

**CAPITAL STRUCTURE AND FINANCING OF SMALL AND MICRO-
ENTREPRENEURS IN UGANDA: A SURVEY OF SELECTED
WHOLESALE AND RETAIL ENTERPRISES IN KIKUUBO BUSINESS
COMMUNITY KAMPALA**

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ABSTRACT

The study sought to establish capital structure and financing of small and micro entrepreneurs in Uganda. The study was guided by the following specific objectives; establishing the growth trend/ rate of Small and micro entrepreneurs in Uganda over the past five years, analyzing the challenges Small and micro entrepreneurs face in accessing funds and determining the profitability levels of Small and micro entrepreneurs in Uganda over the past five years.

The study used a cross sectional survey design. A sample of 310 respondents was undertaken using simple random sampling. Self-administered questionnaires were used to collect data. Data were analyzed and findings presented using tabular devices and charts. Frequency-percentage counts were used in the interpretation and analysis of data.

Findings indicated that majority of the respondents disagreed that their capital investment had increased steadily over the past five years. The low levels of capital investments among MSEs were attributed to the low levels of equity among the MSE's. The study designated that this is due to limited access to capital and financial services needed to meet their working and fixed capital needs. The study recommends that the best practices should be shared with MSEs on how to efficiently manage distributed finances (loans). This will enable them realize good returns on their capital investments. It will also benefit the bank in terms of loan recovery, since MSEs will be able to repay their loans promptly.

The study further recommended the need for further studies on the factors influencing the capital structure of MSEs and the extent to which information asymmetry between financial institutions and MSE's hinder access to credit.