

NAMUTEBI ROSE MARY (2013-M102-20053)

Commercial Bank Credit and Performance of Small Scale Businesses: A Case Study of Mukono Municipality.

Small enterprises, commonly referred to as small scale enterprises have become popular approaches countries use to spur economic growth. However, available literature shows that funds utilisation, especially borrowed funds from financial institutions, has been a challenge to many small enterprises. This study assesses the relationship between commercial bank loans and performance of small scale enterprises. The study was conducted in Mukono municipality, targeting enterprises that are registered for trading license in the municipality. The study was guided by three objectives; to assess the relationship between mortgage loans and performance of small scale businesses, examine the relationship between secured loans on performance of small scale businesses, to investigate the relationship between business loans and performance of small scale enterprises. The study used a case study design; sampled small scale businesses from the total list using simple random sampling techniques. The sample size was 60 respondents selected from a total of 72 small scale businesses on the schedule. Data was collected by structured questionnaire which facilitated acquisition of relevant data for analysis. Descriptive statistics involving frequency tables, percentages, mean and standard deviation was applied in data presentations and analysis. The findings of the study reveal that mortgage loan has positive and significant relationship with performance of small scale businesses, the study established a positive and significant relationship between secured loan and performance of small scale businesses; there was also a positive and significant relationship between business loan and performance of small scale business. The study, therefore, concludes that mortgage loan, secured loan and business loan are critical loan options for small scale businesses, and thus they critically explain performance of businesses. The study, therefore, recommends that small scale business owners and managers should build capacity in loan management since it appears to contribute in the performance of such businesses.

Key Words: Commercial Bank Credit, Small Scale Businesses, Mukono Municipality