AN ASSESSMENT OF ACCESSIBILITY OF CREDIT BY RURAL SMALL AND MEDIUM ENTERPRISES (SMES) WITHIN MIGORI COUNTY, KENYA.

BY

JOSEPH ONGERI NYANGARESI

REG NO. 19/04371

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DECLARATION

I declare that this dissertation is my original work, that has not been published or submitted elsewhere for academic purposes. This document has no written matter or produced by another person apart from where references are made and the writer deeply indebted to.

Student Name: Joseph Nyangaresi Registration No. 19/04371

Sign: ________________________ Date: _**20TH NOVEMBER 2023**______

I herewith verify that I have looked at the master's dissertation of **Joseph Nyangaresi** and have certified that all revisions that the dissertation panel and have recommended have been adequately addressed.

Sign: __________________ Date: _**20TH NOVEMBER 2023**______

DR. Fanice Waswa

Dissertation supervisor

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ABSTRACT

The research focus on an assessment of accessibility of credit by rural SMEs within Migori County. The study intended to have a significant role to lending facilities, entrepreneur owners, wealth investors, and the county government of Migori to accelerate the formation of various policies regarding credit and also support other scholars on literature review. With the accessibility of credit serving as a dependent variable, the research examined interest rates charged, collaterals, financial institutions and literacy levels as predictor variables. Descriptive research methodology was employed. The population target was 1020 Small and Medium Enterprises operating within Migori County. A stratified Random sampling technique was employed and then followed by simple random sampling to select respondents from the selected strata. From the strata 102 respondents were selected as a sample size. The questionnaires were distributed by means of drop and pick technique. The statistics analysis was done using SPSS to capture both descriptive and inferential statistics. The study however, found that the interest rate, financial institutions had a positive relationship and were all significant while the collateral and literacy levels had a strong relationship but they were all insignificant. Therefore, the study recommends that the policy makers and the government should review the rates of interest and support training SMEs owners to impact the skills and create financial institutions network among the SMEs and also establish a diverse form of security for loans. The study also suggests further research using a larger sample and the research extended to other counties in Kenya.

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OPERATIONAL DEFINITIONS OF TERMS

Accessibility of credit: Refers to a situation where an enterprise or a person can obtain loan facility from Lenders.

Collaterals: refers to the various kinds of assets that borrowers pledge as security for a loan. When collaterals are used, they reduce repayment risk for the lender.

Cost of credit: This refers to the amount of funds, over and above the borrowed amount, that the borrower has to pay. They include processing fee, negotiation fees, interest rates, personal insurance, legal fees and traveling expenses that the entrepreneurs incur in the process of obtaining credit.

Credit: Refers to finance resources offered by a financial facility with a plan of refunding at a given rate of interest. It may involve issuing bonds or equity to provide long term liability, or to take on shorter period debt from commercial paper.

Financial literacy: It can be defined as the ability to comprehend and effectively use different skills of financial processes, such as investing, budgeting, and individual financial management.

Financial institutions: These are financial facilities that are responsible for circulation of funds to the market through the transfer of money from shareholders to companies or owners in the form of loans, deposits, and speculations. They include Commercial Banks, Microfinance institutions and SACCOs.

Interest rate charged: refers to the amount charged over and above the principal amount from the borrower by the lender, this includes interest and other fees and charges.

Small and Medium Enterprises: Refers to those undertakings whose annual turnover ranges five million Shillings and below.

LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of variance
BLUE	Best Linear Unbiased Estimator
EFA	Exploratory Factor Analysis
MSME	Micro-small and medium enterprises
SMEs.	Small & Medium Enterprises
SPSS.	Statistical Package for the Social Sciences
VIF	Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

1.1 Background of The Study

For many decades, Small and Medium Enterprises has agitated awareness of intellectuals and lawmakers in the whole world due to a number of challenges of credit accessibility (Adeosun & Shittu 2022). Several discussions in Kenya have been held in the form of seminars and debates for the purpose of improving SMEs' finance line and integrating their contributions to the economy (Sohal, Nan, Goyal & Bhattacharya 2022).

Therefore, finance is an important variable that ascertains development and existence of SMEs permitting small enterprises to perform a range of ventures, giving rise in growth of a country's savings in addition to diminishing destitution (Alabi, David, & Abderite 2019). Many nations both developed and developing as well as particular individuals have made significant progress due to responsibility performed by small micro and medium sized enterprises (Pedraza 2021).

SMEs raise the living environment of both the employee and employers by providing employment opportunities, since SMEs are the main root of innovation and skills for entrepreneurs (Mohamed 2017). Business people who are entrepreneurial and revolutionary utilize chances as they are aware of drawbacks due to their advancement in ensuring that economic boost is greatly pushed forward (Umair, &Dilanchiev 2022.

SMEs are vital drivers of productivity, creativity, development of economy as well as career development thereby transposing thoughts directly into opportunities of economic growth that could have been difficult concerning entrepreneurship (Saarikko, Westergren & Blomquist 2020). Many researchers surveyed to figure out the connection between business development and growth of the economy (Finney 2019; Alsaaty& Makhlouf 2020). As a result, the duty of entrepreneurial intellectual achievement in entrepreneurship in social-economic development has at all times underemphasized (Streimikiene, Svagzdiene, Jasinskas&Simanavicius 2021).

In Kenya, SMEs contribute 80% of the population workforce who benefit from the SMEs category (Mutinda 2020), this only plays a dismal 18% of the GDP. SMEs are observed to provide incomes to many individuals, employment, goods and services at a logical price (Umair, &Dilanchiev 2022). However, few surveys relating to SMEs discovered factors affecting accessibility of credit in Kenya and the world at large. Within Africa and a global reach, most enterprises' costs of credit with access to credit are available in various studies evaluated as the controlling hiccups in discerning development and productivity in operations (Kara, Zhou, N Zhou 2021).

The utilization of retained profits, selling of assets, collection of debt and through debt can only content capital needs of undertakings operations. Gains made by the firms in its transactions form the root of funds from internal activities (Oriaifo, Torres de Oliveira & Ellis 2020). The undertakings have greater differences in making gains when having a closely examined as part of hindrances that SMEs profile. Other challenges require fighting for existence and development (Micah, Adekunle & Adeboye, 2019). Previous research (Poi &Lebura 2021; scholar 2020) stated that 5% and below of SMEs excel their first year of progress, governmental obligations also base another obstacle.

Therefore, the government must safeguard the local enterprises and SMEs, a commitment that is very vital in all circumstances such as processes of incorporation and ensuring that there is an integration system where all particulars are available to reduce cost and time spent in providing a service to stakeholders (operations (2022). Moreover, in Kenya many adjustments have been made to make the SMEs registration process easy and timely. The government of Kenya introduced one stop-shop solution (Huduma Centre) that flags a vision 2030 project aiming to expand access to governmental services where the registration process and all the services of the government are under one roof to solve various challenges affecting SMEs (Muzuva & Mutuku 2022). The center succeeded in decreasing inefficiencies, corruption, in dealing with decentralization and safeguarding obligingness of government laws.

Most transactions of the government are online, inspiring Small and Medium Enterprises to register in a short time without encountering many operations. (Mutuku &Muzuva 2022). Nowadays, business registration processes can be done by phone in the comfort of one's home (Lauthan etal. 2023). It now takes 24 hours to register from the previous 14 days reducing the backlog of congestion (Kabubo-Mariara etal. 2023).

1.1.1 Accessibility to Credit

It can be alluded on how SMEs obtain financial services which refers to the ability of undertakings to get services of finance that involve credit, deposits, insurances, payments and other services that are related to risk management (Rajamani et al..2022). An individual's creditworthiness can be determined by the ability of a borrower to refund credit after an evaluation of the lender who may give either on long or short duration depending on the borrowers' demand (Takalo 2019).

In Kenya, credit access is fundamental for business and development of small and medium enterprises (Mutinda 2020). A critical factor for the private sector to grow is the ability to access credit for businesses since they do not have enough funds needed to boost the business and develop other areas (Bakhtiari, Breunig, Magnani & Zhang 2020). In the agricultural sector, availability of finance has consequences where an outlay on resources used in farm production is more than the gains from sales (Jack, Kremer, Laat, & Suri 2023).

The government of Kenya recently initiated “Uwezo Fund” & “Hustler fund” in a financial plan to develop accessibility to funds and support the welfare of women, youth, and vulnerable undertakings as outlined in the roadmap of vision 2030.

Damocha (2022) investigated in Nairobi County and found that security plays a significant part on financial institutions when making decisions on provision of facilities. Damocha on other hand, realized that the cost of credit was unreasonable, financial institutions did have a positive impact on accessibility to credit, literacy level had an adverse consequence on a defaulter consciousness because most financial institutions would like SMEs to encounter certain criteria in order to get credit.

Momanyi (2017) observed that inability to generate a credit score among the smaller enterprises’ statistics maintained by the owners has not been assessed to establish its authenticity had hindrances when accessing funds since non-bank lenders commonly bound the means of approach to obtain the funds. In accordance with Momanyi (2017) borrowing funds from outside the business or the type of loan made in a business refers where a company creditor gives a category of funds to a borrower. He further added that credit can be debentures lease financing loans, overdrafts trade creditors amidst others. Enterprise’s creditworthiness is the main determinant for these external sources.

In a survey carried out in Kericho county, Kenya, Cherotich, Sibiko & Ayuya (2022) observed that education level had a practical consequence on facility uptake by entrepreneurs. Educational attainment provided an interest in those having a knowhow of book keeping and accounts, adoption of technology with better management skills on credit uptake. Cherotich, Sibiko & Ayuya to a greater degree concluded that business people who have wealth that is the one that have accrued security had less challenges on being provided with credit from financial institutions charging less interest rates in relation to other non-bank lenders.

In Africa, an investigation done in Ghana concluded that high-cost of borrowing, inadequate security and existence of unaudited statements of finance forms a basis for challenges of accessing credit facility (Adjabeng& Osei 2022). Adjabeng& Osei made a practical view that Ghana's 70% SMEs demand credit in development and expansion of their undertakings but they do not have physical collaterals hence this forms the ground for small and medium enterprises to be denied the credit.

In Nigeria, a study carried out on the accessibility of credit revealed that enterprises age, social capital and gender identity remarkably affect informal credit facility – the ones that are not under rules and regulations charged inflated interest rates such as societies cooperatives, shylocks, etc.- while undertaking size, education and security had an outstanding effect on normal credit accessibility-the ones that are under rules and regulations give more funds at an affordable interest rates that is the financial institutions (Adewole etal. 2023).

Globally, nations that are glowing stronger in terms of their economies such as Vietnam, Hue etal (2020) examined SMEs financing cannot be influenced by firm characteristics notwithstanding on condition that an enterprise has a larger investment that hopefully can bring more returns hence there are higher chances of being given loan from the formal financial institutions. Hue etal.

suggested that the extent of statistics in the hands of SMEs owners endows on condition that to be offered the credit depends on previously scrutinized information of an enterprise.

Moreover, an assessment that was done in Malaysia of the existence of security does play a vital role in evaluating capability of refunding credit, that is on aspects affecting access to loan. Moreso, in loan capital it provides a greater probability for credit facility to get an assent (Wasiuzzaman etal. 2020).

1.1.2. The Growth of Small and Medium Enterprises

A report on the survey made by Shipefi (2022) in Namibia about small and medium enterprises on economic services of the finance firm noted that providing funds to SMEs had an outstanding effect on increasing a country's national income and expansion in their undertakings. The contract agreement between the lender and the borrower provides a capital in the form of a loan where they offer for refunding a certain sum of money on a given duration. The needy who depend on provision of credit to have an opportunity to begin or promote their feasible undertakings have a challenge because they do not have any item of value to pledge and secure a credit facility hence their credit faces disapproval from the financial institutions (Amadhila 2020).

Small and medium enterprises have higher chances of constraining as compared to big enterprises as a result they would utilize the gains that comes from within the enterprise and trade credit financing working capital plus the investment than big enterprises (Quartey et al 2017). However, Small and Medium Enterprises are restricted on ability to deposit, credit provisions, and an additional act of assistance provided by lending facilities since many SMEs are unable to give an obligatory pledge to lending facilities as they require. Also, these financial institutions demand stringent lending procedures that scare away the SMEs (Mutinda 2020). Not many enterprises that have collaterals to access credit facilities from lending facilities, for the reason that some businesses are likely to result in failure and are economically unmanageable (Mwanzia 2022).

1.1.3 Accessibility of Credit and Growth of Small and Medium Businesses

Limitation of credit in small and medium enterprises drives to forego a few enterprise chances that indeed affect the appraisal of many businesses. Furthermore, the inadequate credit access interferes with SMEs undertakings effectiveness hence becomes a threat in a competitive market (Mutinda 2020). The main challenge that is universally indicated among the SMEs is accessibility of credit. Most SMEs business holders depend on personal-savings or obtaining credit from friends and relatives which is generally inadequate in operating their enterprises for growth and development successfully (Muturi & Njeru 2019).

Funds that are obtained from outside the business have significantly played a crucial role in SMEs development and expansion of various enterprises because of that availability and accessibility of credit (Ralcheva & Roosenboom 2020). Various credit facilities that financial institutions package aim at various categories of enterprises. The credit facilities given to SMEs supports them to promote their uprisings by raising the volume of sales, boosting gains on ventures and raising productivity (Gjokaj etal. 2021).

Many entrepreneurs benefit from the training services offered by few lending facilities to their customers comprehending main accounting skills that assist well to understand their undertakings (Aladejebi& Oladimeji 2019). Education plays an important in changing entrepreneur’s attitude on how they perceive, and add value to the skills of the entrepreneurs to run their enterprises operations which promotes the capability of their industries to improve the growth and performance (Andriamahery & Qamruzzaman 2022)

According to Attah, Iji & Angioha (2019), SME managers and or owners still have less knowledge on financial management in spite of enormous significance it has on informed options meaning SMEs still face the limitations on access to credit. An entrepreneur who has a knowhow of finance may be able to decide on using best available financial services that financial facilities offer, saving more, and moderate the risks on indemnification utility (Cherotich, Sibiko & Ayuya 2022).

Principe & Buffa at the 21st conference on SMEs business research, in addition, made the observation that SMEs have inadequate collateral to pledge for higher credit facilities than their counterpart big enterprises on financing their physical assets.

In many African countries, for instance, it is hard to connect and exchange information on SMEs because of hindrances on procedures and processes included in provision of credit facility, the price of running little credit facilities is expensive and there are huge risks of delinquency. This allows SMEs to achieve little means of obtaining funds enhancing deliberate extension and development (Brixiová, Kangoye, & Yogo 2020).

1.1.4 Small and Medium Size Enterprises within the County of Migori

Small Medium Enterprises forms a fundamental sector in the Kenyan economy as contrasted with third world nations since SMEs employ straight 80% of the Kenyan population workforce (Omondi &Jagongo 2018).

Small and Medium Enterprises support further expansion of other new or unrelated products, services, markets and industries with collective cohesion to reduce the overall risks of the business hence doing a vital responsibility in development of the private sector (Ahmadov & Valiyev 2019). SMEs bisects most sectors of the economy like manufacturing, processing. and services which are of various categories of possessions: private limited companies, partnerships, or sole trader ships. A few are situated out-of-door having limited or no outlay while others are authorized and work in platforms for exchange in stalls and big shops (Munoz 2023).

Most enterprises are controlled by owners or to an extent operated by the family in Kenya (Sharma & Sharma 2019). Their outlay categories are small and have less hard skills to support them to achieve higher performance when executing tasks (Mutuku, Mathuku & Auka 2022). In Migori county, most enterprises are based on SMEs category spreading all over the county where a number of them are involved in sole tradership and family managed.

A survey carried out across the four counties namely; Bomet, Homabay, Kwale and Kiambu ascertained that the main problems SMEs faced attributed to limited credit facility in spite of the fact that there being presence different lending facilities that give and serve SMEs across the Nation (Ndungu 2016). Most of the leading banks in Migori County are; Kenya Commercial Banks, Family Bank, Equity bank, National Banks, Cooperative bank, Barclays Bank. Other Micro Finance facilities are Faulu Kenya, Kenya Women microfinance bank Trust (KWFT), insurance firms, Savings and Credit Cooperative societies among others.

Most of the problems that SMEs encounter are strict constraints that are put in place by lending facilities on the SMEs prior to, in obtaining financial services (Mutinda 2020). There is a crucial importance of supporting a stable condition surrounding business growth and expansion in the economy since Small and Medium Enterprises contribute a lot to the economy (Bah et al. 2021).

1.2. Statement Of the Problem

SMEs have made a significant contribution to the progress of nations (Peter etal. 2018). SMEs support growth and expansion of many countries, speeding up the growth of firms in various sectors on a range of production by connecting them with other sectors of the economy (Ashari &Almunawar 2022). The government of Kenya in its vision 2030, provides Small and Medium Enterprises development a roadway on achieving the vision. Boosting Small and Medium businesses approach on forms of credit enhances promotion on increasing development, competitiveness, transformations and entrepreneurship (Łasak 2022).

Commercial banks can lend credit based on short duration due to demand on advance payment they receive. They cannot also lend out on longer duration as the SMEs may need. This in fact limits the external financing (Mutinda 2020). However, data analysis reveals that out of five enterprises established, two succeed in less than two years of existence, (Kariuki, Kyalo &Ombaka 2021). There is a necessity to work further in the direction to support and enhance SMEs' ability to grow and expand.

Though, the Kenyan working population are generally from the SMEs which equally represents 80%, the sector provides at most a bleak of 18% to the Gross domestic product of a nation meaning there is a lot to be done in order to encourage the sector to rise and contribute more to the economy outwitting the growing population demand. (Mutinda 2020).

Migori County businesses are categorized under the SME classification depending on their capacity of annual turnovers and number of employees (Otieno V. 2022). The hindering factors singled out for SMEs growth and development in Migori county include information access, capital access, collaterals requirement, cost of capital and capital management. Savings available and simpler finance accessibility from financial facilities speed up capability of households to take credit (Ellis et al, 2022).

Hasan & Hoque (2021) studied and examined the consequences of financial literacy among the SMEs performance on investment facilities, the inferences were critical for universal financial growth and expansion. Another study touched on credit accessibility among the SMEs, the interpretation was inadequate collateral with other challenges restricting investment facilities to give credit to support SMEs' growth and expansion (Nzibonera & Waggumbulizi 2020). Therefore, accessibility of credit by rural SMEs' in Migori county has not obtained expansive research on the same.

Though several surveys have been performed focusing greatly on the challenges of SMEs and financial credit facilities, the results have been inconclusive. This justification in the discovery, therefore, focuses on factors affecting credit accessibility by rural SMEs within the County of Migori. This research is limited to distinct variables that are interest rate charged, financial institutions, collaterals, and literacy levels. They seek to respond to the inquiry on effects these variables have in accessibility of credit by rural SMEs within the County of Migori, Kenya?

1.3 Objectives of The Study

The key aim was to find out an assessment of accessibility of credit by rural SMEs within the county of Migori.

1.3.1 Specific Study Objectives

a) To determine how interest rate charged affect rural SMEs access on credit in Migori County;
b) To determine how collaterals affect rural SMEs access on credit in Migori county;
c) To evaluate on how financial institutions affects rural SMEs access on credit in Migori County;

d) To assess how literacy levels affect rural SMEs access on credit in Migori county.

1.4 The Research Questions

I. How do the rates of interest charged affect rural SMEs’ credit accessibility in Migori county?

II. To what extent do collaterals affect rural SMEs in Migori county?

III. How do financial institutions affect the rural SMEs' access to credit in Migori county??

IV. How does the literacy level affect rural SMEs access on credit in Migori county?

1.5 Significance of The Study

Small and Medium Enterprises forms the main growth ploys that encourage creation of employment industrialization, poverty eradication and catalyzing innovation among the nations. The rising significant responsibility of SMEs in the economy of Kenya, still face prolonged restrictions on their progress has motivated this study. The discovery will be important for small and medium entrepreneurs sketching out important elements affecting accessibility of credit on rural small and medium enterprise owners within Migori County.

Academicians and scholars

The employment of this study forms a reference on future research to academicians and researchers, on the research topic: An assessment of the accessibility of credit by rural small and medium entrepreneurs.

County governments and Policy makers

The study's particulars are insightful for Migori county government to utilize it and in addition to other counties on mapping out their strategies. They should have an all-inclusive plan for all traders encompassing small and medium enterprises.

Educational institutions and non-governmental organizations.

It offers a clue on provision of opportunities in engaging necessities of entrepreneurs and teaching empirical outlook about enterprises in some educational institutions and non-governmental organizations. NGOs will oversee the support of grants and donations or training to unprivileged to raise the knowledge for self- reliance. The discovery and actions put in place aiding in trailing if the state is moving on actualization of vision 2030.

1.6 Justification of The Study

The facts are significant to both borrowers and lenders of the credit facility in the sector of finance. The discovery of this study brings up a new understanding of the area of SMEs in resourcing financial assets from financial facilities. Furthermore, the findings not only offer scholars a literature review on relevant content in future but also benefit from the factual details accumulated in an analyzed way. Lastly, the statistics from the study are crucial for policymakers to utilize in formulating policies where SMEs are included.

1.7 Scope of The Study

The study focuses attention on affecting accessibility of credit on rural SMEs within the County of Migori. The extent of this discovery is restricted in Small Medium Enterprises that are on record within the County of Migori, County SMEs Registration Licenses (2023). The survey concentrated towards the effect of the namely variables; The rate of interest charged, financial institutions collaterals and levels of literacy on how they affect accessibility of credit by rural SMEs operating in Migori County.

1.8 Delimitation of The Study

Furthermore, the respondents are notified earlier by the researcher to make an agreement on suitable date and time to provide the questionnaires. A researcher allays to the participants' details that their details are always not revealed to any other third party and comprehend that the particulars provided are utilized for educational reasons.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The section reviews literature interconnected to key variables in the study revealing conceptual framework, variable operationalization and empirical analysis. In advance of empirical review, four theories are reviewed in this section that portray that accessibility of credit can be affected by many factors. This section inquiries into the connection and existing interdependence among the variables. This study variables connected to empirical studies are analyzed in the chapter to stipulate a floor for research.

2.2 Theoretical Review

This part examines various concepts that associate accessibility of credit by SMEs. The four theories are: Equilibrium Credit Rationing, Pecking Order, Theory of Imperfect Information and theory of financial intermediation.

2.2.1 *Equilibrium Credit Rationing Theory*

It was developed by Hodgeman (1960), basing his argument on threat on failure to pay. He outlined that credit rationing refers to a circumstance where loan borrowers are not given a whole amount of credit requested on an existing rate of interest. This replica givers assess prospective loanee on the foundation of the loan's targeted return-likely loss ratio. On other hand, the highest refund that the borrower can probably pledge, will effectively restrict how much the creditor will provide the borrower irrespective of the cost of the loan.

In this case the projected losses are the extent corresponding to the anticipated gain. In addition, the proposition outlook states that the givers do not offer all the funds that borrowers are likely to be given since they cannot differentiate between safe and risky borrowers. The borrower needs to provide the same amount of collateral financial facility funds to surpass output needs at existing interest rates. It also presumes that unideal credit markets occur due to unbalanced facts, givers try resolving by bringing collateral and interest rate.

A particular borrower is unable to access additional borrowed funds by pledging to refund additional interest, when a borrower's order curve meets a vertical section of required output curve. Moreover, as the output curve moves to the left and upward, the borrower will meet extra strict limitations on the output on capital that cannot be controlled even if there is an extension of additional interest.

Nonetheless, Hodgeman's perspective showed that any defaulter with a better credit rating can prolong to obtain credit as long as the borrower fulfills the criteria fixed by the provider. This concept is vital to this finding since financial institutions commonly categorize SMEs as extreme risk borrowers hence resulting in a few given credits while others borrowers' access to funds is limited or denied.

2.2.2 *Theory of Imperfect Information*

This concept was introduced by George A. Akerlof in 1970, explaining the idea of unbalanced facts. George suggested that particular chips on one party to a market having an appropriate information than another party, forms a variation driving it to join a market or decide to make a choice that is costly. Akerlof insisted that information asymmetry is a general characteristic of market associations like the process of decision making on borrowing where a borrower is more informed than the provider about the creditworthiness.

The thought emphasizes unideal facts that bring unfavorable choice in various platforms for value exchange. If a provider or a customer having unbalanced facts, a borrower with frail refund expectations or a customer with poor quality produce chases away all traders from the market preventing common beneficial dealings. This presumption merely assumes lenders cannot clearly distinguish between high risk and low risk borrower due illiteracy levels.

The theory is appropriate to the study because financial facilities fight to prevent this challenge, utilizing credit scoring ability in addition to constructing firm linkages with all relevant owners who are unaware in the industry and cannot utilize the facts accessible to opportunities that may arise.

2.2.3 Pecking order theory

The concept was introduced by Donaldson in 1961. In 1984 Myers and Majlif amended the Pecking order theory. The theory presumes undertakings emulate a funding ladder where the root of funds can either be internally or externally sourced. They viewed that a first opportunity is offered to an internal pool over external funds. The foundation presupposes that businesses once the internal resources are exhausted, owners find their way to external resources. They insisted that funds outside the business require shielding, unauthorized limitations, and be compulsory in businesses.

An individual business owner needs debt refunding with small or collateral agreements. On the other hand, matters of expenditure are least for the internal pool, little for equity and big for debt. This assumption is relevant to SMEs in Kenya since it highlights collateral and individual owners of the business prefer internal sources of funds over external sources of finance.

2.2.4 The theory of financial intermediation

This presumption was developed in 1960 by Gurley and Shaw basing their argument on information asymmetry and transaction cost. They suggested that the existing high-cost transaction, incomplete facts in a convenient time and the system of adjustment explain the prolongation of financial intermediaries. Financial intermediation theory depicts that financial institutions grant funds that are excess (savers) on deposits to intermediaries which in turn navigate funds to undersupply units that are spenders and borrowers.

Financial intermediaries perform responsibilities of financial facilities when engaging with the SMEs. SMEs can be either a depositor or borrower or both. They are bound to receive from financial facilities products and services like offering liquidity, financial consultancy, analysis, insurance services, risk management services, evaluation of assets, loan granting and other services.

The concept stresses income allotment forms ideal markets, the transaction costs and unbalanced facts that are vital on comprehending financial intermediaries. Investors viewed financial intermediaries combining borrowers and depositors matching their transaction essentials offering other services. Consequently, they decrease trade costs by taking away particular costs. Financial intermediaries are being trusted by depositors with the amount of credit they give. They in turn invest via other capital projects and loans that depositors liquidate through taking away their funds at time provided.

2.3 Empirical Literature Review

2.3.1 Literacy level

Financial literacy can be defined as the capability of the owner to comprehend how funds perform, invest, obtain and control (Marinov 2023). Entrepreneurs should have vital knowledge on how to operate and manage the undertakings to supervise the growth and development. A knowledgeable entrepreneur comprehends the prime period to finalize right conclusions on speculation that is when to take credit and at what cost (Ephrem &Wamatu 2021).

Internationally, Indonesia and India found that financial literacy was the main factor required for loans to be acquired. The chances of applying higher financial credit lies on those who were more educated, (Buchdad, Sholeha& Ahmed 2020).

The ability to obtain facts on financial services and products are crucial on both providers and SMEs outlook. The financial service suppliers in addition need to assess the risk outlined on SMEs application for funds and the likelihood of the SMEs in a market section, these require financial literacy to understand all the processes involved (Tuffour, Amoako & Amartey 2022). Possible suppliers of financial products are recognized by SMEs using the certain particulars required. The essential information is used to assess the cost of financial products and services that are being provided.

Bello & Mustapha (2021) investigated how Nigeria manufacturing micro, small and medium enterprises obtained access to finance. The study employed the Nigeria enterprise survey data set performed in the middle of April 2014 and February 2015 by the world bank. A strong logistic regression was employed on a sample of 507 manufacturing MSMEs in Nigeria to accomplish the research aim. The impact showed that access to finance mostly affected the owners or managers expertise and skills (literacy skills).

On inference, owners or managers expertise ability was a moderating facilitator for manufacturing MSMEs which has a likelihood of accessing finance in Nigeria. As a consequence, the study suggested that stakeholders of MSMEs in Nigeria should give support to the piles of expertise with innovative skills to promote the owners of business accessing finance.

Pariyant Gunawan (2022) studied in Indonesia and examined on financial literacy among the owners of micro-small and medium enterprises performance and the level of indebtedness: The desk study was selected offering a comprehension linkage between financial literacy, MSMEs enterprise appraisal, and the level of debt. On secondary research a qualitative research method was employed, assessed and re-examined the materials both printed and electronic sent through the internet. The findings showed that peer-to-peer advancing borrowers and non- peer-to-peer lending borrowers were illiterate and people with bad debts and potentially caused problems.

Siwale (2019) surveyed in Zambia to study seeking to find out the research question and access variables directly linked to smallholders' farmers' access to finance where about 77% engaged in the agricultural sector. Data applied in the study was attained from a survey performed in 2017 by IAPRI and UNZA with a representative sample size of 1231 households in six districts of Zambia. Logistic regression formed a basis for modeling data. The impact concluded that 14.1% of small holders had access to finance. Of these farmers only 13% were female who had the access to credit. In addition, access to education, access to financial information, access to collaterals and other financial services, were notable elements recommended on the access to credit. Rural education was directly linked to access to finance.

Thein, Niigata & Inaba (2023) investigated financial restrictions that affect the growth and development of businesses, resulting in decline to a country's economy and industrial enterprise. Due to unbalanced facts that make banks dependent on collateral as security declines to lend finance to SMEs or from accessing loans from banks. The study also investigated the results of financial skills on SME financing, and the effect on SMEs' security remittance in accessing credit from financial facilities among eight ASEAN countries.

The World Bank provided Business Environment and Enterprise Performance Surveys to interpret data. The impacts established that financial skills-literacy levels- can support SMEs' credit accessibility and decrease security matters in accessing bank funds by making SMEs' details genuine. SMEs among countries with growth in financial infrastructure gain advantage of financial literacy. Moreover, bigger economies allow SMEs to access less cost finance and control security challenges. Therefore, inspiring and assisting SMEs to embrace financial skills that are advantageous to both SMEs and banks.

The rise in decline of application of credit facility is caused by inadequate information and knowhow (Mpofu & Sibindi 2022) which is figured out in disclosures required for asset and debts, general unpreparedness when applying for credit, terms of interest rate charged and misuse of credit gotten (Nyakweba 2019).

2.3.2 Collaterals

Collateral can be defined as a physical asset that a borrower utilizes to secure a loan from the financial facility. In case of default by the borrower, the lender finds a fall back to dispose of an asset in order to recover their funds (Asikhia, etal.2020). Collateral diminishes the possibility of defaulting on a loan by providing the financial facility a representation on the physical investment as its claim on the due debt. Most SMEs' have no physical assets guaranteed to secure their loans therefore acquiring that loan has many restrictions (Gao, Yen, & Liu 2021). Asikhia etal. found that guaranteed credit facilities charge credit at lower interest due to low risk of default.

Collaterals must be valued at fair market value under the usual state of the market with rational speed. The readiness of the entrepreneur to assure security pragmatically affects the quality of credit appealed as recognized by the financial facility (Asikhia etal. 2020).

Prasetya & Purwono (2022) studied what makes small industries to make loan applications. Small scale enterprises do this because their financing needs to expand and develop. Their study focused on credit facilities and their security. Multinomial regression employed comprehending small firms on credit conclusions.

The data was accessed from the exploration of financial institutions and Micro and Small industry during 2019, data found that the rate of interest had a definite impact on both models and regions. Collaterals also had definite significant results in every region on the models. The findings recommended that rate of interest and collaterals were among the variables that affected the small firms to acquire credit for expansion and development.

Gebreab (2021) in Addis Ababa pointed at finding out the factors affecting accessibility of credit and its availability for small and medium size businesses in Nifas-Silk Lafto Sub-city by using both selected interview methods and survey questionnaires. The study was categorized by a survey of 200 SMEs owners, shareholders, employees and managers. A sampling formula was employed and interviews of senior officers from five banks selected and five MFIs employees at the head office top management level as well as evaluating suitable documents linked to access to finance in Ethiopia.

Descriptive statistics was employed along with Simple correlation, regression analysis, and data was analyzed by means of ANOVA methods. The data gathered through the questionnaire was analyzed using SPSS. The outcome of the findings showed that collaterals and obtainable details on finance have an important linkage with accessibility of finance and its availability was seconded from various scholars who performed the discovery on the same issue. The findings are expected to support SMEs in development of appropriate strategies in filling the gap towards mutual benefits of collaterals to access financial opportunity that contributes to the nation.

Aidoo, Nombare, &Kwao-boateng (2023), examined the linkage between the collateral features and accessibility of credit by MSMEs in the agricultural sector of the Ashanti zone of Ghana. In agricultural locality MSMEs undertook crop, livestock, and fish farming to comprise the population for the study. The research survey applied a quantitative research method alongside a causal research design. The Pearson multiple was used to analyze the interconnection among the study variables. The findings showed that collateral costs positively and significantly contribute to MSMEs credit access. In addition, loan size positively and significantly controls the effects of collaterals on farmers' access to credit.

A study carried out in Indonesia to analyze the effect of interest rate on lending long term loan by financial institutions had a positive and a significant effect. Analytical method was used on the correction of the model and data utilized was time series which was periodically compiled in a monthly assessment from January 2014 to December 2020 in time series. On the inference interest rate had no effect on short term lending while interest rate had a positive and significant effect on long term lending by financial institutions (Pratama& Putri 2022).

2.3.3 Interest rate charged

Cost of credit has a worth of attention on a company's development plans due to rates of interest charged by financial institutions. They not only have an impact on enterprise funding but also affect loan payments (Ogolla, 2021). High interest rates hinder the business capacity to grow due to reduced business earnings which ultimately are unable to meet its obligations. Due to high interest rates, most cash flow in businesses are affected, where borrowers are unable to refund their loans on time and on the other side declines disposable income resulting to inability to pay the creditors of the businesses.

Small businesses have been kept out of the bank due to high interest rates on the cost of loans. They utilize the normal gains and savings generated from their operations (Kenourgios, Savakis & Papa Georgiou 2020). Most firms are relying on their own deposits due to shortening of loan borrowed repayment duration. SMEs find it difficult for enterprises to get adequate credit creation amounts for growth and development of businesses. As a result, the financial facilities introduce strict measures on those defaulting loans (Mori & Ngurah 2020).

Interest rate charged depends on intertwined with collateral of the fund borrowed, and usage or nature of the business (Esperance 2021). That is, on secured loans the rate of interest charged is low because the risks involved are low as compared with unsecured loans where the rate of interest charged is high with a lot of restrictions on borrowing. This directs SMEs to secure short loans from micro-financial institutions that give untenable interest. In this case, interest rate comprises; processing fees, negotiation fees, insurance fees, interest rates, legal fees and traveling expenses that the small business owners incur in the process of receiving a loan (Mutinda 2020).

Tirimba (2019) tried to found out the consequences of interest rate on accessibility of credit among rural and medium enterprises. First hand data, that is primary data gathered by the issue of research instruments. The target population taken were a total of 500 rural small and medium enterprises. A sample proportion of 50 small and medium businesses was employed across the study.

However, the study analyzed data utilizing descriptive statistics and statistical packages for social sciences software. The study established that the interest rate and collaterals affect the accessibility of credit amongst small and medium enterprises across the area of study. The discovery investigated and revealed that interest rates was significant hence had an impact on accessibility of credit.

Moreover, Shikumo& Mirie (2020) studied factors affecting commercial banks in Kenya on the supply side were linked on lending to Small and Medium Enterprises. In their study, descriptive research design was employed in 43 commercial banks in Kenya. Primary data was obtained from these financial facilities. Sources of secondary data was also obtained from the Central Bank of Kenya's rate of interest from 2010 to 2014. Data tools were administered (questionnaires), well distributed and data was gathered.

On analyzing of data, regression and correlation analysis was utilized. From the discovery, the findings showed that there was a notable interconnection between the interest rate with financial institutions on accessibility of credit. Thus, interest rate charged in any financial facility affects SMEs to obtain credit or when its high SMEs owners are discouraged from borrowing leading to decline and expansion and developments.

A survey carried out by (Mutinda 2020) on the effect of interest rate levied on accessibility of credit by entrepreneurs, specifically the young women in Athi River, Machakos County Kenya. Primary data was gathered by a research instrument administered (questionnaires) on 214 women entrepreneurs and 18 microfinance facilities in Athi River. Accessibility of credit weighed by the number of respondents accepted credit, microfinance giving credit, the uptake of loan and success offered to credit service.

However, interest charged calculated per term of payment, borrowed fund, penalty for delay in repayment and consideration of business nature. Data was analyzed using regression analysis. The findings showed significant definite interconnection amid the two aspects. Furthermore, findings showed that most respondents suggested that interest rate really does more to accessibility of credit. The researcher did try to initiate a rate worked out in conjunction with collateral and the rate of interest levied although it was found to be intertwined.

The interest rate charged on the cost of loan is determined by the lending financial facility. Recently, the interest rate charged has been rising steadily because of inflation in the economy. The response of the government trying to change the policies and regulations in guiding lending facilities on borrowing internally and externally (Koroleva, Jigger, Miao & Skhvedian 2021). Internal borrowing has encouraged SMEs' expansion and development impacting a positive rise in the economy while on the other hand has had detrimental repercussions giving and taking off the Small and Medium Enterprises gains leading to most SMEs collapsing before two years of existence.

2.3.4 Financial institutions

The whole growth of SMEs in any economy needs financial institutions that provide credit (Frost 2020). If there are a few financial facilities tailoring services to a large mass of small-scale traders (supply less than demand) the value of the credit facility will be high with increased rates of interest, therefore, there will be unfairness and low uptake of credit by SMEs. Faal (2020), observed that a limited number of facilities that give funds and provide credit services to SMEs would restrict growth of the firms in a given economy.

According to Umejiaku (2020) on a survey carried out in the study of women entrepreneurs, financial facilities determine a practically accessible amount of credit. The financial institutions introduced and offered innovative credit products to the market to compete and win the borrowers' intent taking advantage of entrepreneurs (Beriso 2021).

Mutinda (2020) study carried out on factors affect the accessibility of credit on financial institutions located in Machakos town. Data was gathered and analyzed on descriptive research design. On the findings, the information showed that financial institutions had hindered the SMEs obtaining the access to credit due to lack of security and other associated costs demanded by those financial institutions.

Financial institutions provide higher rates and they are scarce such that they are not proportionate to the number of SMEs that demand credit services hence there is a need to increase microfinance institutions to support in offering the credit. On these case Mutinda recommended that the government should offer a credit guarantee to the financial institutions that give credit services to SMEs. This will form a basis for SMEs who do not honor the financial liability. Financial facilities should have flexible terms of credit refunding and the process of accessing the loan application be simple.

Moreover, Ngumbi, Waweru & Rita (2020) surveyed on influence of lending procedures on credit accessibility provided by financial institutions amid small and medium enterprises in Meru Town. They performed descriptive research design on the study. Primary data was collected by the use of questionnaire via drop-pick method. Data was analyzed and regression analysis was established. The finding revealed that the credit procedures had a notable impact on credit accessibility among the SMEs in Meru Town. Finally, financial institutions had an impact on SMEs in obtaining the credit due to long procedures provided by those institutions had made the owners of SMEs to be discouraged on borrowing.

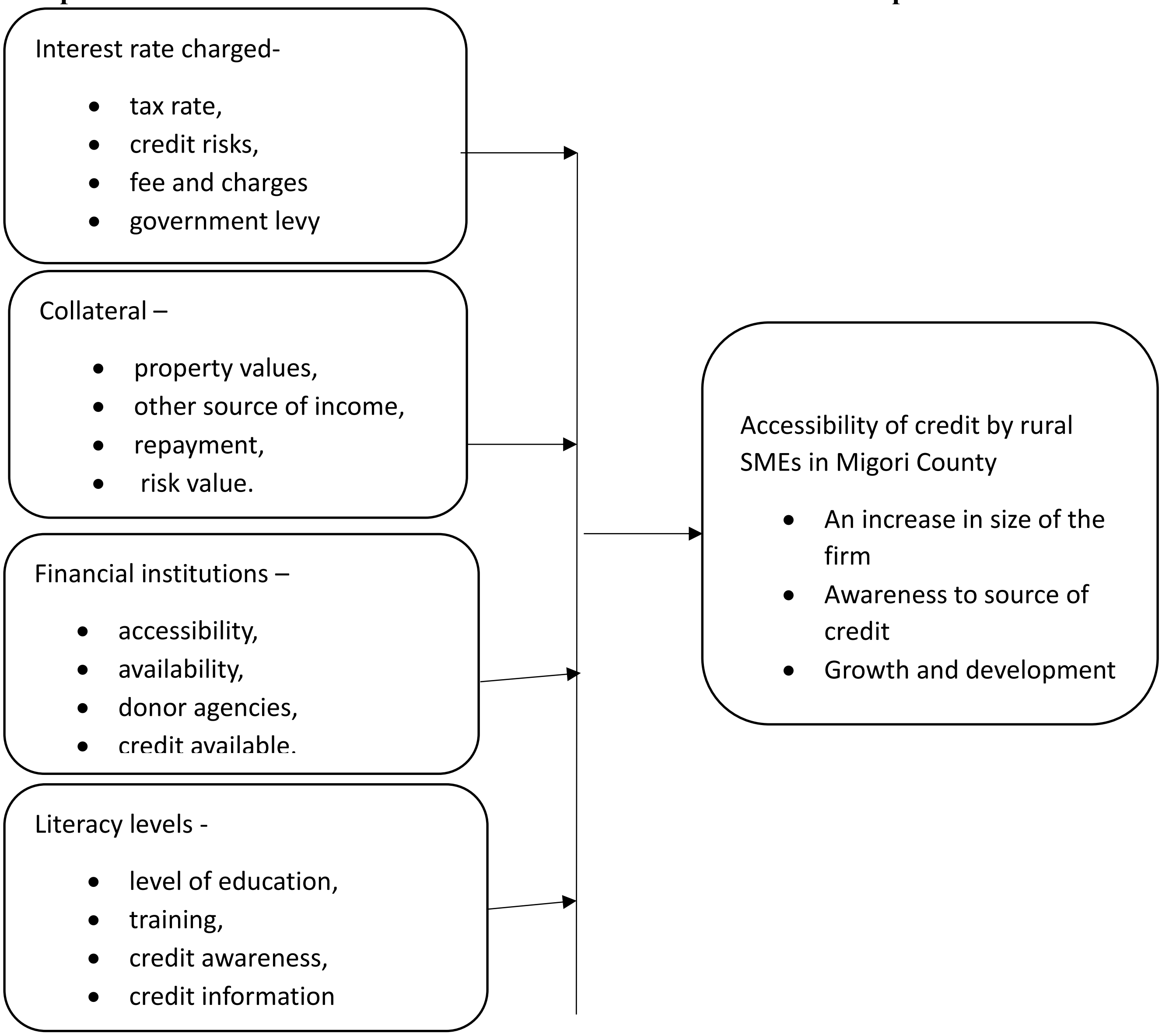
Small and Medium Enterprises operations provide for many households' incomes, sustain and promote the standard survival in the economy of Kenya (Marinov 2023). It offers a platform where large enterprises come up to provide employment opportunities and in the long run improves economic stability of a country (Bogavac, Prigoda & Cekerevac 2020). Financial institutions that are responsible for lending credit, categorically commercial banks, insist on collateral as a security. SMEs entrepreneurs are faced with kickbacks when they are receiving credit in situations where there are no collaterals (Asamoah & Doe 2021) that lead to sluggishness and lack of driving force for development and expansion in some sectors. Financial accessories form a crucial side of enterprises that need firmness and development on their operation (Ratnawati 2020).

2.4. Conceptual Framework

FIGURE 1:

Conceptual Framework

Independent Variables **Dependent Variable**



The conceptual framework above exemplifies interconnection linking independent variables and dependent variables (Kothari 2017). The independent variables include; interest rate charged.

Financial institutions, collateral and literacy levels while the dependent variable is the accessibility of credit by rural Small and Medium Enterprises in Migori County, Kenya.

2.5 Operationalization Study Variable

In this research study on variable operationalization of variables, a Likert scale can be applied assessing independent variables and dependent variables indicating the measurement of an idea as shown below on the table

TABLE 1

Study Variable Operationalization

Variable	Indicator	Measurements
Interest rate charged	Credit score Tax Time Credit risks	Likert Scale (1-5) where 1-strongly disagree; 2-disagree; 3-neutral; 4-agree and 5-strongly agree
Financial Institutions	Institution Availability Credit availability Accessibility Donor and agencies	Likert Scale (1 to 5) where 1-strongly disagree; 2-disagree; 3-neutral; 4-agree and 5-strongly agree
Collaterals	Property value Repayment Other source of finance Risks involved	Likert Scale (1 to 5) where 1-strongly disagree; 2-disagree; 3-neutral; 4-agree and 5-strongly agree
Literacy level	Level of education Credit information Credit awareness Training sessions	Likert Scale (1 to 5) where 1-strongly disagree; 2-disagree; 3-neutral; 4-agree and 5-strongly agree

Source: literature review 2023

2.6 Research Gap

It is evident that accessibility of credit had an influence on success on an increase in size of the firms, provide an awareness to source of credit and enhances growth and development of SMEs. Whereas most findings offer evidence on positive correlation, some have provided mixed outcomes, which shows that businesses, which are properly provided an accessibility of credit, are more stable and have optimal profits than those which are not. As a result, the following research gaps were identified:

First, most studies on accessibility of credit are condensed in developed countries and yet the accessibility of credit is much better as compared to developing countries that they experienced earlier.

Second, most studies used financial and accounting appraisals indices to gauge the performance disregarding the measures of favourable outcome and sustainability of the enterprises.

Thirdly, some of the studies sampled utilized secondary data yet secondary data is meant for other intentions vary from what they are made to perform which has been the cause of mixed results on accessibility of credit studies across the globe hence this discovery utilized primary data to take care of this anomaly.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section provides a procedure utilized carrying out the study. This involves descriptive design of research, population target, data gathering tools and an approach utilized in analyzing data for presentation. The mode of research intended to allow the researcher to secure data, process and explicate it.

3.2 The Design of Research Study

Research design described procedure and approach for gathering and interpreting data on the variables defined in the quizzes of research to attain the study objectives collectively. Descriptive research design was utilized in this study. Data gathered among the sampled participants employing the identical tools at the same time for reliability of instruments.

The design acknowledged the collection of data analyzed quantitatively and qualitatively to make a correspondence looking into interconnected linkages. This design is suitable for contemporary study as it sought to survey variables affecting accessibility of credit by rural small medium businesses within the county of Migori.

3.3 Population Target

Target population refers to the subset of the overall population that best illustrates the required features. This research study targeted small and medium sized enterprises running within Migori county, who are in possession of permits or licenses of businesses registered from the county government of Migori. The target population in the research study involved 1,020 small and medium enterprises operating and licensed by the County government of Migori.

TABLE 2:

Target Population

Sector (proprietor)	**Frequency**
Medical	40
Agricultural	160
Metal works	50
Electronics	105
Mechanics	85
Woodworks	108
General supplies	72
Min-stores	85
Bookshops	35
Transport	120
Entertainment	70
Mining	20
Cosmetics	42
Hospitality	16
Others	12
Total	**1020**

Source: Study Data (2023)

3.4 Sampling Technique and Sample Size

A stratified sampling method utilized to come up with 102 Small Medium Enterprises involved in research study. Sample size of 102 small and medium enterprises a representative of 10% of population target selected for research (Mugenda and Mugenda 2013) since a sample of between 10%- 30% is considered enough or sufficient for the study.

The study adopted 10% of the population. Stratified sampling technique and simple random sampling steps employed in which SMEs from each stratum are selected. The sampling procedure gives an opportunity to each individual element in the stratum a chance of being selected. Data gathered from every stratum, for the purpose of this study as shown in the table of the target population. The sampling steps are selected to ensure that the part of research has an equal sample to strengthen validity of research findings.

3.5 Collection of Data

On data gathering, it involves primary and secondary data gathered for research study. Primary data collected by means of structured closed and open research instruments. Questionnaires are free from prejudice on the correspondents and delivered to a number of participants (Kothari 2017). Questionnaires are easier to carry out than interviews when the sample size is big. The questionnaires are closed-ended and divided into parts relating to goals in order to gather participants' outlook issues. In order to operationalize and measure research variables Likert scales were used. Participants were requested closed-ended quizzes. The researcher paid a visit to the field of SMEs individually, prior to the data collection notifying the owners the purpose of carrying out the research.

Secondary data acquired from any accessible details kept by the county Government of Migori data records on SMEs. These incorporate letters of authority, permits and licenses that allow them to carry out businesses within the county. In addition to any available records of finance maintained by the SMEs forms source of Secondary data. These involve income and expenditure statements, balance sheets, bank statements and statements of cash flow in a minimum of at least three financial years.

3.6 Reliability of The Data Collection Instruments

The consistency of measurement of an instrument giving the same result when measured multiple times is referred to as a reliable instrument. The relevance of the questionnaire evaluated using Cronbach alpha formula in this study. When a pilot study is done, this method is crucial in ensuring that feedback among themselves is consistent. According to De Barros da Silva & de Francisco (2020), low reliability indicates when a value is 0.5 or less, for the alpha coefficient moderate reliability indicates values from 0.5 to 0.7, and high reliability shows when values are greater than 0.7. The reliability of the questionnaire itself is analyzed using Cronbach alpha formula.

3.7 Data Analysis

This process requires elucidating data gathered. Here the questionnaires from the field have been completed and collected from each respondent and also records from secondary data accomplished and collected from the correspondents (Mazhar etal. 2021). The researcher analyzed data by means of descriptive statistics, correlation analysis and multiple regression analysis with the aid of SPSS.

Thereafter, various results were obtained and arranged by data editing, data sorting, and coding of data to evolve linkages with the support of spreadsheets. The information assessed qualitatively and quantitatively summarizing the observations (Mohajan 2020). The researcher utilized acquired data in detail, developing designs and interconnections from selected data. The data acquired from the study represented in graphs, pie charts and frequency tables for easy elucidation.

Also, inferential statistics was utilized to evaluate the link that existed amongst the variables. In connection to an assessment of accessibility of credit by rural SMEs in Migori County, the researcher survey used exploratory factor analysis to figure out various aspects to an extent of explanatory power for the study. Exploratory factor analysis (EFA) is an influential statistical step utilized in hypothetical constructs validation (Kothari 2017).

However, Kothari suggested as usual to elucidate factors loading 0.40 as an absolute least value. Knekta, Runyon & Eddy (2019) argued that for factors to be used in the measurement of model should be greater than a factor loading of 0.33; and a factor loading at most 0.7 is removed in improving model fitness. The independent variables are linked to dependent variable using a multivariate regression model shown below;

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu}$$

Such that;

Y- accessibility to credit

X1-interest rate charged

X_2- financial institutions

X_3 -Collaterals

X_4- literacy levels

β_{1}- β_4 – coefficient of independent variable

μ- Error term

The above equation, the coefficient $\boldsymbol{\beta_i}$= 1 ... .4 assesses the sensitivity of the dependent variable (Y) to unit change in the predictor variables. $\boldsymbol{\beta_0}$ is the constant term, $\boldsymbol{\mu}$ represents the error symbol which gives the unexplained variations in the model.

Statistical method resolves the equation above where Statistical Package for Social Sciences (SPSS) employed.

3.7.1 Diagnostic Tests

Diagnostic tests carried out to ascertain if the assumptions of the regression model had been broken. The assumptions of normality, linearity, homoscedasticity, and multicollinearity are required in Best Linear Unbiased Estimator (BLUE) where they should not be broken during regression estimation (Barker & Shaw, 2015).

Normality, data follows normal distribution forming a main assumption of regression analysis. It can be evaluated by monitoring the skewness that marks the extent of quality distribution deviating from normal symmetry. Zero value shows that the distribution is symmetrical and a strong skew indicates more values and negative values reveals large values. In this research study the Shapiro Wilk tests were utilized to evaluate the normality of residuals.

In multiple regression, an assumption of linear connection between dependent variable and independent variables (Black and Babine 2019). A cluster of measured values formed round a straight line shows a valid assumption. If the assumption of linearity is not valid, the model will not be reliable, meaning some of the samples have bigger values than others. For linearity tests ANOVA test is used. If the **P**-value is not greater than 0.05 deviating from linearity, the ANOVA test rejects the linearity assumption. The box-cox and log transformations address the issue of a non-linear relationship.

Multicollinearity refers to an idea of independent variables not linearly correlated when performing regression modeling. Variance Inflation Factor (VIF) was utilized in examining the data for multicollinearity to ascertain if expected regression coefficients were exaggerated when the predictor variables were not interconnected. If the VIF value is not less than 10, this shows a significant occurrence of multicollinearity (Black & Babine, 2019).

Heteroscedasticity was utilized to show unfixed variance errors that lead to bias or false test outcomes and confidence intervals in standard errors. For non-linear and non-normal errors, the white test was employed. The chi-test of type nR_2 that is (n- sample size & R_2 –un adjustable coefficient of determination with the degree of freedom(f). Breusch-Pagan test was used to assess homoscedasticity.

Autocorrelation test is the extent between the same elements across various observations in the data. Durbin Watson statistics was used.

CHAPTER FOUR

DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

The section gives the statistics of information that was gathered via the utilization of research instruments that is the questionnaire. The data obtained was examined according to the aim of the research achieved through analyzing information on interpretation and the findings made for discussion. The main theme of the study sought to find out the factors that affect the accessibility by rural small and medium enterprises in the county of Migori.

Categorically, the discovery from the research sought to look into the part played on interest rate charged, the financial institutions, collaterals, and the level of literacy in the county of Migori, Kenya. Various processes are done before data being analyzed such as data being screened to inspect the misplaced or lost variable, available abnormalities from other valuables in the random sample from population and any error(s) occurring during the process of entering information or updating the records in the database.

Final assessment showed that six instruments had over 85 percent of data misplaced or lost and they were reviewed as inappropriate and debarred for more inquiry. The instruments that had little items in question the median of the next items were utilized in filling using statistical packages for social sciences.

4.2 The Rate of Respondents

On the sample selected that comprised 102 items for research study, 90 questionnaires sent back correctly permeated constituting the acknowledgement proportion of 90 percent as observed below on the table 4.1. In agreement with Kothari (2017) the proportion of 50 percent is adequate, 60 percent is favorable while above 70 percent is satisfactory. The feedback was associated with the self-issuing of research instruments with the deputy of research assistant who made available in the duration categorically on SMEs in the county of Migori, Kenya.

TABLE 3

Respondents Feedback

Questionnaires.	**Number of questionnaires**	**Percentage**
Returned.	90	88.2
Non returned	12	11.8
Total	102	100

Source: Study Data (2023)

4.3 General Details

The research study tries to explore the statistics of population and their features of the participants. These figures comprise the owners of Enterprises, experience expected in the enterprises, age bracket, status in marriage, sex and amount used to start the enterprises.

4.3.1 Respondents' *Age*

The researcher tried to look into the general particulars of SMEs ownership and enterprises composed of age brackets, marital status, experience in business, owners of legal business, number of employees and start-up fund amount. One age bracket of the participants observed that most of them were 26-30 years that represented 39 percent, then those who aged in a bracket of 31-35 years had 26 percent, followed by the ones in the aged bracket of 21-25 years represented 23 percent and finally the age bracket of 20 years and below formed 1 percent. This reveals that the majority of SMEs owners begin at the age when most of the population have completed their system of education in Kenya.

4.3.2 Gender

From the study it revealed that male represented 66 percent of the population while females were represented by 24 percent. This showed that male dominated small and medium enterprises in Migori county.

4.3.3 The level of education

Education levels play a role in promoting the small and medium enterprises in Migori county. According to the study, secondary level represented the largest portion of the proportion studied with 45 percent followed by primary levels equally by 30 percent then college level represented by 10 percent while 3 percent represented the university levels. This can be interpreted that most of the SMEs owners had completed secondary levels before they engaged in business.

4.3.4 Marriage Status

The research study investigated status in marriage of the SMEs ownership. It was observed that married owners formed the most population in number attaining 33 percent, followed by those who were single represented 39 percent of the population studied, and the bracket of those who underwent separation have a percentage of 11, lastly the one who have divorced formed the smallest percentage of 7.

According to the population study on marriage status, married owners make the highest pyramid of population revealing that there is adequate support for married couples to operate SMEs successfully.

4.3.5 Experience in Enterprises

Various essentials needed in enterprise operations where some sort of skills and expertise play a vital role in running the enterprises for effective use of capital to provide optimal gains. In this relationship, the research study investigates the expert on the side of the holders in holding the businesses. The discovery revealed that many participants had the age experience in the brackets of 11-15 years representing 46 percent of the population sample, followed by the age experience brackets 6-10 years which was allotted 29 percent of the total population, then 20 percent had the age bracket experience of over 20 years.

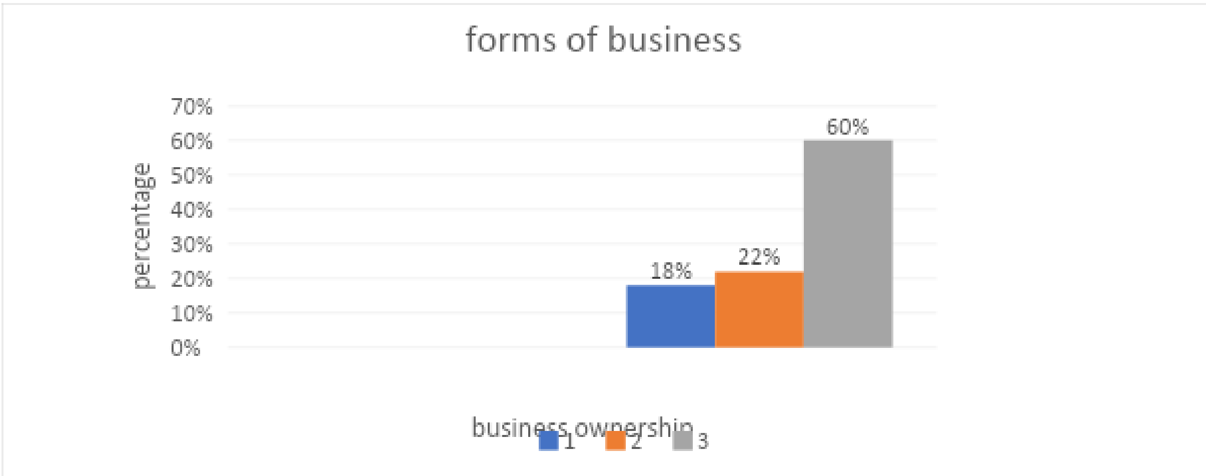
Moreover, those who had an age bracket of 1-5 years of experience had a representation of 8 percent. Finally, age bracket experience 16-20 years was represented by the least percentage of 2. This showed that the participants had adequate expertise to provide the feedback to the quizzes on accessibility on credit.

4.3.6 The Ownership of the enterprises

The type of enterprise the owner holds gives the term of credit accessible, necessitating research study to take various forms of legal holders of SMEs in the county of Migori, Kenya. Most enterprises that formed the largest proportion of the population had 60 percent sampled were solo traders then seconded by private limited companies that had 22 percent on the representation while on the issues of partnership formed the least part with 18 percent as Shown in Figure 4.1.

FIGURE 2:

Legal Business Ownership



Source: Study Data (2023)

4.3.7 The Number of Employees

The workers who are operating on the enterprises describe the direction of the capability of the undertakings. This enlightened the researcher of the study to investigate the number of workers in every enterprise. In the research study, the bracket of 11-20 employees formed the largest portion representing 45 percent of employees in various enterprises where the bracket of 20-30 employees followed with 29 percent while the bracket of not greater than 10 employees formed the least count representing 15 percent. Lastly, the employees with the bracket of above 30 had as little as 1 percent of the sampled population. This implied that the greatest number of employees among the small and medium enterprises in the research study had a range eleven to twenty employees.

4.3.8 Start-up Capital

The researcher tried to find out the needed start-up capital by various small and medium enterprises. It was discovered that most small and medium enterprises with the highest percentage that is 39 percent had a capital bracket of 10001 to 50000, this followed by the capital bracket of 50001 to 100000 representing 23 percent of the portion of the selected population. However, 14 percent of the selected population lies in a capital bracket of less than 10000.

Also, the next capital bracket was 100001 to 150000 representing 9 percent of the data selected for study while the capital bracket of above 150000 had 5 percent whose value formed the smallest proportion of the population studied.

TABLE 4:

Amount of Start-up Capital

	Frequency	**percentage**
Below 10000	13	15
10001-50000	39	43
50001-100000	24	27
100001-150000	09	10
Above 150000	03	05

4.4 Pilot Results

4.4.1 Reliability Analysis

The capability of a research instrument to give unvarying and steady measurements refers to reliability of that instrument. Cronbach’s alpha is the reliable coefficient measure that gives the approximation of internal consistency to calculate the relationship test on items and the internal coherence of data. The accuracy is given as a coefficient between zero and one. The less the coefficient the less reliable the data test and the higher the coefficient the more reliable the test.

The investigation revealed that the values from the research study using Cronbach's alpha showed the suggested values is greater than 0.7 hence the findings were reliable. The following table 4.3 shows reliability designed research instruments on each variable.

Table 5:

Reliability Analysis

Variables	**Number of items**	**Reliability Cronbach's Alpha**	**Comments**
Interest Rate charged	8	0.719	Accepted
Financial Institutions	9	0.692	Accepted
Collaterals	8	0.697	Accepted
Collaterals	7	0.684	Accepted

Source: Study Data (2023)

4.4.2 Validity Analysis

Research instrument's validity tests can be done using principal component analysis methods. Heir etal (2010) argues that the measure for variables obtained in the research study with sample proportion not greater than 200 variable loading not less than 0.40 are taken to be statistically important on the extent of statistical perspective. Then, a separate step of 0.40 utilized as factor loading on the present research study which had a sample proportion of 102. Nevertheless, if the factor loading is higher the variables seem to be better (Heir et al 2010).

On the issue of collateral as security all factor loading were not less than 0.40 with the bottom most having a loading of 0.593 and the lowest at most is 0.781. Secondly, features of interest charged had a loading factor not less than 0.40 which resulted be taken into account for the next examination. The next feature that is taken into consideration on levels of literacy showed that the least factor loading was 0.052 and had a top most of 0.668 hence it qualified for the next statistical examination. Finally, financial institutions in the research study found that the at most loading of 0.852 while having the lowest loading of 0.528. Because there were no other factor loading that is 0.40 and below, it means that all factors were taken into account for the next or subsequent examination.

4.5 Descriptive Statistics

4.5.1 Collateral and Accessibility of Credit

Collateral as a variable has a positive impact on the access to credit according to the research study. Among the factors presumed to have influence on access to credit are collaterals. In this perspective, the study sought to solicit the participants to state the extent of their agreement or disagreement on the category of l-5 Likert scale on various levels where: 1- strongly disagree, 2- disagree, 3-neutral, 4-agree, & 5- strongly agree. Table 4.4 shows the findings.

Table 6:

Collateral Assessment

Statement	N	Mean	Std.DeV
Financial institutions are unwillingly bringing credit, we operate offhandedly finding hard for us to offer admissible approval of our earnings	90	4.4333	3.20130
Financial institutions stand firm on main lending on conditions that the offer of Collaterals as a security	90	4.1778	0.78723
On examining the probability refinancing loans, financial institutions acquire negative attitude regarding small firms instead of looking into savings giving rise to ability of an entity	90	4.1111	0.89247
Sometimes we go for a group loans or Chama because we easily pledge each other	90	4.1000	1.02825
On many instances, I lack collateral as security to secure a loan to boost my enterprises	90	3.7556	.92786
The essentials that I offer collaterals for my credit has made me search other ways to refinance my enterprise from relatives and refinancing on short term credit.	90	3.7444	1.00069
Financial facilities to some extents focus on ability to refund credit rather than on security in our enterprises	90	3.7333	0.95752
Valid N (listwise) average mean & SD	90	4.008	1.2565

Source: Study data 2023

Table 6 above indicates that financial facilities focus on ability to refund credit rather than on security of SMEs enterprises, On many instances, lack collateral as security to secure a loan to boost enterprises was also a concern, searching other ways of getting finance from relatives to repay the loan that the owners offer collaterals for the credit, On refinancing loans financial institutions acquire negative attitude regarding small firms instead of looking into savings giving rise to ability of an entity and SMEs go for a group loans or Chama because they easily pledge each other. Those concerns were undertaken at strongly agreeing revealing their mean values and their standard deviation as 3.7333(SD=0.95752, 3.7556(SD= 0.92786), 4.1111(SD=0.89247), 3.7444(SD=1.00069), 4.1000(1.02825) which corresponds to a scale value of '5' that stands for strongly agree.

The outcome, however, indicated that financial institutions had a firm stand on main lending on conditions on the offer of Collaterals as a security, and they were unwilling to give credit and the SMEs owners operated offhandedly finding it hard for them to offer admissible approval of their earnings. Their assessment was undertaken agreeable as shown by mean estimate values of 4.1778(SD=.78723), 4.4333(SD=3.20130) which corresponds to a scale value of 4 which stands for 'agree'. The overall assessment revealed that enhancement of collaterals was strongly agreed as a significant variable that had a very strong impact on accessibility of credit.

4.5.2 Interest Rate Charged and Access to Credit

This variable is considered to have a great impact on credit accessibility in the study. The interest rate on credit access was carried out. Various participants were requested to show the standard of agreement on if financial facilities charged extorting interests.

The statements of their opinions were on the category of l-5 Likert scale on various levels where: 1- strongly disagree, 2-disagree, 3-neutral, 4-agree, & 5- strongly agree. Table 4.5 shows their findings.

TABLE 7:

Rate Of Interest Charged assessment

Statement	**N**	**Mean**	**Std. Dev**
Financial institutions seize assets that I utilize in daily operations due to decline to repay on time disappointing me from borrowing	90	4.1778	0.96661
Financial facilities sometimes figure out to utilize impracticable ways of recuperating for declining to refinance a loan mostly when marketing state is critical.	90	3.7333	1.02552
Sometimes interest rate charged on credit depends on the collaterals offered or enterprise category	90	3.6222	1.13749
Financial institutions' interest rates charged are restrictive	90	3.4444	1.14275
The financial institutions interest rates charged are high thereby discouraging us from taking credit.	90	3.3889	1.14847
Credit operation costs and charges are impractical	90	3.3556	1.02015
Financial institutions give out on a short-term basis with high interest rates and this discourages me from borrowing credit.	90	3.1444	1.000686
I ran away from taking a loan because financial facilities do not look at my capability to coincide with the interest rate set	90	3.1000	1.03912
Valid N (listwise) average mean & SD	90	3.4958	1.0601

Source: Study Data (2023)

The table 7 above reveals that the interest rate charged sometimes depended on collateral offered or enterprise category, and financial facilities sometimes figure out to utilize impracticable way to recuperate from declining to refinance a loan when marketing state is critical were undertaken on strongly agreeing by the respondents showing their means and standard deviations as mean 3.6222(SD=1.13749) & 3.7333(SD=1.02552 which corresponds to a scale value of '5' that stands for strongly agree.

The results, also revealed that financial institutions' interest rates charged were restrictive, financial institutions give out credit on short term basis with high interest rates and this discourages borrowing, financial facilities do not look at capability to coincide with the interest rate set, the financial institutions interest rates charged were high thereby discouraged from taking credit, credit operation costs and charges are impractical and financial institutions seize assets that SMEs owners utilize in daily operations due to decline to repay loans on time.

The evaluation of the statements showed their means and standard deviations as 3.4444(SD=1.14275),3.14444(SD=1000686),3.1000(SD=1.03912),3.3889(SD=1.14847),3.35 56(SD=1.02015) & 4.1778(SD=0.96661) respectively which corresponds to the scale value of '4' that stands for 'Agree'.

The evaluation of interest rate indicated that the SMEs holders had agreed and strongly agreed showing a strong relationship that interest rate charged had a significant impact on accessibility of credit.

4.5.3 Literacy Level and Access to Credit

Table 8:

Literacy Levels Assessment

Statement	N	Mean	Std.Dev
Due to trainings, undergone, I have realized increase in enterprise linked results like sales and gains	90	4.4444	0.73609
Financial institutions rise to focus on cost-effectively by integrating credit with other services creating links	90	4.4111	0.76282
Financial institutions adjusted providing training lessons that form awareness of products beneficial to enterprises.	90	4.4111	0.85977
I am being equipped by my education level with the knowhow and the art for an extent in effective in running our enterprises	90	4.3556	0.91567
Charges and particulars available are not interpreted well in a language that is understandable, this upsets me from borrowing	90	4.3333	0.76438
Training lessons support in explaining outlays and physical assets, setting values of investments and business credit sales	90	4.2778	0.82145
At the time of my link with the financier depends if I can obtain the credit	90	4.1111	0.85387
The state of laws and regulations are complex, I do not know the legitimate matter that are necessary to address the accessibility of credit	90	4.0111	0.90559
Most programs introduced in financial facilities credit is connected to health, nutrition and other non-financial services	90	3.9667	1.01062
Education level has significant effect on accessibility on when/how to obtain credit to improve the business	90	3.9222	1.10390
Financial decisions are supported by the academic qualification	90	3.9111	0.99034
Raise in sales and gains due to trainings made operations easy in trade	90	3.9000	0.97208
Valid N (listwise) average mean & SD	90	4.1712	0.89138

Source: Study Data (2023)

As a variable, literacy level has a significant influence on the accessibility of credit. Participants' feedback was measured on five points Likert scale on various levels where: 1- strongly disagree, 2-disagree, 3-neutral, 4-agree, & 5- strongly agree.

Table 8 above about Literacy level showed that Charges and particulars available are not interpreted well in a language that is understandable, this upsets me from borrowing, Financial decisions were supported by the academic qualification acquired, due to trainings, undergone, I have realized increase in enterprise linked results like sales and gains, Most programs introduced in financial facilities credit is connected to health, nutrition education and other non-financial services, education level has significant effect on accessibility on when/how to obtain credit to improve the business, the state of laws and regulations are complex, I do not know the legitimate matter that are necessary to address the accessibility of credit for my business, the time between the SMEs owners link with the financier depends whether to obtain the credit and education provides the knowhow and the art to a greater extent in effective running of enterprises corresponds to the scale value of '4' which stands for 'Agree' with the mean and standard deviation as with the mean and standard deviation as 4.3333(SD= 0.76438), 3.9111 (SD= 0.99034),4.4444(SD=0.73609),3.9667(SD=1.01062),3.92229(SD=1.10390),4.0111(SD=0.90559 0), 4.2778(DS=0.82145), 4.1111(SD=0.85387), & 4.3556(SD=0.91567).

Furthermore, sales and gains were realized due to training made in operation of enterprises corresponding to the scale of '3' which stands for neutral with a mean and standard deviation of 3.9000(SD= 0.97208).

However, Financial institutions adjusted providing training lessons that forms awareness of products beneficial to enterprises and financial institutions rise to focus on cost-effectively by integrating credit with other services creating links in promoting our services indicated disagreement on the statement corresponding to a value scale of ‘2’ which stands for disagreement with a mean and standard deviation of 4.4111(SD=0.85977) & 4.4111(SD= 0.76282).

On the other hand, training lessons supported in explaining outlays and physical assets, where to trade, setting values of investments and business credit sales respondents both agreed and disagreed on equal measure corresponding to scale value of ‘2’ &’4’ respectively. Finally, most participants really strongly agreed and few participants agreed to disagree on equal measure respectively that literacy level as a variable had a significant influence on accessibility of credit.

4.5.4 Financial Institutions and Access to Credit

The variable that also has a greater impact on accessibility of credit is the financial institutions that perform the financial intermediaries’ functions. When participants requested to show the standard of agreement utilizing the five Likert scale on various levels where: 1- strongly disagree, 2-disagree, 3-neutral, 4-agree, & 5- strongly agree.

Table 9:

Financial Institutions Assessment

Statement	**N**	**Mean**	**Std.Dev**
Financial institutions are incorporating mobile money transfer services due to rise in emerging new technology demand	90	4.4222	0.86086
Credit availability has been enhanced by the personal relationships made with the financier	90	4.2889	0.72274
Nowadays, most financial institutions are focused on services that are coming up to attract the interest of donor agencies like NGOs, credit unions, and other financial intermediaries offers	90	4.2444	0.78341
Credit accessibility has been made easy due to access to financial institutions by most of the small and medium entrepreneurs which has led to enterprise development.	90	4.1889	0.84660
Most financial institutions had not broken the bulky of the products to fit our wants	90	4.0667	0.94572
The location of financial institutions in fields increase savings which has an impact on extra capital input in the enterprises	90	3.9778	0.80696
Integrating access to financial services effectively has been realized by the most entrepreneurs through financial institutions	90	3.8778	0.84571
Valid N (list wise) average mean & SD	90	4.1524	0.8303

Source: Study Data (2023)

On the table 9 above revealed that Financial institutions are incorporating mobile money transfer services due to rise in emerging new technology demand for credit services, most financial institutions are focus services that are coming up to attract the interest of donor agencies like NGOs, credit unions, and other financial intermediaries offering credit utilities, credit availability has been enhanced by the personal relationships made with the financier, credit accessibility has been made easy to access due to access to financial institution by most of the small and medium entrepreneurs which has led to enterprise development and expansion, financial institutions had not broken the bulky of the products to fit SMEs wants, and integrating access to financial services effectively has been realized by the most entrepreneurs through financial institutions corresponds to a scale value of ‘4’ which stands for ‘Agree’ with a mean and standard deviation of4.4222(SD=0.86086),4.2444(SD=0.78341),4.2889(SD=0.72274),4.1889(SD=0.84660),4.0667(SD=0.94572), 3.8778(SD= 0.84571).

Lastly, the location of financial institutions in the field has made an increase in savings which has an impact on extra capital input in the enterprises indicating a scale value of ‘3’ which stands for neutral with a mean and standard deviation of 3.9778(SD=0.80696). Most participants agreed according to the statements assessed meaning financial institutions had a significant impact on accessibility of credit among the SMEs.

4.6 Factor Affecting Accessibility to Credit

On accessibility to credit, the extrication technique of principal component analysis was utilized as it was also investigated with Exploratory factor analysis and Varimax tried to be significant as a rotational technique.

The outcome showed that 86 percent of the credit access was affected by suppressive interest charged by financial facilities and financial institutions present around the business’s operations zones enhancing the mobilization of savings. On the other hand, 56 percent give an account of details that total interest levied at times is inter-connected with collateral as security or the kind of enterprises being operated. However, 71 percent of SMEs holders revealed that they have noticed the rise of revenue as an outcome of taking part in various training sessions. Nevertheless, 62 percent revealed that they were afraid of fund requests because of favoritism by other financial institutions in account of interest on refunding.

Also, 71 percent indicated that they have managed to get into interaction with the financial provider to enhance the rising chances of accessing credit. Then, 58 percent of participants revealed that they are discouraged by the prohibitive interest rate levied on short term funds acquired thus limiting their demand for credit. On the issue of participants' statements, it was argued that most altered financial institutions utilities have increased breaching the definite access credit gap. 65 percent believe that financial institutions inhibit SMEs owners from obtaining credit due to the high interest rate charged by those financial facilities.

On the same discovery, 70 percent of participants obtain funds as ‘Chama’s ‘to make effective refunding and their undertakings acts as security for guarantee of the loan. On terms and conditions set by financial facilities and shylocks have prevented the SMEs holders on opinion supported by 65 percent of respondents. On another argument 64 percent of participants revealed that financial institutions taking risks have prevented them from obtaining credit since there is fear of unknown whether there could be losses than gains.

Notwithstanding, 62 percent on the findings argued that financial institutions around the zones of working provided them with training which gives credit insights and the outcome boosts financial availability of SMEs holders. Surprisingly, 85 percent of respondents argued that unrecognized penalties were extracted by microfinance institutions on default to refund the amount even in adverse situations on transactions. Similarly, 70 percent of respondents revealed that obtaining access to microfinance facilities boosted the credit accessibility to several SMEs while 60 percent of participants showed that the period of interactions with the credit provider reveals if they can obtain access to credit.

Most participants that represented 85 percent argued that obtaining credit was a problem since details present from financial facilities do not motivate the owners to obtain credit. Finally, 56 percent of respondents argued also that the coming up of mobile banking technologies has raised credit access amidst the SMEs owners.

4.7 Inferential statistics

4.7.1 Correlation Analysis

The findings try to influence the way and the power of the interconnection amid the various variables assumed to have a great effect on accessibility of credit by demonstrating a correlation analysis. The link amid accessibility of credit and rate of interest charged was investigated as weak and positive having a rho of 0.0990 being at 1 percent on level of significance. To some extent correlation between collaterals and accessibility of credit was discovered to have strong power and positive having a rho of 0.6210 at 1 percent level of significance as shown on table 4.8 below.

However, it revealed that there was an existence of a stronger power and positive link amid the evaluation of accessibility of credit and literacy level at 1 percent significance having a rho of 0.7010. Lastly, correlation analysis conducted on financial institutions to determine the measure

TABLE 10:

Correlation Analysis

		Accessibility of credit	interest rate	collaterals	financial institution	Literacy level
Accessibility of credit	Pearson Correlation	1	.099	.621**	.763**	.701**
	Sig. (2-tailed)		.355	.000	.000	.000
interest rate	Pearson Correlation	.099**	1	.061	.091	.130
	Sig. (2-tailed)	.355		.570	.395	.221
collaterals	Pearson Correlation	.621**	.061	1	.606**	.543**
	Sig. (2-tailed)	.000	.570		.000	.000
financial institution	Pearson Correlation	.763**	.091	.606**	1	.637**
	Sig. (2-tailed)	.000	.395	.000		.000
literacy level	Pearson Correlation	.701**	.130	.543**	.637**	1
	Sig.(2-tailed)	.000	.221	.000	.000	

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

Source: Study Data (2023)

on accessibility of credit at 1 percent on level of significance, found to have the strongest power and positive link, rho equal to 0.7630.

4.8 Regression Analysis

4.8.1 Normality test

On demonstrating a regression analysis, assumption tests done on the model to study elements for regression. In this link, a normality test was carried out to establish the basis for regression analysis.

Table 11:

Normality Test

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
interest rate	.092	90	.058	.952	90	.002
collaterals	.081	90	.200*	.945	90	.001
financial institution	.145	90	.000	.950	90	.002
literacy level	.107	90	.012	.949	90	.002
*. This is a lower bound of the true significance.						

Source: Study Data (2023)

The table above shows that the **p** values for the Kolmogorov-Smirnov and Shapiro Wilk tests of standardized residuals are 0.200 and 0.01>0.01 respectively. This is an indication that the variables were normally distributed..

4.8.2 Multicollinearity Analysis

Multicollinearity as the next test for regression assumptions utilized Variance Inflation Factor and tolerance.

TABLE 12:

Multicollinearity test

Coefficients [a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	interest rate	0.983	1.018
	collaterals	0.591	1.693
	financial institution	0.498	2.007
	literacy level	0.55	1.817

a Dependent Variable: Accessibility of credit **Source: Study Data (2023)**

In this case VIF s were not greater than 10 and tolerance measures for all variables were greater than 0.10. The multicollinearity results on the table shows that the VIFs (1.018, 1.693, 2.007 and 1.817) are less than the recommended threshold of 10. This reveals that there was no multicollinearity in the data and the assumption of multicollinearity has not been violated.

4.8.3 Heteroscedasticity Test

To assess for homoscedasticity Breusch-pagan test for heteroscedasticity was utilized as shown on the Table 13

Table 13:

Breusch-pagan test results

Breusch-Pagan Test for Heteroskedasticity [a, b, c]

Chi-Square	df	Sig.
1.841	1	0.175

Dependent variable: Accessibility of credit

Breusch-Pagan Test for Heteroskedasticity outcome as (x^2)> [p value <sig] then it indicates that the assumption is homogenous and does not violate the homogeneity of variances. In this case 1.841> 0.175 meaning that the data is homogenous.

4.8.4. Autocorrelation Test

Table 14:

Model Summary of Durbin-Watson

Model Summary b	
Model	**Durbin-Watson**
1	2.177

a). Predictors: (Constant), literacy level, interest rate, collaterals, financial institutions

b) Dependent Variable: Accessibility of credit

The results on the table shows that the Durbin-Watson statistic is 2.177, which lies between the recommended threshold of 1.5 and 2.5. The results thus indicate the absence of autocorrelation

4.9 Model Summary

The outcome of the model survey showed that 67.7 percent of the variances on accessibility to credit amidst the SME owners within Migori county can be described by the interest rate charged, collaterals, levels of literacy and financial institutions. The rest of the percentage can be expounded by other variables outside the model replica.

Table 15:

Model Summary

model	R	R Squared	Adjusted R Squared	Std. Error of the estimate
1	.823a	.667	.662	.24792

Predictors: (Constant), Literacy level, Interest rate, collaterals, financial institutions

Table 4.7 reveals that the R squared (coefficient of determination) value is 0.677, which indicates that 67.7% of the variation in accessibility of credit is explained by the independent variables (interest rate charged, collaterals, financial institutions and literacy levels). Thus, 32.3% is accounted for by other factors not considered in the study and the error term. The correlation coefficient (r=0.823) value indicates a joint strong correlation among the variables

4.10 Analysis of variances

The analysis of variance showed that the rate of interest, financial institutions, collaterals and literacy levels all in collaboration had key impact on accessibility of credit amidst the SMEs in Migori County and all the variables had slope coefficients.

Table 16:

Analysis of Variance Analysis (ANOVA).

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.964	4	2.741	44.593	.000[b]
	Residual	5.225	85	.061		
	Total	16.188	89			
a. Dependent Variable: Accessibility of credit						
b. Predictors: (Constant), Literacy level, Interest rate, collaterals, financial institution						

Source: Study Data (2023)

The ANOVA outcomes in table above shows an F-statistics value of 44.593 which is statistically significant as depicted in a **p**-value of 0.000<0.01. This revealed that the regression model is fit and statistically significant for the study.

4.11 The Regression Coefficient

Table 17:

The Regression Coefficient

Coefficients [a]	Unstandardized Coefficients		Standardized Coefficients		
model	**B**	**Std Error**	**Beta**	**t**	**Sig.**
1(Constant) β_0	1.282	.252		5.083	.000
Interest rate (X_1)	.004	.047	.006	.089	.929
Collaterals (X_2)	.103	.048	.172	2.141	.035
Financial Institutions (X_3)	.327	.062	.457	5.239	.000
Literacy level (X_4)	.238	.063	.316	3.800	.000

Dependent Variable: Accessibility of credit **Source: Study Data (2023)**

Regression coefficient outcome, such that t-ratio reveals the area that is acceptable for null hypothesis, when t- ratio is not less than + or - 2.41 then it shows a key interconnection amid predictors and dependent variables hence null hypothesis is rejected. On the other hand, the null hypothesis can be tested by p value, that is if p value is not greater than 0.01 then null hypothesis is rejected or otherwise, we accept it.

The column indicated by B reveals the kind of link which has a positive indication to show that there is a positive interconnection or negative indication to show a negative interconnection. The relationship between the predictors and dependent variables can be displayed by the link of the multivariate regression model as shown below.

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu}$$

Such that;

Y= Accessibility of credit

$\mathbf{X_1}$= Interest rate charged

$\mathbf{X_2}$= Collaterals

$\mathbf{X_3}$= Financial Institutions

$\mathbf{X_4}$= Literacy levels

$\boldsymbol{\beta_1}$- $\boldsymbol{\beta_4}$ – coefficient of independent variable

$\boldsymbol{\mu}$- Error term

The outcome of the regression model:

$Y= 1.282+0.004\ X_1\ 0.103X_2 +0.327X_3 +0.238X_4$

The results interpretation based on the equation indicates that if interest rate charged, financial institutions, collaterals and literacy levels remain unchanged or has the value of 0, accessibility of credit in Migori county would remain with a constant 1.282 units. In addition, if interest rate increases by one unit and financial institutions, collaterals and literacy levels remain constant, accessibility of credit in Migori county would significantly increase by 0.004 units.

The study also indicates a positive (**β**=0.004) and significant (**p** value = 0.0929>0.01) relationship between interest rate and accessibility of credit in Kenya. Similar findings were documented by Tirimba (2019) on consequences of interest rate revealed that interest rate as a variable affected the accessibility of credit hence it had a significant impact. Most SMEs in Migori in Migori county consider the interest rate when going for borrowing. High interest rates discourage them. Additionally, the study by Alper Clements, Hobdari& Moya (2020) also found interest rate as an element having a significant impact on accessibility of credit, it results in the downfall of credit to micro-small and medium enterprises affecting small bank loans and declined financial intermediations.

Secondly, if collateral increases by 1 unit and interest rate, literacy levels and financial institutions remain constant the accessibility of credit in Kenya would increase by 0.103 units. This indicates that collaterals have a positive (**β**=0.103) and significant (**p** value = 0.035>0.01) relationship between collaterals and accessibility of credit in Kenya. Other findings were documented by Mutinda (2020) who indicated that collaterals positively affected the accessibility of credit among SMEs and also Gebreab (2021) concurred with the findings that collaterals had a significant impact on accessibility of credit.

Third, if financial institutions increase by one unit and interest rate, literacy levels and collateral remain constant the accessibility of credit in Kenya would increase by 0.327 units. The finding thus indicates that financial institutions have a positive (**β**=0.327) and insignificant (**p** value = 0.000<0.01) relationship with accessibility of credit in Kenya. It was seconded by Ngumbi, Waweru & Rita (2020 who also recommended that financial institutions insignificantly had an impact on accessibility of credit because many SMEs depend on financial institutions as intermediaries to acquire credit. They found a strong link between financial institutions and accessibility of credit. It was also concurred with Mutinda (2020).

Lastly, if literacy levels increase by one unit and interest rate, financial institutions and collateral remain constant the accessibility of credit in Kenya would increase by 0.238 units. The finding thus indicates that a positive (**β**=0.238) and insignificant (**p** value = 0.000<0.01) relationship exists between literacy levels and the accessibility of credit businesses in Kenya. Siwale (2019) documented similar findings and found that there was a strong link between literacy skills and accessibility of credit. Thein Niigata & Inaba (2023) had similar findings that financial literacy had a significant impact on accessibility of credit. They also recommended that literacy skills support SMEs credit accessibility and decrease security matters in accessing credit from financial institutions. Also, Bello and Mustapha (2021) found identical findings that literacy level plays an important role via education.

4.12 Discussion of the Findings

Gichuki & Kamau (2022) survey to look into the elements of financial inclusions for rural farming tribes among the smallholders in Kenya. Data was gathered from 631 small and micro-sized farming businesses in Kenya. Probit model was utilized to assess the variables that were considered on probability of farming enterprises to access agricultural credit from four key lending institutions. The outcome revealed that female owned SMEs were unable to access the agricultural credit, because their small farms had no title deeds and less assets compared to their male counterparts hence, they were unable to access agricultural credit due to lack of collateral as security to access agricultural credit.

According to Alper, Clements, Hobdari, & Moya (2020) examined the impact of interest rate controls operations of SMEs in Kenya that was initiated 2016. The purpose of the checks was to decline the credit, increase accessibility of credit and raise the gains on savings. Moreover, they discovered that the regulations on interest rate checks had an effect that was not planned.

Only it results in the downfall of credit to micro- small and medium enterprises affecting small bank loans and declined financial intermediations. Due to unfavorable effects on the financial facilities provider, the interest rate even declined the economic growth on an annual basis. This also suggested that unfavorable impacts could be controlled if the ceiling was adequately high to promote financial lending loft risk takers and also other policies might be better in dealing with high cost of credit.

Asah & Louw (2021)) surveyed accessibility of credit from financial institutions to immigrant SMEs from a supply-side outlook in South Africa. The immigrant SMEs establish chances that have significant impacts for South Africa wealth. The study utilized qualitative research technique by means of an interpretive research shift to meet the aim. Data were gathered intently chosen from 16 respondents and assessed utilizing a five-step procedure of content analysis as explained by Terry Blanche, Durkheim, and Kerry.

The contention showed that financial institutions charged high interest rates that discouraged the immigrants' SMEs borrowing. Though immigrant SMEs promote chances that have significant impact for the South African wealth; not more than 5% of them can access credit from financial facilities. Collateral among other requirements were needed to fund immigrant SMEs. The replica did not specifically state the conclusion on how interest rate affected the accessibility of credit and also the researcher did not show how the collateral had an impact on the immigrants.

Okuwhere, Mirhiga, Osife & Osagie (2022) investigated on accessibility of finance among small and medium enterprises (SMEs) in Nigeria Abia State at times of pandemic. The discovery utilized a cross-sectional survey research method. Primary data was collected through research instruments of 270 Small and Medium Enterprises who requested funds from financial institutions previously within two years. Data was gathered by use of self-presented survey. The outcome revealed that collaterals played a key role in accessibility of credit. It also showed that it has a positive impact on credit accessibility. This makes large firms in a better position to access credit. It was also established that high interest rate prevented the SMEs owner from accessing credit from financial facilities. The findings did not specify how the collaterals played the role of accessing the credit and determine at what extent did the interest rate made a significant impact.

Rahim etal (2020) tried to find out about financial literacy among small and medium enterprises in Borneo Island Kuching. The study utilized a descriptive method of respondents' rate of 75 percent. Data was gathered and analyzed and showed financial literacy in common among other factors. Finally, it was revealed that financial literacy was a powerful tool that had an impact in the gainfulness of the fast-growing enterprises in the city. It was an element that changed the behavior of the owners of businesses towards financial decisions. Therefore, it was articulated that financial education was suggested among the entrepreneurs on a regular basis to keep them well informed on the latest way of managing finance in their enterprises for better financial planning, execution, and monitoring enterprises that raise generation income. The discovery did not reveal practically how financial literacy managed to adapt with the behavior exhibited by SMEs giving rise to a quiz: why?

Yerdelen K. & Yilmaz, T. (2019) investigated to discover the key financial challenges among the SMEs in Kars in Turkey. Data was collected by means of questionnaires that were administered in

340 SMEs in Kars center. Data was analyzed by frequency analysis, ANOVA Test and T test. On the outcome of the study, it was revealed that high interest rates among other problems were the key challenges identified affecting SMEs in accessing credit services. The assessment on the replica was not looked into to show how the analysis was performed to satisfy that high interest rate was the key significant effect of accessibility of credit.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this section, key discoveries of the study are summed up, inferences as well as recommendations are made. Not only limitations of the study but also suggestions for other studies are formulated.

5.1 Summary

The present findings attached from the awareness that there was a research challenge in spite of several small and medium businesses in Migori county, their appraisals were impeded because of restrained funds. Observational literature had shown many variables influencing the accessibility of credit amidst the small and medium enterprises across the nation but there were restricted findings marking SMEs in Migori county.

However, many discoveries demonstrated were constrained by means of descriptive analysis and as a result, the present findings try to amalgamate regression exploratory factor analysis (EFA) to look into the variables influencing the accessibility amidst SMEs in Migori County. The present study utilized simple random sampling to gather 102 participants from 1020 SMEs with permits and licenses within Migori County. Primary data was collected via research instruments known as closed ended questionnaires in different features revealing every variable.

The outcome of the findings showed that SMEs have offered several opportunities amidst the young men because majority of the business holders were not above 35 years of age; in addition to that, majority of them were married, the general kind of SMEs ownership was sole traders as well as partnerships and limited companies were little. Majority of the SMEs had surpassed the nurturing duration because they had been in operation for not less than five years.

In general, small and medium enterprises' accessibility across Migori county was influenced by the interest rate charged, financial institutions, collaterals and literacy levels attested at 67.7 percent while 32.3 percent was expounded by other variables outside the replica.

Correlation analysis together with regression analysis showed a positive and an important link between the interest rate charged, collaterals and accessibility of credit. Wherefore it's necessary for financial facilities to assess their advance strategies so as to provide support for SMEs to confiscate the credit to boost their enterprises appraisal.

Literacy levels and financial institutions had a positive and a notable link with accessibility of credit amidst small and medium enterprises in Migori County. Due to this analysis, there should be expanded programs in education to adjust the rising financial realization resulting in activation of penetration that boost appraisal of the small and medium enterprises' progress in an area.

5.2 Conclusion

According to the study it can be summed up that it is necessary to take into account the interest rate which is levied to small and medium entrepreneurs by financial institutions. So, taking into account the interest rate charged by commercial Banks is controlled but SMEs can access internally from some of the other roots of getting funds. In spite of the indirect link between interest rate and accessibility of credit there is a necessity to assess the limitations and delimitations of levying small interest rates on overall wealth expansion.

Even though there is a necessity for SMEs to offer collateral as a security before obtaining funds to minimize the standard of perilous vulnerability, assessing the credit rate on SMEs is personalized to establish that there is maximum profit to both the providers and the receivers.

However, financial institutions are obliged to utilize other lending techniques on the applicant's risks and trustworthiness.

Nevertheless, literacy levels have a positive impact on accessibility of credit and therefore it’s necessary to adopt financial literacy lessons to expand amidst the small and medium enterprises to boost their financial realization and as result adjust their financial character to boost their opportunities of accessing funds.

Lastly, financial institutions are obliged to rise in Migori county. Via this step the small and medium entrepreneurs have other ways of applying credit which finally boost their achievements. Tailored lending facilities should be transparent via trust groups, NGOs, particular departments such as Waku lima savings and credit cooperative societies.

5.3 Recommendations

According to the study, it can be inferenced that the rate of interest levied by various financial lenders across Migori County are obliged to be assessed and unified for the purpose of financial inclusion. For consideration, some small and medium entrepreneurs who mostly rely on internal application, should be demoralized through coaching, training offering credit services, advertising etc. The credit provider should put in place some mechanisms for instance lending in groups so as to raise the accessibility of credit amidst small and medium entrepreneurs in Migori County.

It's necessary to find other ways of utilizing collaterals as a security to boost the standard of financial inclusions among small and medium entrepreneurs within Migori County. These can be achieved through permitting various SMEs to stand for another in giving funds via the needs of collateral hence as a result rises the probability of accessing funds. The government and policy makers should also formulate legislation that enables the lenders to improve access to funds of small and medium enterprises' lenders to form a diverse and various kinds of security to be offered as collaterals.

However, the financial institutions can be raised by increasing the development of SACCOS of small and medium enterprises of various classes; for illustration churches can develop their own self-help group which is adopted to wealth creation, and motorcycles operators can also involve in SACCOS individually to support one another in case they co-guarantee when accessing the credit from financial facilities.

Finally, it is necessary to steadily coach small and medium entrepreneurs because financial literacy promotes the level of accessibility of credit among them. They should be taught about financial management, develop the accounting skills on book keepings, preparation of income and expenditure and preparation of budgets. The study also recommends that SMEs managers and owners should be supported by the government to impart the skills and mindsets needed to manage the businesses successfully by introducing literacy lessons to SMEs owners and managers on how to make credit programs, marketing products as a result of raising the probability of accessing funds.

5.4 Suggestions of the study

The relative study obliged to find out in looking into an assessment of accessibility of credit among SMEs within Migori County. Next, the present study utilized both exploratory factor analysis and regression analysis to assess the factors affecting accessibility of credit. Much alike discovery has been obliged to have been carried out and utilized constructional equations techniques to reveal factors affecting accessibility among SMEs. There is a necessity to raise the proportional sample measure from the present study of 102 uplifting the size when assessing key variables of accessibility of credit. The present research study adjusted quantitative research technique and also there is a necessity to utilize qualitative technique to find out the key variables of credit accessibility among the SMEs.

However, similar studies are recommended to be extended to other counties within the country to compare and contrast if the obstacles that affect the accessibility of credit are common.

5.5 Limitations of the study

The research study utilized stratified sampling technique to gather a sample of 102 participants. It would have been suitable to utilize a big sample. However, the research study obliged to have utilized SMEs from independent areas of the county because there is likelihood of problems that are not the same.

The present findings used research instruments to gather data; it would have been suitable to utilize qualitative and quantitative research techniques in data gathering. Because data carried out when the new interest rate was passed it means that there is a necessity to assess the impact of controlled interest rate on accessibility amidst the SMEs.

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APPENDICES

Appendix I: Letter to Participants

Joseph Nyangaresi

KCA UNIVERSITY

Main Campus

RUARAKA.

Dear participant,

RE: OFFER LETTER

Kindly, I am a research student taking a degree in Masters in Business Administration specializing in corporate management at KCA University. For that reason, I am focusing on rural SMEs in Migori county, Kenya. I chose Migori county respondents to participate in this research on the variables affecting successful accessibility of credit by rural SMEs in Migori County, Kenya. There will be assured anonymity and the responses will only be used for objectives of this study.

Kindly respond to the quizzes on the questionnaire with integrity. On the quizzes, look at the relevant box to each applicable answer or type into a relevant text box. I will value your support in advance.

Yours Sincerely,

Joseph Nyangaresi -19/04371

Appendix II: Questionnaire

Data gathered through this questionnaire will be private, secret and utilized only for this research. Please, take up a few minutes answering the following quizzes in the questionnaire.

QUESTIONNAIRE FOR SMALL AND MEDIUM ENTERPRISES (SMES)

TOPIC: Factors Affecting Accessibility of Credit by Rural Small and Medium Enterprises (SMEs) in Migori County, Kenya.

Kindly, I am a student doing a Master of Business Administration specializing in Corporate Management, KCA University. The questionnaire mapped out shown below is established for the theme outlined. Kindly, I request you to fill in all the quizzes in the questionnaire to the best of your ability and knowhow. For the purpose of this study, all data gathered on the questionnaire is secret and confidential.

Directions: Specify and mark **(X)** or tick **(√)** in the blanks(s) given below.

Part A: General particulars

1. Indicate the group of your age you belong to?

   20 years and below []

   21-25 years []

   26-30 years []

   31-35 years []

   35 and above []

2. Kindly indicate the sex

Male []

Female []

3. Level of education

Primary []

Secondary []

College []

University []

4. Please, tick your marital status?

Single []

Married []

Divorced []

Separated []

Others specify……………………………………

5. State the number of employees you have in your business?

Less than 10[]

11-20 []

21 –30 []

30 and above []

6. Specify the form of business you are running?

Sole trader []

Private limited company []

Partnership []

Any other (specify) …………………………….

7. Indicate the years you have been running your business?

1–5 years []

6-10 years []

11-15 years []

16-20 years []

Above 20 years []

8. How much capital did you start with in Kenya shillings(approximate)?

Less than 10,000 []

10,001 - 50,000 []

50,001-100,000 []

100,001-150,000 []

Above 150,000 []

9. What is the enterprise's total sales range annually? (Estimate).

Less than KSH 1,000,000	
KSH 1,000,001 - KSH 2,000,000	
KSHS 2,000,001- KSHS 5,000,000	

10. Identify your main source(s) of funds? (Mark where appropriate)

Savings []

Bank Loan or loans from other financial institutions []

Borrowings from friends or relatives []

Any other source(s) (please specify) ………………

PART B: <u>Micro- Credit Financial Institutions and Small and Medium Entrepreneurs</u>

a). Indicate whether you have ever devoted yourself to a creditor or a loan previously from any financial institution?

Yes []

No []

b). Did the credit services from this financial institution provided in any way changed your enterprise operation?

Yes []

No []

c). Kindly rate the credit utilities provided by the financial facility?

Poor [] Average []

Neutral [] Successful [ ]

Most successful [ ]

Part C: <u>Evaluation of Accessibility of Credit by Small and Medium Entrepreneurs</u>

Section 1: Interest Rate Charged

Indicate how much you agree with the following particulars interconnecting interest rate charged and its effect on credit availability among small and medium sized entrepreneurs by using a scale of 1-5, where strongly disagree-1, disagree-2, neutral-3, agree-4, & strongly agree-5

PARTICULARS	1	2	3	4	5
Financial institutions seize assets that I utilize in daily operations due to decline to repay on time disappointing me from borrowing					
Financial facilities sometimes figure out to utilize impracticable ways of recuperating for declining to refinance a loan mostly when marketing state is critical.					
Sometimes interest rate charged on credit depends on the collaterals offered or enterprise category					
Financial institutions' interest rates charged are restrictive					
The financial institutions interest rates charged are high thereby discouraging us from taking credit.					
Credit operation costs and charges are impractical					
Financial institutions give out on a short-term basis with high interest rates and this discourages me from borrowing credit.					
I ran away from taking a loan because financial facilities do not look at my capability to coincide with the interest rate set					

Section 2: Collaterals

1.Tick the extent of an accord on particulars below on Collaterals and accessibility of credit or loan among Small and Medium Entrepreneurs by using a scale of 1-5, where strongly disagree-1, disagree-2, neutral-3, agree-4, & strongly agree-5.

	PARTICULARS	**1**	**2**	**3**	**4**	**5**
a	Financial institutions are unwillingly bringing credit, we operate offhandedly finding hard for us to offer admissible approval of our earnings					
b	Financial institutions stand firm on main lending on conditions that the offer of Collaterals as a security					
c	On examining the probability refinancing loans, financial institutions acquire negative attitude regarding small firms instead of looking into savings giving rise to ability of an entity					
d	Sometimes we go for a group loans or Chama because we easily pledge each other					
e	I lack collateral as security to secure a loan to boost my enterprises					
f	The essentials that I offer collaterals for my credit has made me search other ways to refinance my enterprise from relatives and refinance					
g	Financial facilities to some extents focus on ability to refund credit rather than on security in our enterprises					

Section 3: Financial Institutions

1. In your suggestion state your level of accord with the statements below linking to lending institutions on their effects on credit accessibility among SMEs. Use a scale of 1-5, where strongly disagree-1, disagree-2, neutral-3, agree-4, & strongly agree-5.

	PARTICULARS	**1**	**2**	**3**	**4**	**5**
a	Financial institutions are incorporating mobile money transfer services due to rise in emerging new technology demand for credit services					
b	Credit availability has been enhanced by the personal relationships made with the financier					
c	Nowadays, most financial institutions are focused on services that are coming up to attract the interest of donor agencies like NGOs, credit unions, and other financial intermediaries offering credit utilities					
d	Credit accessibility has been made easy due to access to financial institutions by most of the small and medium entrepreneurs which has led to enterprise development and expansion.					
e	Most financial institutions had not broken the bulky of the products to fit our wants					

f	The location of financial institutions in our field has made us increase savings which has an impact on extra capital input in the enterprises					
g	Integrating access to financial services effectively has been realized by the most entrepreneurs through financial institutions					
h	Financial institutions are incorporating mobile money transfer services due to rise in emerging new technology demand for credit services					

Section 4: Literacy Level

1. What is your level of agreement with the following statements relating to entrepreneurs' literacy level and credit access. Use a scale of 1-5, where strongly disagree-1, disagree-2, neutral-3, agree-4, & strongly agree-5.

	PARTICULARS	**1**	**2**	**3**	**4**	**5**
a	Due to trainings, undergone, I have realized increase in enterprise linked results like sales and gains					
b	Financial institutions rise to focus on cost-effectively by integrating credit with other services creating links in promoting					

c	Financial institutions adjusted providing training lessons that form awareness of products beneficial to enterprises.					
d	I am being equipped by my education level with the knowhow and the art for an extent in effective in running our enterprises					
e	Charges and particulars available are not interpreted well in a language that is understandable, this upsets me from borrowing					
f	Training lessons have supported us to explain outlays and physical assets, where to trade, setting values of investments and business credit sales					
g	At the time of my link with the financier depends if I can obtain the credit					
h	The state of laws and regulations are complex, I do not know the legitimate matter that are necessary to address the accessibility of credit for my business					
I	Most programs introduced in financial facilities credit is connected to health, nutrition education and other non-financial services					
j	Education level has significant effect on accessibility on when/how to obtain credit to improve the business					
k	Financial decisions supported by the academic qualification I have acquired					

Thank You for Your Participation.

Appendix III: Rotated Analysis Matrix

PARTICULARS	1	2	3	4	
Credit operation costs and charges are impractical	0.862				**Interest Rate charged**
Financial institutions give out on a short-term basis with high interest rates and this discourages me from borrowing credit.	0.652				
I ran away from taking a loan because financial facilities do not look at my capability to coincide with the interest rate set	0.587				
Sometimes interest rate charged on credit depends on the collaterals offered or enterprise category	0.554				
The financial institutions interest rates charged are high thereby discouraging us from taking credit.	0.653				
Financial institutions' interest rates charged are restrictive	0.862				
Financial institutions seize assets that I utilize in daily operations due to decline to repay on time disappointing me from borrowing	0.618				

Financial facilities sometimes figure out to utilize impracticable ways of recuperating for declining to refinance a loan mostly when marketing state is critical.	0.712				
Nowadays, most financial institutions are focused on services that are coming up to attract the interest of donor agencies like NGOs, credit unions, and other financial intermediaries offering credit utilities		0.730			**Financial institutions**
Integrating access to financial services effectively has been realized by the most entrepreneurs via financial institutions		0.702			
At the time of my link with the financier depends if I can obtain the credit		0.602			
On examining the probability refinancing loans, financial institutions acquire negative attitude regarding small firms instead of looking into savings giving rise to ability of an entity			0.643		**Collaterals**
Financial institutions are unwillingly bringing credit, we operate offhandedly finding hard for us to offer admissible approval of our earnings			0.643		
Sometimes we go for a group loans or Chama because we easily pledge each other			0.701		

The essentials that I offer collaterals for my credit has made me search other ways to refinance my enterprise from relatives and refinancing on short term credit.			0.502		
Financial facilities to some extents focus on ability to refund credit rather than on security in our enterprises			0.525		
On many instances, I lack collateral as security to secure a loan to boost my enterprises			0.553		
Requirements are insisted by financial institutions and shylocks on provisional needs have prevented me from taking credit since most lending institutions favor lending to large-scale businesses that seem to have favorable outcomes.			0.652		
Financial institutions stand firm on main lending on conditions that the offer of Collaterals as a security			0.525		
Financial decisions supported by the academic qualification I have acquired				0.562	**Literacy Levels**
I have realized to have raise in sales and gains due to trainings that have made me to operate my enterprises effectively				0.712	

Financial institutions are incorporating mobile money transfer services due to rise in emerging new technology demand for credit services				0,563	
Training lessons have supported us to explain outlays and physical assets, where to trade, setting values of investments and business credit sales				0.615	
Financial institutions adjusted providing training lessons that form awareness of products beneficial to enterprises.				0.615	
Credit availability has been enhanced by the personal relationships made with the financier				0.602	
Due to trainings, undergone, I have realized increase in enterprise linked results like sales				0.712	
Education level has significant effect on accessibility on when/how to obtain credit to improve the business				0.562	
Credit accessibility has been made easy to access due to access to financial institution by most of the SMEs which has led to enterprise development and expansion				0.702	

Extraction Method used Principal Component Analysis.

Rotational Method Used Varimax with Kaiser Normalization.

A rotation linked up in six repeated on performance.