



MANAGERIAL COMPETENCE, INFORMATION ASYMMETRY AND DEBT FINANCE ACCESS IN UGANDA: A CASE OF SMALL AND MEDIUM SIZE ENTERPRISES IN LIRA DISTRICT

ABSTRACT

This study investigates the relationship between Managerial Competences, Information Asymmetry and Debt Finance Access by SMEs in Uganda; a case of Lira District. The study specially investigates the relationship between Managerial Competence and Debt Finance Access, the relationship between Information Asymmetry and Debt Finance Access and also the extent to which Managerial Competence together with Information Asymmetry affect Debt Finance Access in Lira District. A cross sectional design has been used on a sample of 132 SMEs owners/Managers together with Banks' loan officers in Lira District. Proportionate stratified sampling technique has been used to determine the sample size. The analysis in the study has been carried out using SPSS. The result in this study shows that there is positive relationship between Managerial Competence, Information Asymmetry and Debt Finance Access by SMEs in Lira District. Concerning Managerial Competence and Debt Finance Access, the result from the analysis shows that there is positive relationship between Managerial Competence and Debt Finance Access by SMEs in Lira District. The results in this study therefore reveal a positive relationship between Managerial Competence and Information Asymmetry and Debt Finance Access. This study recommends for the need to improve on Managerial

Competencies of owners of SMEs in Uganda because it is the basic requirement for promoting awareness and therefore enabling access to finance. There is also the need to maintain proper financial records in terms of financial reporting, good filing systems and maintenance of good relationships with bankers or money lending institutions so that credit can easily be accessed from financial institutions. There is also the need for owners of SMEs to network with staff of the financial Institutions to build a good rapport with them and thus improving communication between SMEs and banking institutions.