



# **FINANCIAL LITERACY, CREDIT ACCESSIBILITY AND FINANCIAL PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES A CASE OF EASTERN UGANDA**

## **ABSTRACT**

This study focused on finding out the relationship between financial literacy, credit accessibility and financial performance of SMEs in Eastern Uganda. The main objective of the study was to investigate the impact of financial literacy and credit accessibility on financial performance. The study was prompted by reported poor performance and failure of SMEs. The study was guided by pertinent research questions.

A cross sectional research design was used to collect data, descriptive research design was used to present data while correlation research design was used to analyze data. Disproportionate stratified sampling design was used to select candidate firm. The respondents to the study were chosen using purposive sampling design. Questionnaires were the key instrument used in collecting data. Data was processed and analyzed using SPSS software.

The findings were that there was a very strong positive relationship between financial literacy and financial performance of SMEs in Eastern Uganda. There was also a very strong positive relationship between credit accessibility and financial performance. There was also a very strong

positive between financial literacy and credit accessibility. The findings led to the conclusion that a combination of financial literacy and credit accessibility would greatly enhance the financial performance of SMEs. The recommendations were that Owners/Managers of SMEs need to concentrate on financial literacy in order to enhance financial performance of their businesses; and that credit accessibility should be considered greatly by Owners-Mangers as the findings indicate that it greatly and significantly affect financial performance of SMEs.