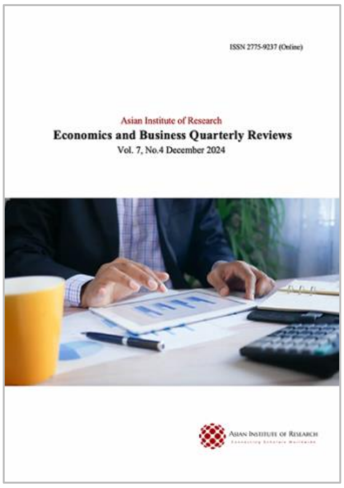

Economics and Business Quarterly Reviews

Immaculate, N., Muathe, S. M. A., & Maina, S. (2024). Navigating Unchartered Territory: Implication of Access to Financial Services on Non-Financial Performance of Youth Owned MSMEs in Mukono District, Uganda. *Economics and Business Quarterly Reviews*, 7(4), 301-312.

ISSN 2775-9237

DOI: 10.31014/aior.1992.07.04.639

Published by:
The Asian Institute of Research

The Asian Institute of Research
Economics and Business Quarterly Reviews
Vol.7, No.4, 2024: 301-312
ISSN 2775-9237

DOI: 10.31014/aior.1992.07.04.639

Navigating Unchartered Territory: Implication of Access to Financial Services on Non-Financial Performance of Youth Owned MSMEs in Mukono District, Uganda

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Abstract
Youth-owned micro, small, and medium businesses face various constraints while accessing financial services in Uganda. Various stakeholders have assisted these enterprises in accessing finance at better conditions but their non- financial performance has continued to deteriorate. This study tried to investigate the effect of access to financial services on non-financial performance of youth-owned MSMEs in Mukono district, Uganda. Specific objectives included effect of bank, branch network, financial information, loan accessibility and financial technology on non-financial performance of youth-owned micro, small and medium enterprises. The study's guiding theories were the resource-based view, dynamic capability, and innovation of entrepreneurship theories. A positivism research philosophy and explanatory research design were used. The target population was 3717 registered MSMEs. A sample size of 400 was obtained using both stratified and simple random sampling methods. Primary data was collected using questionnaires, analyzed using multiple regression analysis. The study's findings revealed that financial information, bank branch networks, loan accessibility, and financial technology had a positive and significant effect non-financial performance of youth-owned MSMEs. The study concluded that access to financial services is critical to non-financial performance of youth-owned MSMEs in Mukono district, Uganda. The study recommends that youth-owned MSMEs should first gather reliable information about operations of financial service providers to avoid being charged hefty penalties and interests, branch expansion to provide greater supply of credit in order to improve the non-financial performance of youth-owned MSMEs. The study further recommends that financial institutions should reduce collateral requirements in order to increase micro-credit loan uptake by the youth who own MSMEs.

Keywords: Access to Financial Services, Non-Financial Performance, Youth Owned MSMEs

1. Introduction

Micro, small, and medium-sized businesses provide noteworthy support for the Sustainable Development Goals; Particularly Goal 1: No poverty; defined as persons living on less than 1.25 dollars per day, for all individuals across the world through job creation by the year 2030 (Smith, 2020). MSMEs are therefore seen as a very important aspect of every country's economy and are also becoming more powerful and a widespread force in the business sector through their ability to employ a number of unemployed youth most especially in low developing countries. MSMEs are notably believed to employ around 45% of the global workforce, account for more than 80% of the formal sector, and generate 33% of GDP on average hence regarded as the key generators of new jobs (OECD, 2013).

As a crucial sector that contributes immensely to the economic growth of low-developing countries, MSMEs are further evidenced by the Pakistani economy where they are believed to account for more than 70% of employment opportunities while contributing 40% to the country's GDP (Aminu & Shariff, 2015; Egena et al., 2014). Furthermore, 99.8% of companies in Turkey are categorized as SMEs and they employ 72.4% of the human resources which contributes 50.4% of the country's GDP (Turkish Statistical Institute, 2019). Despite the growing importance of MSMEs to all economies, the youth who own and run small businesses struggle more than their rivals to obtain financial resources.

Moreover, the majority of African nations exhibit high rates of general entrepreneurship skills and yet still report to have high rates of small business fatality hence making it a significant cause of concern. For instance, Ojiambo (2016) stated that around 70% of MSMEs in East Africa fail within a period of two years, while in Kenya alone, 46% of MSMEs collapse during the very initial year of operation (Kangethe, 2018). However, Youth-owned MSMEs with sound financial standing have a higher chance of enduring and expanding over time. This is because financial resources act as moderating elements and serve as a link between imaginative position of MSMEs and their goals (Civelek., 2022).

Recent studies have shown that youth-owned MSMEs particularly in low developed nations like Uganda play a very crucial part in terms of long-term viability and expansion of the global economy. This is further supported by the previous GEM report for Uganda published in 2021 which stated that about 26% of the population (mostly the youth) is active in starting or running a business. According to this same research, Uganda continues to prove that it has a comparatively high proportion of early-stage entrepreneurship. However, the main causes of entrepreneurship in Uganda have been stated to be poverty and shortage of readily available formal jobs for the youth (World bank, 2018).

Estimates indicate that MSMEs make up 90% of the corporate sector in Uganda, with 80% of them based in cities and predominantly involved in trade, retail and local manufacturing (Hatega, 2007). Eton et al., (2021) mentioned in his survey that youth owned MSMEs assume a crucial position in the economic growth of Uganda, generating about 75% of the GDP and employing about 2.5 million of the population. The survey further identified access to financial services as a critical concern for MSMEs in Uganda, with many business owners facing difficulties while accessing funds for their enterprises.

Formal financial institutions in Uganda are however attempting to undertake a number of initiatives say supplying youth-owned MSMEs with better financial solutions that are customized to their operators hence resulting into the betterment of their non-financial performance. For instance, formal financial institutions are offering various financial products such as small credit, saving, insurance, deposits and products that are non-financial such as organizing financial trainings, offering financial information to the youth who own MSMEs and incorporating financial technology by using internet and mobile phones to obtain financial services.

A report by the Ministry of Finance and Economic Development (MFPD) in 2012/2013 stipulated that youth-owned MSMEs represent approximately 90% of the private sector and are likely to perform a leading role in creating jobs in the country. Moreover, it is widely estimated that 30% of MSMEs in Uganda hardly make it to their third anniversary and 64% collapse within the initial year of existence due to poor and limited access to financial services by youth-owned MSMEs (Afunadula, 2018). This research, therefore, examined the effect of access to financial services on non-financial performance of youth-owned micro, small and medium enterprises in Mukono district, Uganda.

1.1 Statement of the Problem

Micro, small, and medium-sized companies are recognized in the Uganda Vision 2040 as the driving force behind the country's development and a key component that helped Uganda graduate to a middle-income country. This is seen from a report from Private Sector Foundation Uganda (PSFU) in 2015 that elaborates the entrepreneurial spirit among the youth entrepreneurs is seen by the growing number of youths who open up and operate micro, small and medium businesses with a view of offering a range of services say; in sectors such as culinary, entertainment, agricultural, education, transportation, and financial sectors. However, because the majority of these businesses operate with minimal cash, there is a huge demand for financial resources from micro, small, and medium-sized businesses.

Moreover, 50% of young enterprises collapse before their first anniversary, and even those that do survive tend not to last not more than five years (Turyakira, et al., 2019). Similar to a study by Lubowa, (2021), nearly 70% of MSMEs in Uganda dissolve or flop within the first three to five years of existence. A study by Baligeya et al, (2021) additionally notes that about 5% to 10% of new MSEs survive for longer than five years, while 90%–95% fail and vanish completely. This issue is widespread among micro, small, and medium-sized businesses and if not effectively tackled and researched about, it might have negative effects on Uganda's economy by discouraging innovation and creativity among prospective investors, leading to employment shortage, increases in business failure, and numerous adverse circumstances or outcomes linked to failure of business.

In spite of the fact that previous studies mentioned above were carried out in Uganda, they created a contextual gap as they were done in other different districts other than Mukono district. This study bridged that contextual gap by carrying out a study in Mukono district, Uganda. Moreover, Turyakira, et al, (2019) and Baligeya et al., (2021) used descriptive research methodology which is a weak method in determining the casual effect relationship between various aspects under study hence creating a methodological gap that this study bridged by employing an explanatory research design.

Moreover, Ambrose (2021) states that it is challenging for MSMEs to attain financial services as a result of numerous factors, such as the absence of the necessary financial and business paperwork to apply for credit from a bank, unfavorable loan terms, creditworthiness, a lack of security/ collateral, insufficient information regarding finances, and the small amounts of money they transact. This study and one by Hasnah et al, (2015) that focused on SMEs' access to financing are comparable. It was determined that, among other issues, a lack of collateral was preventing MSMEs from obtaining financing from financial institutions, which was preventing the businesses' growth.

These studies clearly indicate and elaborate that inaccessibility of financial services by MSMEs consequently limits their non-financial performance. Moreover, both studies utilized descriptive research design which is not a competent in determining the relationship between study variables. This also created a methodological gap that this study aims to bridge by using an explanatory research design. Furthermore, both studies also created a contextual gap because they were not carried out in Uganda. This study bridged that gap by conducting a study that evaluated the effect of access to financial services and non-financial performance of youth owned MSMEs in Mukono district, Uganda.

However, a number of programs have been started by the Ugandan government, private businesses, universities, and non-governmental organizations (NGOs) to assist youth-owned MSMEs in their efforts to perform better. These include Youth Livelihood Programs (YLPs), Parish Development Modal (PDM), Rotating Savings and Credit Associations (ROSCAs), Operation Wealth Creation (OWP), and Poverty Eradication and Action Programs (PEAPs). Furthermore, according to a Bank of Uganda research from 2018, financial delivery channels and outlets needed to be enhanced to help youth-owned MSMEs access financial services offered by both formal and unofficial financial providers.

Despite all those efforts put forward by all the stakeholders in Uganda, youth owned MSMEs have continued to register high fatality rates. Critical analysis reveals that youth-owned MSME finance gaps have significantly contributed to their poor non-financial performance and failure, but this has not been thoroughly investigated, creating a knowledge vacuum. It is upon this reason that this study sought to bridge the presented gaps above by exploring the effect of financial services on non-financial performance of youth-owned micro, small and medium enterprises in Mukono district, Uganda.

1.2 Research Hypotheses

$\mathbf{H_{01}}$**:** Bank, branch networks have no significant effect on non-financial performance of youth-owned MSMEs in Mukono district, Uganda.
$\mathbf{H_{02}}$: Financial information has no significant effect on non-financial performance of youth-owned MSMEs in Mukono district, Uganda.
$\mathbf{H_{03}}$: Loan accessibility has no significant effect on non-financial performance of youth-owned micro, small and medium enterprises in Mukono district, Uganda.
$\mathbf{H_{04}}$: Financial technology has no significant effect on non-financial performance of youth-owned micro, small and medium enterprises.

2. Literature Review

2.1 Theoretical Review

2.1.1 Resource-Based View

Penrose (1959) laid the groundwork for the creation of resource-based theory (RBT) in her earlier works. Wernerfelt (1984) further argued that Penrose was the first to formulate the notion that a firm's resources are what propel firm growth and that a firm's capacity to strike a coherence between the utilization of resources and the developing novel assets is what allows a firm to sustainably gain an advantage over its competitors. The aim of Penrose's research was to determine the causes or ex-ante of firm growth. According to Penrose, these causes include a firm's resource mix and its capacity to make use of those resources. In that regard, a company's ability to grow was limited if it lacks sufficient or adequate resources, and vice versa.

This study adopted the resource-based view because a great deal of youth-owned MSMEs are owner-managed and they provide resources which are needed for business, including finances (Barney, 1991; Wernerfelt, 1984). The resource-based viewpoint, however, ignores the major difficulties in precisely classifying and assessing firm resources. The study also used dynamic capability theory because it can be difficult to pinpoint all the resources that contribute to a firm's competitive advantage, especially intangible resources like expertise, culture, and interpersonal connections while basing on only RBV theory.

2.1.2 Pecking order Theory

According to Myers' (1984), there is no definitive perfect structure for capital; rather, the debt-to-income ratio represents the end product of financial structure through time. Management favors internal finance over external funding. When a company is compelled to use finance from elsewhere, business owners first choose the least demanding and risky option. When it comes to generating external sources, issuing debt is preferable over the creation of equity. Several researches demonstrate the usefulness of this approach in explaining MSME finance. (mac an Bhaird & Lucey, 2010; Xiang & Worthington, 2015; Caneghem & Campenhout, 2012; López-Gracia & Sogorb-Mira, 2008).

Additionally, according to Myers' (1984) Pecking Order Theory, enterprises prefer a hierarchy for financing decisions. Prior to using any type of external funding, it is always preferred to use internal financing, which includes retained profits. According to Myers (1984), internal funds do not incur "flotation costs" and do not necessitate the additional disclosure of confidential financial information that might result in more stringent market regulation and a potential loss of competitive edge. If an enterprise must rely on additional funding, it is preferred to use external finance which is debt. This theory fits this study because MSMEs typically resort to borrowing money when internal financing is insufficient because it is more affordable than equity financing yet fails to dilute ownership. Examples of debt financing include bank loans, microcredit, and mobile credit.

2.1.3 Dynamic capability theory

Although RBV theory is crucial for understanding how to use resources like loans and mobile credit to obtain a market advantage, it ignores aspects that contribute to the acquisition and long-term viability of these resources. Teece et al., (1997) created the theory of dynamic capabilities that emphasizes the incorporation, constructing, and rearranging of resources to make the most use of them. The gap between mobilization of resources and the shifting business setting is filled by the dynamic capacity's theory. Helfat et al. (2007) described the capacity of the theory as a business to consciously develop, expand, and adapt its resource supply base. Resources cannot be presumed to exist in the dynamic and changing business environment ready to be utilized for competitive advantage. (Teece et al., 1997).

Sustaining a competitive edge in a very unpredictable market, entrepreneurs constantly adjust their resources to generate a string of immediate advantages hence this study will utilize this theory to explore and support the youth-owned MSMEs in Mukono district take advantage of the available resources by exhausting the existing opportunities hence bridging the gap between financial services and continuous changing business environment that results in to better MSME performance and gaining a competitive advantage over their competitors.

2.1.4 Innovation of Entrepreneurship Theory

Joseph Schumpeter (1939) advocated the significance of invention and entrepreneurship for economic development. He continued to argue that an entrepreneur acts as a driver of innovation and an engine for change. Additionally, he provided a list of other types of innovation that promote economic expansion, including "creating new or changing existing products; adopting novel manufacturing methods; establishing distinct market approaches; and coming up with entirely new industrial design". Therefore, Entrepreneurs utilize innovation as a specific tool to open doors for new products and services. The concept explains the relevance of innovation and emphasizes its main objective of developing novel products that give business owners an edge over their rivals.

The theory supports this by showing how business profits may be attained through innovation of entrepreneurs, further indicating that innovation is responsible for greater efficiency when it comes to customer retention and employee growth. Because of this, innovation is essential for boosting a business and giving youth-owned micro, small and medium enterprises a competitive edge. This theory resonates well with this study since the researcher focused on youth entrepreneurs who own MSMEs and their attempt to adopt some of the innovative measures as they operate their businesses say the use of available technological innovations to access financial services at better conditions.

2.2 Empirical Review

2.2.1 Bank, Branch Network and Non-financial Performance of Youth owned MSMEs

Based on the concept of bank competition, the magnitude of the bank, branch networks may have an effect on MSME financing (Leon, 2015). For instance, Petersen and Rajan (2002) and Berger and Udell (1998) demonstrate that branch expansion reduces the disparity in information regarding firms and improves relationship banking, which increases MSMEs' credit availability, lowers banking transaction fees, and enhances borrowing monitoring, all of which improve banks' performance. According to Allen et al. (2014), the availability, attainability, and usage of three characteristics can be used to measure financial accessibility. The accessibility dimension is used to determine how widely the financial industry has expanded its reach in terms of actual bank locations since the stretch between two points of banking services is deemed to be a significant impediment. to access to financial services.

The majority of MSMEs have also stated having difficulty gaining access to financial institutions (Beck & Demirguc-Kunt, 2006), even if bank loans make up the majority of their alternatives for external financing, particularly in Asia (Yoshino & Taghizdeh-Hesary, 2015). Fafchamps and Schündeln (2013) demonstrated using commune-level data from Morocco that encouraged communities to have at least one bank branch in order to improve MSME growth, particularly those operating in developing nations. The researcher however evaluated the influence of banks, branch networks on non-financial performance of youth-owned MSMEs by using measures such as the number of branches per square mile, cost of accessing branches, and the number of MSMEs that access these branches in the areas of Mukono district.

2.2.2 Financial Information and Non-financial Performance of Youth owned MSMEs

Financial information, according to Remund (2010), is awareness of the fundamentals of finance and financial services that are applied during business decision-making. Furthermore, the financial services authority of Indonesia defined financial knowledge in 2016 as going beyond simply comprehending the goods and services offered by financial institutions. Financial information may help people set up their financial goals, develop financial strategies, monitor their finances and make sound financial decisions when utilizing products and services related to finance. Contrary to what was stated above, Huston (2010) suggested that financial information encompasses more than simply financial education and knowledge and extends beyond these two.

In order to ascertain the level at which MSMEs are informed about financial services and how frequently they conduct managerial decisions based on financial statements, Dahmen and Rodriguez (2014) carried out a study on fourteen proprietors of small businesses in Florida. The survey's questions primarily focused on two pillars: financial conduct, excluding financial attitudes, and financial knowledge. The main takeaway from the authors' research was that there is an immediate connection between inadequate financial information and the financial struggles faced by business owners, and that having adequate financial literacy can help to mitigate some of these problems when using financial services from financial institutions. This supports this study as it aims to explore the influence of financial information on the performance of youth-owned MSMEs in Mukono district.

2.2.3 Loan Accessibility and Non-financial Performance of Youth-owned MSMEs

The expansion of MSMEs' access to loan and low-cost loans has a beneficial effect on MSME operations and non-financial performance, resulting in to sustained economic growth (Abiola et al., 2019). According to research by Vijayakumar and Rajendra (2015), many MSMEs encountered some difficulties when they first started their enterprises and were finally forced to close them down by taking out loans from financial institutions. The premium that the lender receives after a specific amount of time is commonly known as interest. Capital costs at the moment of borrowing, in the eyes of the borrower, is interest. Assessments on MSMEs have also shown that access to credit is a barrier to their expansion (Isyaku & Balla, 2022); (Widyastuti et al., 2023) (Organization for Economic Co-operation and Development, 2013). The majority of borrowers are caught in a vicious circle of financial difficulties due to MSMEs' limited access to loans, which has led to ongoing dissatisfaction and discontent.

An example of Kenya Women Finance Trust carried out by Njenga (2012) was used to examine the influence of microfinance on the success of Kenyan Micro and Small Enterprises. The study examined the impact of microloans on the productivity of businesses supported by KWFT. The research found a substantial and positive correlation between credit and the number of business days open. Non-financial performance was positively influenced by techniques for managing a business, age of an enterprise, urban location, entrepreneur education, and work training.

2.2.4 Financial Technology and Non-financial Performance of Youth-owned MSMEs

“Money that is accessible and usable from/on a mobile device is known as mobile money (Jenkings et al., 2008, Laukkanen et al., 2008). Mobile money services have grown rapidly and explosively in Uganda, which has led to a number of positive side effects, including the potential to make existing payment systems more efficient and support microbusinesses and financial services (Abuka, 2015). Darma et al., (2020) in his study, he noted that financial technology promotes lots of efficiency from operational considerations and the simplicity of its customers' access to finance has the ability to drive MSMEs' growth. Klapper and Singer (2017) however pointed out the benefits and implementation challenges faced by digital transactions made by financial institutions while offering services to small business owners.

In Kenya, the use of mobile banking and mobile credit has spread among the populace through time to become a solid platform that is heavily regarded for business. Ngugi et al. (2017) claim that it has been extremely effective to harness the early adopters' power to promote technologies. The very low cost of these early adopters allows them to push technology through the current societal systems. It is essential that current financial service providers make use of technologies like MPESA in order to effectively serve the underprivileged sections of society.

3. Research Methodology

The study adopted a positivism philosophy. An explanatory research design was used to assess quantitative information that was gathered from youths who own micro, small and medium enterprises in Mukono district, Uganda. This study's target population was 3717 formal youth-owned MSMEs that are widely dispersed within 15 sub-counties that make up Mukono district as listed by Advocates Coalition for Development and Environment (ACODE) report of 2020. The researcher used both stratified sampling and simple random methods to select a sample size of 400. Primary data on financial services accessibility and non-financial performance of youth-owned micro, small and medium enterprises was obtained using a semi-structured questionnaire. A multiple linear regression model was used to investigate the effect of financial information, bank, branch networks, financial technology and loan accessibility on non-financial performance of youth-owned MSMEs.

4. Findings and Discussion

4.1 Regression Analysis

Regression analysis was one of the inferential statistics used to show the relationship between variables. It showed the relationship between access to financial services and the performance of youth-owned MSMEs in Mukono district, Uganda. Regression results before moderation are presented in Table 1.

Table 1: Model Fitness

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.791a	0.626	0.621	0.3569

Source: Researcher (2024)

Results showed that the R was 0.791. This implies that access to financial services had a strong correlation with the non-performance of youth-owned MSMEs. In addition, the R square was 0.626. This infers that access to financial services explains 62.6% of the variations in the dependent variable which was the non-performance of youth-owned MSMEs.

To determine the access to financial services as a predictor for the performance of yyouth-ownedMSMEs the ANOVA was computed.

Table 2: Analysis of Variance

	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	60.532	4	15.133	118.806	.000b
Residual	36.175	284	0.127		
Total	96.707	288			

Source: Field Data (2024)

Table 2 indicated that financial information, bank branch network, loan accessibility and financial technology were a good predictor of non-financial performance of MSMEs as represented by an F statistic of 118.806 and the reported p value of 0.000, which was less than the conventional probability of 0.05 significance level. This implies that the financial information, bank branch network, loan accessibility and financial technology have statistically significant effects on non-financial performance of MSMEs at a 95% confidence level. Regressions of coefficient results are presented in Table 3.

Table 3: Regression of Coefficient

	Unstandardized Coefficients		**Standardized Coefficients**	**T**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	-1.002	0.258		-3.887	0.000
Financial information	0.520	0.039	0.54	13.366	0.000
Bank branch Network	0.245	0.042	0.218	5.822	0.000
Loan accessibility	0.262	0.047	0.212	5.580	0.000
Financial technology	0.218	0.036	0.233	6.076	0.000

Source: Field Data (2024)

$Y=0.540X_1+0.218X_2+0.212X_3+0.233\ X_4 + e$
Were,
Y= Non -Financial Performance of MSMEs,
X_1= financial information, X_2= bank branch network, X_3 = loan accessibility, X_4= financial technology and ϵ =Error term.

4.2 Hypotheses Testing

H_{01}: Bank, branch networks have no significant effect on non-financial performance of youth-owned MSMEs in Mukono district, Uganda. The results also showed that bank branch network had a positive and significant effect on non-financial performance of MSMEs (β=0.218, p=0.000). This implies that an increase in amount of bank branch network will enhance non-financial performance of MSMEs by 0.218 units. Fafchamps and Schündeln (2013) demonstrated using commune-level data from Morocco that encouraged communities to have at least one bank branch in order to improve MSME growth, particularly those operating in developing nations. The study findings agreed with Camara and Tuesta (2014) who indicated that convenient availability of financial services benefits underprivileged and vulnerable businesses, such as MSMEs. Loans, leases, and insurance are the three types of bank financial services that MSMEs typically receive.

H_{02}: Financial information has no significant effect on the non-financial performance of youth-owned MSMEs in Mukono district, Uganda. The results showed that financial information had a positive and significant effect on non-financial performance of MSMEs (β=0.540, p=0.000). This implies that an increase in amount of financial information will enhance non-financial performance of MSMEs by 0.540 units. The study findings agreed with Ibrahim (2017) who discovered a strong correlation between SMEs' profitability and financial mindset. The study findings also agreed with Haider et al. (2017) who established that owners of MSEs who received financial training experienced growth in the following areas: sales, income, assets, and customers, employees, and ability to pay household expenses, as opposed to owners of MSEs who did not receive financial training.

H_{03}: Loan accessibility has no significant effect on non-financial performance of youth-owned MSMEs in Mukono district, Uganda. Results showed that bank loan accessibility had a positive and significant effect on non-financial performance of MSMEs (β=0.212, p=0.000). This implies that an increase in the amount of loan accessibility will enhance the non-financial performance of MSMEs by 0.212 units. The study findings agreed with Njenga (2012) who found a substantial and positive correlation between credit and the number of business days open. The study findings agreed with Odongo (2014) who indicated that the availability of loans had a beneficial effect on the non-financial performance of small businesses. than the alternative terms of lending.

H_{04}: Financial technology has no significant effect on the non-financial performance of youth-owned MSMEs in Mukono district, Uganda. The results also showed that financial technology had a positive and significant effect on the non-financial performance of MSMEs (β=0.233. p=0.000). This implies that an increase in amount of financial technology will enhance non-financial performance of MSMEs by 0.233 units. The study findings agreed with Alumasa and Muathe (2021) who demonstrated the significance of mobile credit in improving MSE performance in Nairobi City. The study findings agreed with Mutio (2019) who indicated that Micro and small company owners who have access to mobile banking services can save, which boosts business performance.

5. Conclusion

The study concluded that bank branch network had a positive and significant effect on non-financial performance of youth-owned micro, small and medium enterprises in Mukono district, Uganda. Branch growth improves relationship banking and lessens the discrepancy in knowledge about businesses, which in turn boosts credit availability for youth-owned MSMEs, decreases transaction costs for banking, and improves loan monitoring all of which contribute to improved non-financial performance of these businesses. However, some youth-owned MSMEs in Mukono district have been ignoring the need for financial services hence resulting in a significant effect in the expansion process of their businesses.

The study concluded that financial information had a positive and significant effect on non-financial performance of youth owned micro, small and medium enterprises in Mukono district, Uganda. Further, it can be concluded that when using financial products and services, financial information can assist people in setting financial objectives, creating financial plans, keeping an eye on their finances, and making wise financial decisions. Further, knowledge of banking services is necessary as it enables MSMEs to understand how banks operate to avoid being surcharged and penalized for failure to comply with terms and conditions associated with services provided.

The study concluded that loan accessibility had a positive and significant effect on non-financial performance of youth-owned micro, small and medium enterprises in Mukono district, Uganda. Inadequate capital base of most MSMEs to meet the collateral requirement by the banks before credit is given out is a major issue for most MSMEs. In the situation where some MSMEs are able to provide collateral, they often end up being inadequate for the amount they need to embark on their projects as SMEs assets- backed collateral are usually rated at ‘carcass value’ to ensure that the loan is realistically covered in the case of default due to the uncertainty surrounding the survival and growth of SME.

The study concluded that financial technology had a positive and significant effect on non-financial performance of youth-owned micro, small and medium enterprises in Mukono district, Uganda. Internet banking proxies such as effectiveness, convenience, accessibility and efficiency contributed significantly to the performance of MSMEs. Internet effectiveness shows the ability to access information quickly and easily.

6. Recommendations

Branch expansion can be continued in Mukono district, Uganda as long as it can reduce the credit default risk, increase access to credit to SMEs and deposit mobilization. A greater supply of credit and effective local banks stimulate the local economy. In addition, banks in Uganda should improve their services as well as increase their branches. This will reduce information asymmetry about the firms and improve relationship banking, which provides MSMEs with a greater access to credit, reduces banks' transaction costs, and improves the monitoring of borrowing firms which will help in growth of the MSMEs.

The study recommends that the owners of the MSMEs should gather more information on the operations of bank to avoid being charged hefty penalties and interest which could be addressed since it would lead increased operational costs which in turn could affect growth strategies. There is also need for financial service providers to enhance other literacy aspects of MSMEs such as decision-making and budget-making skills, having an effective saving plan, skills to use financial knowledge to make strategic investment decisions and ability to diversify the assets of the business. The study also recommends financial service providers and financial sector regulators to expedite efforts to enhance equitable treatment, fair pricing, adequate disclosures on penalties and information transparency. This will help the MSMEs' non-financial performance.

MSMEs owners should be encouraged to access small-scale business loans in order to boost their capital which eventually promotes growth. MSMEs should also be continuously monitored which helps improve the effectiveness of use of the funds availed to them. MSMEs should also be encouraged to save funds with MFIs. This is the cheapest and fastest way of raising capital for them. Savings also improves their turn over hence improves their credit worth and as such they are able to access better credit facilities. On policy recommendations Ugandan government should put measures in place to make it easier for MSMEs to obtain bank loans. The study thus recommends that financial institutions should improve on the requirements on collaterals to increase the uptake of micro credit loans by the MSMEs.

Youth owned MSMEs in Uganda should continue to adopt internet banking since it effects tremendously on their non-financial performance. The government of Uganda should improve the technological base of the country and engage in technological awareness in areas that have not experienced much technological effects. This is to make MSMEs to see the need for the adoption of technology, and how it makes banking easier. Financial institutions are advised to organize training on internet banking from time to time for the benefit of MSME owners. This will go a long way to enhance the benefits derived by the bank from internet banking.

7. Limitations of the study

Although this study provides interesting findings on access to financial services and non-financial performance of youth-owned MSMEs, some limitations should be noted. The study's data came from youth-owned MSMEs in Uganda. As a result, caution should be exercised when generalizing the findings to a noncomparable population. Furthermore, the nature of financial services available to young people who own micro, small, and medium-sized businesses is context-specific, and government regulations on the same entrepreneurs vary by country, which affects the expected relationship with non-financial performance of these businesses.

The researcher had a difficult time collecting responses from selected youth-owned small and medium enterprises because some of the participants hardly wanted to disclose details that they believed were critical and confidential, such as information pertaining to net revenue generated from their ventures. However, the researcher maintained strict confidentiality during data collection and obtained a permit from the Research Ethics Committee of Uganda as well as an introduction letter from the institution to assure respondents that the data they provided was solely for scholarly purposes.

Author Contributions: All authors contributed to this research.

Funding: Not applicable.

Conflict of Interest: The authors declare no conflict of interest.

Informed Consent Statement/Ethics Approval: Not applicable.

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