

Access To Business Information And Performance Of Smes In Nakawa Market, Kampala, Uganda

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Abstract

This study examined the effect of access to business information on the performance of small and medium enterprises (SMEs) in Nakawa Market, Kampala, Uganda. Nakawa Market represented one of Kampala's largest and most active trading hubs, yet SMEs operating therein had consistently faced information asymmetries that limited their ability to make informed business decisions. The study was framed around four dimensions of business information access: market information, financial information, regulatory information, and technological information. A cross-sectional survey of 275 SME operators in Nakawa Market was conducted, and data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis. The findings demonstrated that access to business information had a statistically significant positive effect on SME performance, with market information and financial information access emerging as the most influential dimensions. The study recommended systematic investments in business information dissemination infrastructure, including trade information centers, digital market information platforms, and capacity building in information use.

Keywords: Business Information, SME Performance, Nakawa Market, Kampala, Uganda, Information Access

Introduction

Nakawa Market, located in Nakawa Division of Kampala District, had established itself as one of Uganda's premier wholesale and retail trading centers, dealing in a diverse range of commodities including fresh produce, manufactured goods, textiles, electronics, and household items(Kazaara et al., 2024). The market hosted an estimated 3,500 registered vendors and traders, with a significant proportion meeting the criteria for classification as SMEs under Uganda's MSME Policy(Florence & Julius, 2023). The market's strategic location along a major road corridor connecting Kampala to eastern Uganda made it a critical node in the country's supply chain, with traders sourcing goods from across Uganda and neighboring countries including Kenya, Tanzania, Rwanda, and South Sudan(Ahumuza et al., 2025).

Information had long been recognized as a critical productive resource in market economies(Winny et al., 2023). Access to accurate and timely business information enabled entrepreneurs to identify market opportunities, make informed sourcing and pricing decisions, comply with relevant regulations, and adopt productivity-enhancing technologies(Julius & Kazaara, 2025). Information asymmetries situations where some market participants had access to relevant information while others did not created competitive disadvantages for less-informed participants and contributed to suboptimal resource allocation across the economy(Frank et al., 2023). For SMEs in particular, information asymmetries had been identified as a significant structural barrier to growth, since large corporations typically had greater resources for gathering, processing, and acting on business information(Ahumuza et al., 2025).

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In Nakawa Market, the problem of information asymmetries had been evident in various forms. Many traders had been found to be unaware of prevailing wholesale prices in other markets, leading to suboptimal purchasing decisions and unnecessary cost inflation(Alex & Moses, 2024). Others had limited knowledge of formal business registration procedures, tax obligations, and relevant regulatory requirements, exposing them to compliance risks and costly interactions with enforcement agencies(Deus, 2023). Still others had limited awareness of available financial products, government support programs, and technology tools that could enhance their business operations(Winny et al., 2023). These information gaps collectively undermined the competitive position and performance of Nakawa Market SMEs, creating a compelling case for empirical investigation into the information-performance relationship.

Statement of the problem

Despite the obvious importance of business information for SME competitiveness and performance, the systematic assessment of information access levels and their business performance effects among Nakawa Market traders had been largely absent from the academic literature(Nancy, 2025). Most studies on SME performance in Uganda had focused on financial access, management practices, and market conditions, with limited attention to the information environment in which SMEs operated(Turyatemba et al., 2022). This gap was particularly significant given the rapid expansion of digital information channels in Uganda including internet-enabled smartphones, social media, and digital trade platforms which had the potential to transform the information landscape for SMEs but whose actual uptake and performance effects remained understudied(Julius & Matovu, 2025). The present study aimed to fill this gap by providing systematic evidence on how different types of business information access affected the performance of SMEs in Nakawa Market(Paul & Kazaara, 2023).

Theoretical framework

Information Economics Theory

The theoretical foundation for this study was drawn primarily from Information Economics Theory, as developed by Stiglitz and Weiss (1981) and earlier work by Akerlof (1970). Akerlof's seminal work on the market for lemons demonstrated how information asymmetries could lead to market failure, with sellers of high-quality goods unable to signal quality credibly to buyers, resulting in adverse selection and market collapse. In the context of Nakawa Market SMEs, information asymmetries between more and less informed traders created competitive distortions that penalized less-informed operators and rewarded those with better access to market intelligence.

Knowledge-Based View of the Firm

The Knowledge-Based View (KBV), articulated by Grant (1996), extended the Resource-Based View of the firm by emphasizing knowledge and information as the primary sources of sustainable competitive advantage. Applied to SMEs, the KBV predicted that firms with superior access to relevant business knowledge market intelligence, financial information, regulatory knowledge, and technology information would be better positioned to identify opportunities, make efficient decisions, and outperform competitors with inferior information resources. The KBV provided a theoretical basis for expecting a positive relationship between business information access and SME performance.

Literature Review

The relationship between information access and SME performance had attracted considerable scholarly attention. Osei et al. (2014) found in Ghana that SMEs with better access to market information achieved significantly higher sales growth and profitability than information-poor firms, attributing the performance differential to superior pricing decisions, better supplier selection, and more effective product-market matching. Kimura and Murs (2014) in a cross-country study found that information constraints were among the top three barriers to SME growth across developing countries, alongside financing constraints and regulatory burden.

In Uganda, Namatovu et al. (2012) found that Kampala SMEs with access to business development services, which included business information provision, performed significantly better on growth indicators than those without such access. The study highlighted that business information services were particularly valuable for younger and smaller SMEs, which typically lacked the networks and experience to independently gather relevant market intelligence. Mwangi and Oloko (2013) in Kenya found that mobile internet access was associated with improved business information access and performance among Nairobi market traders, with mobile internet users reporting higher daily revenues and lower procurement costs(Alex & Moses, 2024).

Regulatory information had also been identified as a performance-relevant dimension of business information. Studies across sub-Saharan Africa had consistently found that SMEs with better knowledge of business regulations, tax requirements, and government support programs tended to have lower compliance costs, better relationships with regulatory authorities, and greater access to government-sponsored business development support(Gloria et al., 2023). Technological information access had been linked to SME productivity improvements in several studies, with technology-informed SMEs more likely to adopt productivity-enhancing tools and platforms that improved operational efficiency and customer reach(Paul & Kazaara, 2023).

Methodology

The study used a cross-sectional descriptive research design. The target population comprised all registered SMEs operating in Nakawa Market as at January 2023, estimated at approximately 3,500 vendors and traders(A. Nafiu et al., 2012). Systematic random sampling was employed to select every 12th business from an alphabetically ordered list of registered traders, yielding an initial sample of 292 businesses(Tasha et al., 2023). After data cleaning and exclusion of incomplete questionnaires, 275 usable responses were retained for analysis, representing a response rate of 94.2%. This high response rate was attributed to data collection conducted in person by trained research assistants on the market premises(Julius, 2025).

The questionnaire measured access to business information across four dimensions market information, financial information, regulatory information, and technology information using a five-point Likert scale (1 = strongly disagree, 5 = strongly agree)(Sarah & Audrey, 2024). SME performance was measured through self-reported indicators of sales growth, profitability trends, and customer base growth over the preceding 12 months. Reliability analysis yielded

Cronbach's alpha values ranging from 0.731 to 0.814 across dimensions, confirming adequate internal consistency(Nelson et al., 2022).

Results and discussion

Respondent Profile

Table 1: Profile of Nakawa Market SME Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	164	59.6
	Female	111	40.4
Business Type	Wholesale Trade	84	30.5
	Retail Trade	121	44.0
	Services	42	15.3
	Manufacturing/Processing	28	10.2
Education	Primary/None	31	11.3
	Secondary	89	32.4
	Tertiary	155	56.4
Business Age	Below 2 years	47	17.1
	2–5 years	98	35.6
	6–10 years	81	29.5
	Over 10 years	49	17.8

Source: Primary Data, 2026

The demographic profile presented in Table 1 revealed that Nakawa Market had a relatively balanced gender distribution among SME operators, with males constituting 59.6% and females 40.4% of the sample a more equitable distribution compared to many other Ugandan markets where male dominance was more pronounced. Retail trade was the predominant business type (44.0%), followed by wholesale trade (30.5%), services (15.3%), and manufacturing/processing (10.2%). A majority of respondents (56.4%) had tertiary education, a relatively high proportion that reflected Nakawa Market's urban location and the educational profile of Kampala's business community. Business age distribution showed that the market hosted a mixture of young ventures and established businesses, with 52.7% in operation for 5 years or less.

Business Information Access Levels

Table 2: Business Information Access – Descriptive Statistics

Information Dimension	Statement	Mean	Std Dev	Level
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Market Information	Access current commodity prices in other markets	3.24	1.18	Moderate
Market Information	Aware of new market opportunities regularly	3.08	1.24	Moderate
Market Information	Gets information on competitor activities	2.87	1.31	Moderate
Financial Information	Knows available credit products and rates	2.74	1.28	Moderate
Financial Information	Aware of government financial support programs	2.41	1.34	Low-Moderate
Financial Information	Tracks own financial ratios and performance	2.68	1.21	Moderate
Regulatory Information	Understands business licensing requirements	3.47	1.09	Moderate-High
Regulatory Information	Aware of applicable tax obligations	3.31	1.14	Moderate
Regulatory Information	Knows relevant consumer protection rules	2.94	1.22	Moderate
Technology Information	Aware of business software relevant to operations	2.78	1.27	Moderate
Technology Information	Gets information on e-commerce opportunities	2.54	1.33	Low-Moderate

Source: Primary Data, 2026

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The business information access levels presented in Table 2 revealed moderate levels of information access across most dimensions among Nakawa Market SMEs. Regulatory information access recorded the highest mean scores, with knowledge of business licensing requirements (3.47) and tax obligations (3.31) both at moderate-to-high levels. This finding suggested that regulatory compliance had become more widely understood among Nakawa Market traders, partly attributable to ongoing KCCA regulatory enforcement activities and the Uganda Revenue Authority's taxpayer education campaigns.

Market information access was at moderate levels overall, with access to commodity price information recording the highest score (3.24) in this dimension. However, awareness of competitor activities (2.87) and new market opportunities (3.08) were relatively lower, suggesting that many traders relied primarily on price information rather than broader market intelligence. Financial information access was the second weakest dimension, with particularly low awareness of government financial support programs (2.41), suggesting that government communication of available SME support was reaching only a limited proportion of Nakawa Market traders. Technology information access was the weakest dimension, with e-commerce opportunity awareness recording a mean of only 2.54, underscoring the limited digital business transformation among Nakawa Market traders.

Sources of Business Information

Table 3: Primary Sources of Business Information Used by Nakawa Market SMEs

Information Source	Users (n)	Percentage (%)	Rated as Most Useful (%)
Fellow traders/peer networks	241	87.6	42.3
Radio broadcasts	198	72.0	18.7
Mobile phone calls/SMS	187	68.0	21.4
Social media (WhatsApp, Facebook)	163	59.3	24.1
Government offices	89	32.4	8.2
Banks and MFIs	78	28.4	7.6
Business development service providers	67	24.4	9.1
Internet searches	54	19.6	11.3
Newspapers	48	17.5	4.8
Trade associations	44	16.0	5.7

Source: Primary Data, 2026

The information source analysis in Table 3 revealed that peer networks were the most widely used (87.6%) and most commonly rated as the most useful (42.3%) source of business information among Nakawa Market SMEs. This finding

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highlighted the critical role of social capital and peer learning in the information ecosystem of Nakawa Market, where traders shared price information, supplier contacts, regulatory updates, and market intelligence through informal networks on a daily basis. Radio was the second most widely used source (72.0%), reflecting Uganda's high radio penetration and the continued relevance of radio agricultural and business programming for market traders.

Mobile phone communication had emerged as a highly used information channel (68.0%), with WhatsApp and Facebook increasingly important (59.3% usage). The relatively low use of formal information sources such as government offices (32.4%), banks and MFIs (28.4%), and business development service providers (24.4%) suggested a significant gap in formal information provision, with most traders relying on informal channels. Internet-based searches were used by only 19.6% of respondents, reflecting the still-limited digital literacy and internet connectivity among Nakawa Market traders, despite the growing smartphone penetration in urban Uganda.

Correlation and Regression Analysis

Table 4: Regression Results – Business Information Access on SME Performance

Predictor Variable	r (Pearson)	Beta (β)	t-value	p-value	Significant?
Market Information	0.621**	0.301	5.912	0.000	Yes
Financial Information	0.574**	0.248	4.871	0.000	Yes
Regulatory Information	0.482**	0.187	3.672	0.000	Yes
Technology Information	0.447**	0.164	3.222	0.001	Yes
	$R^2 = 0.547$	Adj. $R^2 = 0.540$	$F = 80.91$	$p < 0.001$	

** Correlation is significant at the 0.01 level (2-tailed)

Source: Primary Data, 2026

The combined correlation and regression results in Table 4 demonstrated that all four dimensions of business information access were significantly and positively associated with SME performance in Nakawa Market. The four dimensions collectively explained 54.7% of the variance in SME performance ($R^2 = 0.547$, $F = 80.91$, $p < 0.001$)(Nelson et al., 2023). Market information access was the strongest predictor ($\beta = 0.301$, $r = 0.621$), confirming that traders with better access to market prices, competitor intelligence, and market opportunity information tended to make better sourcing, pricing, and investment decisions that translated into superior business performance. Financial information access was the second strongest predictor ($\beta = 0.248$, $r = 0.574$), followed by regulatory information ($\beta = 0.187$, $r = 0.482$) and technology information ($\beta = 0.164$, $r = 0.447$)(Gracious, 2023).

The strong effect of market information on performance was consistent with the predictions of Information Economics Theory, which posited that information advantages in competitive markets translated directly into economic advantages. Traders with access to real-time commodity prices across multiple markets were better positioned to buy low and sell competitively, while those with competitor intelligence could differentiate their offerings more effectively (Sophie & Crispus, 2024). The significant effect of financial information on performance pointed to the importance of improving SME awareness of available financial products, interest rates, and government support programs, which could enable more businesses to access capital for expansion and working capital management (Alex & Moses, 2024).

Conclusions and recommendations

This study concluded that access to business information had a significant and positive effect on the performance of SMEs in Nakawa Market, Kampala. Market information was the most powerful predictor of performance, followed by financial information, regulatory information, and technological information (Ntirandekura et al., 2022). The four dimensions of information access collectively explained 54.7% of the variance in SME performance, establishing information access as a major determinant of business success in Nakawa Market (Kartawinata et al., 2020). The heavy reliance on informal peer networks as the primary information source, while effective for some types of market intelligence, created vulnerabilities associated with information quality, reliability, and completeness (Julius & Audrey, 2025).

The study recommended that the KCCA establish a Market Information Center within Nakawa Market premises, providing traders with daily price bulletins, regulatory updates, financial product information, and technology adoption guidance. This center could leverage digital screens, WhatsApp broadcast groups, and radio partnerships to disseminate information in formats accessible to traders with varying literacy levels. Second, the Uganda Revenue Authority was recommended to strengthen its presence in Nakawa Market through dedicated taxpayer education officers who could provide regular, practical information on tax compliance requirements and available SME incentives. Third, the Uganda Development Bank and Stanbic Bank Uganda's SME banking unit were recommended to hold quarterly financial information fairs within Nakawa Market, providing traders with up-to-date information on available credit products, application procedures, and financial management tools.

Fourth, mobile network operators, in partnership with fintech companies, were recommended to develop affordable data bundles specifically designed for market traders' business information needs, reducing the cost barrier to internet-based information access. Fifth, the Trade Information Center operated by the Uganda Export Promotions Board was recommended to extend its services to include a digital platform accessible to market-level traders, providing information on export markets, pricing, and quality requirements that could enable Nakawa Market traders to explore export opportunities beyond Uganda's borders.

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