BY**

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## **ABSTRACT**

The study intended to establish the relationship between Microfinance services and the growth of small scale businesses in Kampala, Uganda. The objectives were to analyze how provision of seed capital affects growth of small-scale businesses, how financial skills training affects growth of small-scale businesses and to assess how the mobilization of savings by micro finance affects growth of small-scale businesses. The study adopted a descriptive research design and follow both qualitative and quantitative approaches to research. The data was collected from the persons involved in small scale business in Owino, Kikuuba and Nakasero trading centers and market leaders who were 186 respondents; these provided information through the interview guide. The data analysis was done based on the descriptive statistics analysis and an assessment of the relationships between the variables. The study findings were that seed capital affected growth of Small-scale businesses in Kampala central division by 12% implying low effect; skills training have a 44.7% effect on growth of Small-scale businesses. It implies that other factors much affect the growth of Small-scale businesses and third objective mobilization of savings has 88.3% effect on growth of Small-scale businesses. The study was to assess the relationship between microfinance services and the growth of small-scale businesses in Kampala, Uganda. On the first objective the researcher established that seed capital had less effect on Small-scale businesses growth meaning that other factors could more account for the Small-scale businesses growth, even the argument that seed capital is not provided to starting Small-scale businesses is a proof for not growing well. The second research objective that established that financial skills training affected the growth of small-scale businesses the effect was low though substantive with a closer to an average performance, the researcher conclude that training could be not so adequately advanced to the Small-scale businesses explaining the low growth rate regarding this other factors contributions are considerably low. The researcher on the third objective established that there was a high significant effect of savings mobilization on growth of Small-scale businesses in Uganda, the level of operations though savings were low that indicates growth of Small-scale businesses can be attained through savings mobilizations if adequately handled. The researcher found or established that the status of the business operations need to acquire collateral security before operations in order to attain value for seed capital, there is need for more training by microfinance institutions to Small-scale businesses and there is need for improving savings through providing attractive interests on savings, providing education on the significance of savings for the Small-scale businesses.