Business Financing for Small and Medium Enterprises in Uganda: Alternatives and Challenges

Dr. Charles Chris Sendyona and Diana **Kituyi**
Department of Accounting and Finance, College of Business and Management Sciences, Makerere University
sempa1920@gmail.com

doi: https://doi.org/10.37745/ejaafr.2013/vol13n57386 Published May 16, 2025

Citation: Sendyona C.C. and Kituyi D. (2025) Business Financing for Small and Medium Enterprises in Uganda: Alternatives and Challenges, *European Journal of Accounting, Auditing and Finance Research*, Vol.13, No. 5, pp.,73-86

Abstract. *This study aimed to identify the current business financing alternatives for small and medium enterprises and the challenges they face in accessing financial resources for their businesses in Uganda. The study employed a survey-based approach to collect data from 100 participants selected from the small and medium enterprises in the five divisions of Kampala Capital City Authority using a simple random sampling design. The data was collected using a self-administered research instrument with an overall Cronbach's reliability coefficient of 0.784. The data was analysed using descriptive statistics. The study results revealed that the main business financing alternative for SMEs in Kampala Capital City Authority is microfinance institutions; the other business financing alternatives include savings and credit cooperatives, rural and community banks, commercial banks, and savings and loans. Furthermore, the study results showed that the significant challenges small and medium enterprises face in accessing financing for their businesses are a lack of sufficient collateral, inadequate or poor credit history, and failure to complete the loan application process. It is recommended that to improve access to financing for SMEs in Kampala Capital City Authority, i) Financial institutions should lower their interest rates, ii) Small amounts of loans should be given without collateral, and iii) Improve traditional lending through leasing, iv) SMEs should invest in capital markets as an alternative source of funds and, iv) SMEs should put more emphasis on development strategies, such as social capital networks as a mechanism for improving their financing opportunities.*

Keywords: financing alternatives, small and medium enterprises, Kampala capital city authority.

European Journal of Accounting, Auditing and Finance Research
Vol.13, No. 5, pp.,73-86, 2025
Print ISSN: 2053-4086(Print),
Online ISSN: 2053-4094(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

INTRODUCTION

A small and medium enterprise (SME) is an organisation that employs a maximum of 50 people, generates an annual revenue turnover of a maximum of 360 million shillings, and has total assets of 360 million shillings (Ministry of Finance, Planning, and Economic Development (MFPED), 2016). Small and medium enterprises have been identified as extensive drivers of the comprehensive economic growth of a country and are a source of employment and, therefore, essential for socio-economic development (Fullen, 2006; Inks, 2016; MFPED, 2016). This line of argument is quite relevant in Uganda as SMEs employ over 2.5 million people, including faction groups like women and people living with disabilities. The Uganda Investment Authority (UIA) Report (2020) concluded that the estimated 800,000 SMEs located in urban and rural areas bestow 90 per cent of private-sector production in Uganda. Furthermore, according to the data collected from 76 different developing and developed countries by Ayyagari (2007), small and medium businesses account for about 60% of manufacturing employment. Despite their importance, SMEs' access to financing is still a problem, and this issue has prompted a significant interest not only at a local level but internationally as well. SMEs require various forms of financing to carry out business.

As defined by Inks (2016), financing refers to the funds availed by business owners to meet their needs, which may include funding business operations, purchasing capital assets, or even starting the business itself. Regardless of the size or type of business, financing is a serious issue that must be addressed before the business begins to operate and persists throughout its life (Alhabeeb, 2015). Any enterprise making long-term investments must carefully ponder what those investments will be, how much they will cost, how long they will hold their value over time, and the source of funds for the investment (Alhabeeb, 2015). At the inception of an enterprise, the entrepreneurs borrow money from banks or other financial institutions or invite other individuals or investors to share ownership in the business to raise the capital for running the enterprise (Fullen, 2006). There are several financing alternatives that enterprises use to fund projects and to improve their profitability. For instance, debt financing is provided by banks, government loan programs, or business angels that can lend money to organisations to be repaid over time with interest, and investors contribute equity financing into the enterprise, representing an ownership position in the venture (Fullen, 2006; Glantz, 2014). Enterprises may be categorised by size, area, organisation, technology, and location. From the perspective of policy and planning, size provides the most practical basis for classification, and the usual standards are one or more of the following: employment, turnover, assets, and paid-up capital (Agarwal, 2016). SMEs follow the same classification. However, one of the biggest challenges facing small and medium enterprises worldwide is insufficient funds to finance their businesses (Amin, 2004). Finance contributes about 25% to the success of SMEs and 39% of small-scale businesses, while 37% of medium-scale businesses are financially constrained (Bank, 2001). Many SMEs in Uganda lack the working capital to operate successful businesses, and most of them are compelled to close shop since they cannot access the required funds (UIA Report, 2010). Financing is usually sourced from either the informal finance sector or the formal finance sector, where commercial banks and development banks constitute the most prominent sources of finance in the formal finance sector, and borrowing from friends, relatives, cooperatives, money lenders, personal savings, and credit offered to the business are the informal finance sector alternatives (Fullen, 2006; Hodge, 2016; Inks, 2016).

LITERATURE REVIEW

This section presents the study's conceptual, theoretical, and empirical reviews.

Review of Conceptual and Theoretical Literature on the Business Financing Alternatives in SMEs

Business financing refers to the funds availed by business owners to fund operations and purchase capital assets to meet an enterprise's objectives (Alhabeeb, 2015). Funds are the lifeline of any business; if a business lacks sufficient funds, it will not function properly or to its full potential (Inks, 2016). The two main alternatives for business financing are debt financing and equity financing, and most organisations use a combination of the two to finance their operations (Brealey et al., 1995; Taghizadeh-Hesary et al., 2021). Each business financing alternative has pros and cons. Organisations may choose between short-term or long-term financing, where short-term financing is for less than one year, and long-term financing is usually for more than ten years (Greene, 2010; Taghizadeh-Hesary et al., 2021). The main alternatives for short-term financing are trade loans, working capital loans, discount notes, and business sector loans (Taghizadeh-Hesary et al., 2021), and those for long-term financing are equity capital, bonds, long-term loans, and retained earnings (Greene, 2010). The size of small enterprises dictates that most of them look for short-term financing alternatives as they are less onerous and easier to manage. Furthermore, small enterprises also tend to look for short-term loans because they are cheaper to raise funds from these sources. After all, the collateral required is less strenuous than that required for long-term loans (Obuya, 2017).

Inclusive finance emphasises the principle of access, which ensures that affordable and appropriate financial channels, services, and materials are available to achieve universal access to support SMEs (Kaur, 2020). The principle of adequate financial inclusion requires that products meet customer needs, consider regulatory and linguistic barriers, and provide product protection and dignity (Rahman, 2009). Usage refers to the rental or use of financial services or products, and actual consumption must accompany use, as access is meaningless if the intended person is not using the product or service (Hodge, 2016). Quality describes how financial services are delivered and includes characteristics related to product suitability, simplicity, convenience, affordability, safety, dignity, and customer protection (Roberts, 2015). Simplicity refers to the ease of user understanding of products and services, the simple language, and the channels that provide them (Kaur, 2020).

The availability of funds is highlighted as a critical factor in small businesses' development, growth, and success (Fullen, 2006). Some of the financing alternatives used by SMEs vary from initial internal sources like personal savings of the owner and retained earnings from the business (Burrow, 2007) to informal outside sources, including financial help from family and friends (Alhabeeb, 2015) trade credit, venture capital and angel financiers (Alhabeeb, 2015).

There are also official external sources of financial intermediaries such as banks, financial institutions like microfinance institutions, and stock markets (Hodge, 2016). However, as argued by Beck et al. (2008), there are several reasons why SMEs find it difficult to access funds from some of the above sources. For instance, issues such as higher transaction costs associated with smaller loans, information asymmetry, higher risk premiums due to the opaqueness of small firms, and the inability of SMEs to meet the collateral requirements of creditors have been identified as the main impediments (Beck et al., 2008; Gibson, 2008; Yoshino & Taghizadeh-Hesary, 2016).

Recent studies suggest that large banks might have an advantage in financing small businesses through leasing and asset-based lending (Berger & Udell, 2006). Despite this, small and medium-sized enterprises often face higher costs and more difficulties obtaining credit than larger enterprises (Hodge, 2016). The International Finance Corporation reports a significant unmet financing need among SMEs in developing countries, amounting to $5.2 trillion annually. This gap is especially pronounced in North Africa, where the demand for finance far exceeds the supply (World Bank Report, 2011). Efforts to bridge this gap include the Development Finance Project in Nigeria, which has established the Development Bank of Nigeria to support MSMEs, disbursing over $243 million to nearly 50,000 borrowers. Similarly, in Morocco, a project has increased the volume and number of loans to SMEs by supporting credit warranties and introducing new guarantee products for very small enterprises. There has been a significant impact of projects aimed at improving financial access for SMEs, highlighting both the successes and the ongoing challenges they face: Initiatives like the World Bank Group's efforts in Guinea and Ethiopia have led to substantial increases in the volume and number of loans to SMEs by 88% and 18% respectively, and the cumulative loan amount backed by beneficiaries is estimated at $3.28 billion (World Bank Report, 2014).

As for the industry challenges, SMEs compete with larger enterprises for finance and market access, facing more significant barriers and higher borrowing costs (Griffiths, 2003). They often have lower efficiency and higher unit costs due to more labour-intensive technologies, which disadvantage them in the global market (Agarwal, 2016; United Nations Report, 2003). SMEs also face several operational challenges. For instance, a lack of technical and management skills can hinder the growth of SMEs; therefore, the availability of these skills is crucial, as they are directly connected to the financial and social capital that contribute to a business's survival (Agarwal, 2016; Powers, 2018).

Therefore, while progress has been made in supporting SMEs financially, they continue to struggle with competition, operational efficiency, and acquiring the necessary skills for growth and sustainability.

Review of Empirical Literature on Business Financing Alternatives in SMEs

According to the fifth cycle paradigm, SMEs' financing needs and alternatives change at different stages of the company's life cycle (Berger &Udell, 1998). This implies that the various stages of the SME growth cycle require different financing strategies such that in the initial stages, SMEs depend heavily on insider funding sources. (Fullen, 2006). For SMEs in the start-up phase, the personal savings of owners/managers are sources of early funding and are more important than external funding, such as loans and bank overdrafts (Agarwal, 2016). An empirical study by Cassar (2004) involving the financing and capital structure of 292 Australian firms reached similar conclusions that SMEs depend on internal funding sources during the start-up phase. However, as SMEs mature, they have more opportunities to expand the range of banks from which they can receive loans (Hodge, 2016). Another study by Barton and Gordon (1987) aimed at understanding the financial behaviour of small and medium enterprises uses the company lifecycle model as the preferred approach. La Rocca (2011), who was also in agreement with this study, found that the financial behaviour of SMEs is strongly associated with life cycle patterns, which over time have proven to be consistent and very similar in industrial and institutional contexts. A survey using enterprise-level data found that SMEs not only perceived access to financial services and borrowing costs as more significant barriers than large enterprises, but these factors also had a more significant impact on SMEs' performance than large enterprises (Ayyagari, 2007). Furthermore, research shows that the primary source of external finance for SMEs in various countries is banking (Ayyagari, 2007), and banks, just like investors, have systematic interests and potential for small and medium-sized enterprises (Hodge, 2016). It has been argued that small banks are often more open to small business financing because they are more equipped to handle the funding based primarily on soft information provided by the borrowers to lenders through ongoing, personal, and direct contact for collection between owners and managers, and the community where the businesses are run to address clarity issues (Berger & Gr, 1995).

JUSTIFICATION FOR THE STUDY

Small and medium enterprises lack adequate financing, a major obstacle to their growth and expansion. Small and medium enterprises have identified finance as the main constraint for their development and expansion (Inks, 2016). The National Small Business Survey of Uganda (2015) indicated that SME access to finance was the number one priority, and the second one was the provision of business services. The primary formal sources of financing among SMEs are bank loans and microfinance institutions (MEIs) loans, where 48% of the SMEs have acquired them from banks and 25% from microfinance institutions (NSBS, 2015). Banks in Uganda provide start-up capital to less than 4% of the SMEs that need it, while microfinance institutions offer only 1% (NSBS, 2015). Inadequate funding may result in a loss or reduction in the personal income of business owners, leading to personal debt, an impact on a country's economy, and an increase in unemployment due to the closure of small businesses due to a lack of financing. Previous studies on SMEs have not addressed the issue of SMEs' business financing in Uganda. Therefore, this study aims to fill this gap by analysing the business financing of SMEs within Kampala Capital City Authority in Uganda.

STUDY OBJECTIVES:

1. To identify the business financing alternatives for small and medium enterprises within Kampala Capital City Authority in Uganda.

2. To determine the challenges small and medium enterprises face in accessing financial resources for their businesses within Kampala Capital City Authority in Uganda.

METHODOLOGY

This descriptive statistical study focused on identifying SMEs' current business financing alternatives and challenges in accessing financial resources for their businesses in Uganda. The study employed a descriptive research design where quantitative primary data was collected and analysed, and the results were interpreted (Sekaran & Bougie, 2014). The researchers used the descriptive research design because there was a need to understand the trends related to the business financing challenges and alternatives for SMEs in Uganda. A descriptive study presents a description of the variables in a situation of interest to the researcher (Sekaran & Bougie, 2013). The study adopted a survey strategy to collect primary data from 100 small and medium enterprises within KCCA out of a population of 200 SMEs registered with the Uganda Revenue Authority. Simple random sampling was used to select the subjects for the study. Simple random sampling ensures an equal chance for every subject to be included in the sample and requires a researcher to select a sample from a population and use it to make conclusions about the population (Creswell, 2014; Sekaran & Bougie, 2014). The justification for using simple random sampling is that it is unbiased and gives each respondent an equal opportunity to participate in the study (Creswell, 2012). The study utilised self-administered questionnaires to collect primary data, which was later analysed using descriptive statistics. The data contained responses on the financing alternatives from the informal and formal sectors for SMEs and the challenges they face in accessing financial resources for their businesses in Uganda. The challenges faced by SMES in accessing business financing from the various alternatives for their businesses in Uganda were recorded on a 5-point Likert scale of 1-5 as follows: 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree.

STUDY RESULTS

Tables 1, 2, and 3, as well as Figures 1, 2, and 3, represent the sample demographic characteristics of the respondents. Table 4 and Figure 4 display the survey results on business financing alternatives for small and medium enterprises within the Kampala Capital City Authority in Uganda. Table 5 presents the collateral SMEs use to access business financing, and Table 6 cross-tabulates the SME challenges and access to the various business financing alternatives in Uganda.

Table 1: Gender of the Respondents.

Gender	Frequency	Per cent
Male	62	62.0
Female	38	38.0
Total	100	100.0

Source: Research Data.

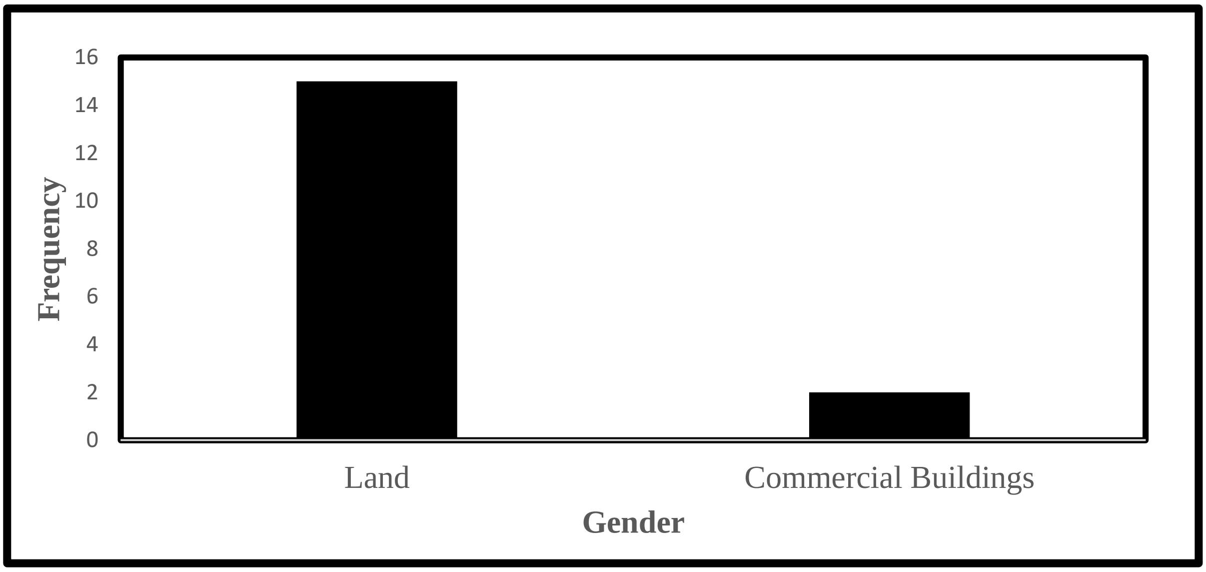

Figure 1: Gender of the Respondents

Table 2: Respondents' Education Level

Education Level	Frequency	Per cent	Cumulative Percent
Primary	6	6.0	6.0
Secondary	24	24.0	30.0
Tertiary/University	70	70.0	100.0
No Formal Education	0	0.0	100.0
Total	100	100.0	

Source: Research Data.

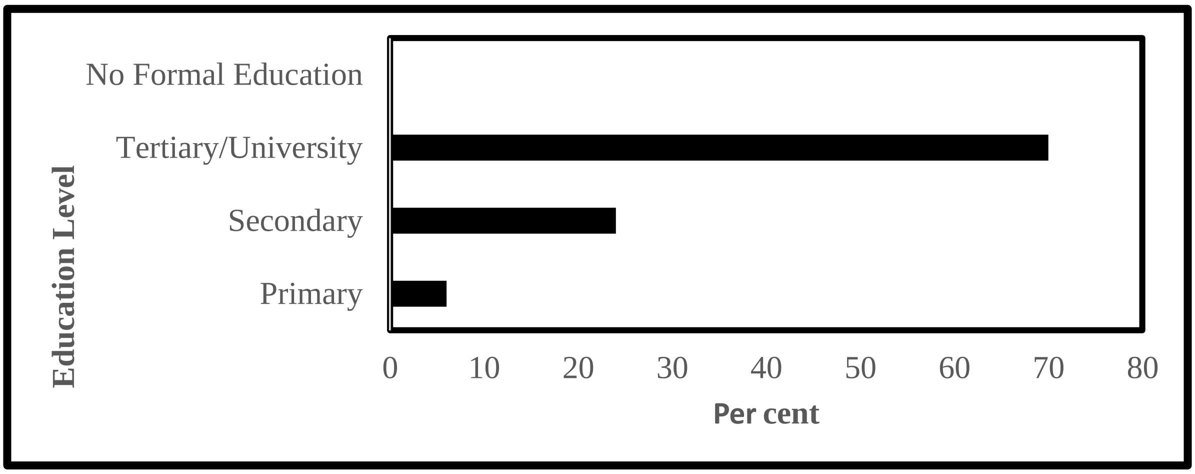

Figure 2: Education Level of Respondents

European Journal of Accounting, Auditing and Finance Research
Vol.13, No. 5, pp.,73-86, 2025
Print ISSN: 2053-4086(Print),
Online ISSN: 2053-4094(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

Table 3: Age Brackets of the Respondents

Age bracket	Frequency	Per cent
Below 18	8	8.0
18-30	48	48.0
30- 50	36	36.0
Above 50	8	8.0
Total	100	100.0

Source: Research Data.

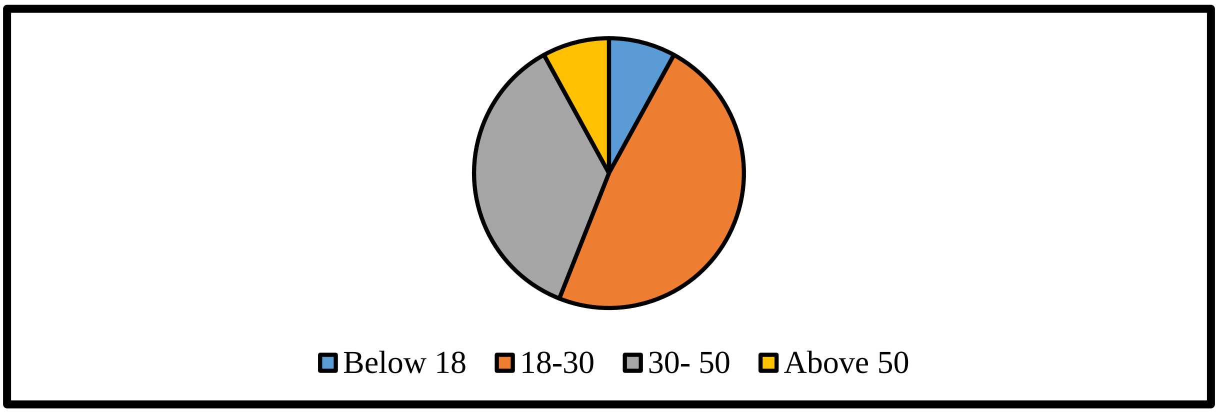

Figure 3: Age Brackets of the Respondents.

Table 4: Responses for Financing Alternatives for SMEs

Financing Alternative	Frequency	Per cent	Cumulative Percent
Commercial bank	10	10.0	10.0
Rural and Community Banks	15	15.0	25.0
Savings and Loans	5	5.0	30.0
Microfinance Institutions	44	44.0	74.0
Savings & Credit Cooperatives (SACCOs)	26	26.0	100.0
Total	100	100.0	

Source: Research Data

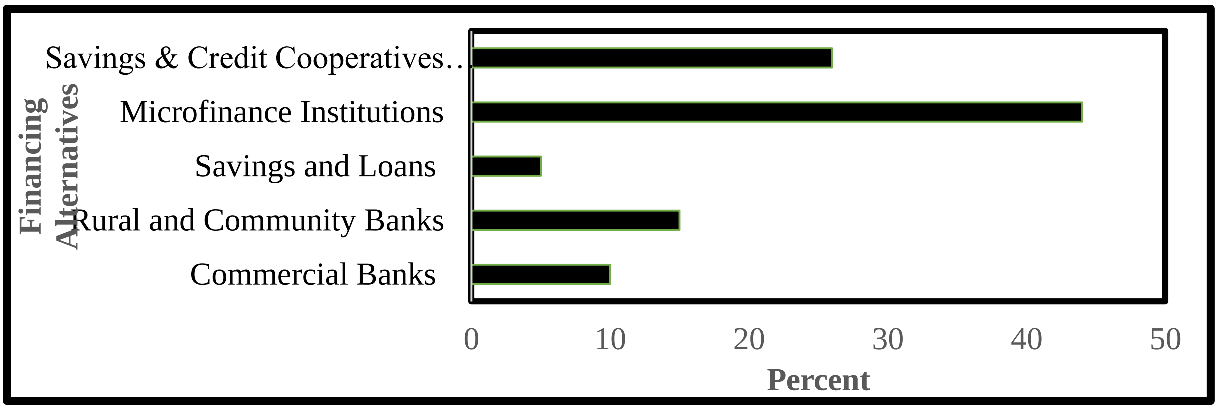

Figure 4: Responses for Financing Alternatives for SMEs

European Journal of Accounting, Auditing and Finance Research
Vol.13, No. 5, pp.,73-86, 2025
Print ISSN: 2053-4086(Print),
Online ISSN: 2053-4094(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

Table 5: Collateral Used by SMEs to Access Business Financing

Collateral	Frequency	Per cent	Cumulative Percent
Land	15	15.0	15.0
Commercial Buildings	2	2.0	17.0
Residential Houses	17	17.0	34.0
Machinery	53	53.0	87.0
Vehicles	4	4.0	91.0
Consumer Durables	9	9.0	100.0
Total	100	100.0	

Source: Research Data

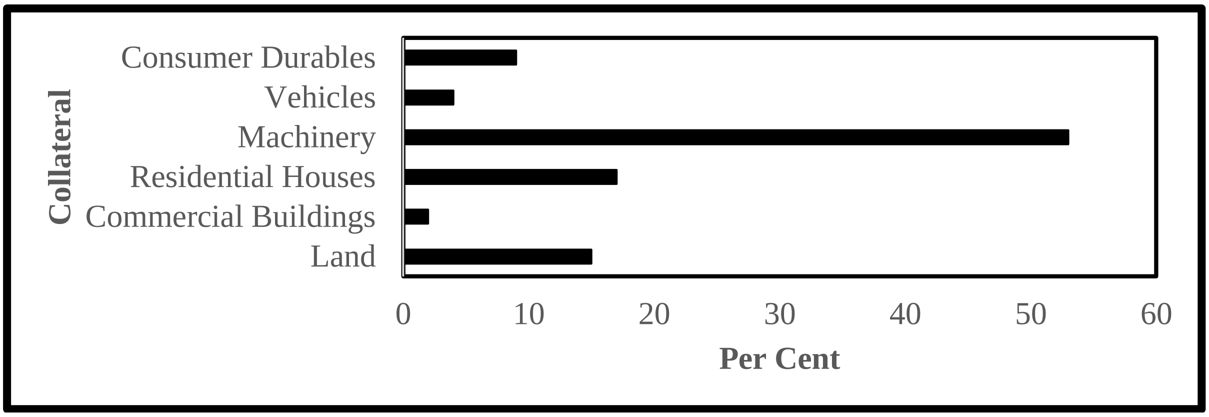

Figure 5: Collateral Used by SMEs to Access Business Financing

Table 6: Cross Tabulation Between SME Challenges and Access to Financing Alternatives.

Challenges		Access to Financing Alternatives					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree.	Total
Insufficient/lack of collateral.	Count	10	10	5	40	35	100
	%Within Challenge	10%	10%	5%	40%	35%	100%
Incomplete information/records.	Count	5	15	15	35	30	100
	%Within Challenge	5%	15%	15%	35%	30%	100%
Inadequate/bad credit history.	Count	5	10	10	25	50	100
	%Within Challenge	5%	10%	10%	25%	50%	100%
Weak business plans.	Count	5	5	10	30	50	100
	%Within Challenge	5%	5%	10%	30%	50%	100%
Perceived lack of profitability of SMEs.	Count	10	10	20	40	20	100
	%Within Challenge	10%	10%	20%	40%	20%	100%
Total	Count	35	50	60	170	185	500
	%Within Challenge	7%	10%	12%	34%	37%	100%

DISCUSSION OF FINDINGS

The researcher exercised objectivity in the discussion and interpretation of the results of data analysis. Data was presented in tabular and graphical formats, and Figures 1-4 and Tables 1-4 present the social demographic characteristics of the study participants as detailed below. Figure 1 and Table 1 represent the respondents' gender, and the results show that in a sample of 100 respondents, most respondents were male, contributing 62%, while the percentage of female participants was 38%. Figure 2 and Table 2, which represent the respondents' level of education, revealed that the respondents' modal level of education was tertiary/university. Figure 3 and Table 3 captured the respondents' age, and the respondents' modal age bracket was 18-30 years. Figure 4 and Table 3 revealed that the main business financing alternatives for SMEs in Uganda were microfinance institutions at 44%, followed by SACCOs at 26%, rural and community banks at 15%, commercial banks at 10% and savings and loans at 5%. Table 5 represents the respondents' views of the collaterals used by SMEs to access business financing from various sources. Most respondents indicated that the three main collaterals used by SMEs to access business financing from various sources were machinery at 53%, residential houses at 17%, and land at 15%. To a lesser extent, SMEs also use consumer durables, vehicles, and commercial buildings to access funding from various sources. A cross-tabulation between the SME challenges and access to the various financing alternatives was carried out to enhance comprehension of the study's results. From the findings of the cross-tabulations between the challenges faced by small and medium enterprises and access to the various financing alternatives in Table 6, the study found that over 75% of the respondents agreed that small and medium enterprises in Uganda face the challenge of insufficient or lack of collateral to access the various financing alternatives with a mean of 3.8 and a standard deviation of 0.234. The study also found that over 65% of the respondents agreed that small and medium enterprises in Uganda face the challenge of incomplete information or records to access the various financing alternatives, with a mean of 3.7 and a standard deviation of 1.184. Additionally, more than 75% of the respondents agreed that small and medium enterprises in Uganda face the challenge of Inadequate or bad credit history to access the various financing alternatives, with a mean of 4.05 and a standard deviation of 2.111. Furthermore, the study findings revealed that over 80% of the respondents agreed that small and medium enterprises in Uganda face the challenge of weak business plans to access various financing alternatives, with a mean of 4.15 and a standard deviation of 0.453. Finally, over 60% of the respondents agreed that small and medium enterprises in Uganda face the challenge of a perceived lack of profitability to access the various financing alternatives, with a mean of 3.50 and a standard deviation of 0.996.

IMPLICATIONS TO RESEARCH AND PRACTICE

The study found that the business financing alternatives in Uganda are microfinance institutions, SACCOs, rural and community banks, commercial banks, and savings and loans. SMEs primarily use business financing alternatives such as microfinance institutions, SACCOs, and rural and community banks. The findings support the Agarwal (2016) study on financing small and medium enterprises. The least used business financing alternatives for SMEs in Uganda are commercial banks and savings and loans. This study's outcome supports what would be expected in practice, as most SMEs lack collateral, audited accounts and clear business plans, which are prerequisites for accessing bank financing. This study outcome is supported by studies such as Beck et al. (2008), Gibson (2008) and Griffiths (2003). However, Berger and Udell (2006) and Hodge (2016) came up with contradictory results. Secondly, the savings culture in several emerging economies is poor, so their resources are usually insufficient to finance business operations.

CONCLUSIONS

The study's findings revealed several outcomes concerning the business financing alternatives for SMEs in Uganda and the challenges they face in accessing these various options. The following conclusions are drawn from the study's findings: SMEs finance their business activities by accessing funds from microfinance institutions, SACCOs, rural and community banks, commercial banks, and savings and loans. However, the degree of access to these business financing alternatives varies. Microfinance institutions are the biggest providers of funding for SME business activities. SACCOs and rural and community banks also provide a sizeable amount of financing to SMEs, while commercial banks and savings and loans are the alternatives that rarely fund SMEs.

When accessing funds from various business financing alternatives, SMEs face challenges such as insufficient or lack of collateral, incomplete information or records, inadequate or bad credit history, and weak business plans. Overall, weak business plans are the biggest challenge.

Recommendations

SMEs play a key role in Uganda's economic development. They employ over 2.5 million people and contribute about 90% of private sector production (UIA Report, 2020). However, SMEs face challenges in accessing business financing from various alternatives due to a lack of technical and management skills (Powers, 2018). Nevertheless, their business financing is essential, and any challenges hindering them from accessing the various business financing alternatives should be addressed. Therefore, the following recommendations are proposed for enhancing access to business financing from various sources. SMEs should grow their fixed asset bases by investing in more lucrative fixed assets in strategic locations, and such investments should provide them with sufficient collateral that can be pledged to financial institutions to access the desired business financing resources. This approach would also reverse the current trend where most SMEs in Uganda use machinery as the primary collateral to access business financing from various sources. Using machinery as collateral is not sustainable because machinery depreciates with time, yet assets like land and buildings appreciate in value with time. For the challenge of incomplete information/records, Yoshino and Taghizadeh-Hesary (2016) asserted that the challenge is compounded by asymmetric information between SMEs and the funders who view SMEs as risky enterprises with inadequate financial records. It is, therefore, recommended that SMEs should put their house in order. This calls for having precise accounting and other business-related information and hiring well-trained personnel with a clear strategic vision for SME enterprises. Computerising the accounting system and other administrative routines should allow the hired personnel to ensure that well-prepared and audited financial information is in place. For inadequate or bad credit history and weak business plan challenges, the management of SME enterprises should undergo awareness training and performance improvement programmes in credit management and the preparation of business plans.

REFERENCES

Agarwal, T. (2016). *How to Start a Start-Up: The Silicon Valley Playbook for Entrepreneurs*. California: Plato Work Inc.

Aker, J.C., Boumnijel, R., McClelland, A. & Tierney, N. (2011). The Short-term Impacts of a Mobile Cash Program. *Centre for Global Development Working Paper 268.*

Alhabeeb, M.J. (2015). *Entrepreneurial Finance: Fundamentals of Financial Planning and Management for Small Businesses.* New Jersey: Wiley.

Amin, M.E. (2004). *Foundations of Statistical Inference for Social Science Research*. Kampala: Makerere University Printery.

Amin, M.E. (2005). *Social Science Research: Conceptual Methodology*. Kampala: Makerere University Printery.

Arora, R. U. (2014). Access to Finance. An Empirical Analysis. *The European Journal of Development Research, 26*(5), 798–814.

Ayyagari, M., Beck, T., & Demirguc-Kunt, A. (2007). Small and Medium Enterprises Across the Globe. *Journal of Small Business Economics, 29*(4), 415-434.

Ayyagari, M.T.K. (2007). *Small and Medium Enterprises Across the Globe*: Small Business Economics. New Database.

Berger, A. N., & Udell, G. F. (1995). Relationship Lending and Lines of Credit in Small Firm Finance. *Journal of Business,68*(3), 351-381.

Berger, A. N., & Udell, G. F. (1998). The Economics of Small Business Finance: The Roles of Private Equity and Debt Markets in the Financial Growth Cycle. *Journal of Banking and Finance, 22*(6-8), 613-673.

Berger, A. N., Miller, N. H., Petersen, M. A., Rajan, R. G., & Stein, J. C. (2005). Does Function Follow Organisational Form? Evidence From the Lending Practices of Large and Small Banks. *Journal of Financial Economics, 76*(2), 237-269.

Berk, J., DeMarzo, P., Harford, J., Ford, G., Mollica, V., & Finch, N. (2013). *Fundamentals of Corporate Finance.* Pearson Higher Education AU.

Bowen, M., Morara, M., & Mureithi, M. (2009). Management of Business Challenges Among Small and Micro Enterprises in Nairobi, Kenya. *KCA Journal of Business Management, 2*(1), 16–31.

Calice, P., Chando, V. M., & Sekioua, S. (2012). Bank Financing to Small and Medium Enterprises in East Africa: Findings of a Survey in Kenya, Tanzania, Uganda and Zambia. *African Development Bank Group Working Paper No.146,* 1–41.

Coleman, J. S. (1988). Social Capital in the Creation of Human Capital. *American Journal of Sociology*, 94, S95-S120.

Cook, K. S., & Whitmeyer, J. M. (1992). Two Approaches to Social Structure: Exchange Theory and Network Analysis. *Annual Review of Sociology, 18*(1), 109-127.

Creswell, .W. (2012). *Research Design: Qualitative and Mixed Methods Approaches*. California: Thousand Oaks.

Creswell, J. W. (2014). *Research Design: Qualitative and Mixed Methods Approaches*. California: Thousand Oaks.

D'Ignazio, A., & Menon, C. (2013). Evaluating Credit Guarantees for SMEs: Evidence From Italy. Annual DNB Research Conference: 17-18. *Available at https://www.dnb.nl/media/vujkyfoy/session*

Down, S. (2010). *Enterprise, Entrepreneurship and Small Business*. Thousand Oaks: Sage Publications Ltd.

Fullen, S. L. (2006). *How to Get the Financing for Your New Small Business: Innovative Solutions from the Experts Who Do It Every Day*. Atlantic Publishing Company.

Gibson, T. A. (2008). A Less Imperfect Way of Defining Small and Medium Enterprises in Developing Countries. *Available at https://www brookings.edu/wp-content/uploads.*

Giné, X., & Mansuri, G. (2014). Money or Ideas? A Field Experiment on Constraints to Entrepreneurship in Rural Pakistan. *World Bank Policy Research Working Paper*, (6959). *Available at http://www.worldbank.org*

Greene, D. J. (2010). *Small Business and Entrepreneurship*. Pearson Education Canada.

Hodge, M. (2016). *Small Business Commercial Lending*. Kindle Edition. Available at https://www.amazon.com/

Inks, S. (2016). *Small Business Finance for the Busy Entrepreneur: Blueprint for Building a Solid, Profitable Business.* North Carolina: SMI Financial coaching.USA, North Carolina.

Kaur, R. (2020). *Fundamentals of Financial Management*. 7th Edition. Scholar Tech Press, 1535 Columbia Drive, Decatur, GA 30032, USA.

Obuya, D.O. (2017). Debt Financing Option and Financial Performance of Micro and Small Enterprises: A Critical Literature Review. *International Journal of Business and Management, 12*(3), 221–231.

Opondo, K. &. (2003). Financing Small and Medium-Scale Enterprises. Kampala. *Available at https://www.ugandainvest.gov.ug.*

Roberts, R. (2015). *Finance for Small and Entrepreneurial Businesses*. First Edition. Routledge, Tylor and Francis Group, London.

Sekaran, U. & Bougie, R. (2014). *Research Methods for Business: A Skill Building Approach.* 6th Edition John Wiley and Sons Ltd. The Atrium, South Gate, Chichester, West Sussex, PO198SQ, United Kingdom.

Taghizadeh-Hesary, F.,Yoshino, & Kim, C.J. (2021). *Investment in Startups and Small Business Financing.* World Scientific Publishing Co. Pte Ltd.

Taghizadeh-Hesary, & F. Yoshino, N. (2016). Major Challenges Facing Small and Medium-Sized Enterprises in Asia and Solutions for Mitigating Them. *ADBI Working Paper 564. Tokyo: Asian Development Bank Institute,* 1-22. *Available at http://www.adb.org/publications/*

Turyahikayo, E. (2015). Challenges Faced by Small and Medium Enterprises in Raising Finance in Uganda. International *Journal of Public Administration and Management Research, 3*(2), 21-33.

Tushabomwe, C.K. (2006). Causes of Small Business Failure in Uganda. A Case Study from Busenyi and Mbarara. *Available at https://asq.africa.ufl.edu/*

Uganda Investment Authority Report (2010). *Available at https://www.ugandainvest.go.ug.*

Uganda Investment Authority Report (2020). Available at *https://www.ugandainvest.go.ug/*