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ACCESS TO FINANCIAL CREDIT PRODUCTS AND ITS INFLUENCE ON ENTREPRENEURIAL PERFORMANCE AMONG MICRO AND SMALL ENTERPRISES IN KERICHO COUNTY, KENYA.

Matilda Chemutai Sang

Department of Business, Kabarak University, Kenya.

Dr Charles Zakayo

Department of Business, Kabarak University, Kenya.

Prof. Peter B. Kibas

Dean, School of Business and Economics, Zetech University, Kenya.

ABSTRACT: *Financing includes all initiatives directed towards making formal financial services available and accessible. Researchers have argued that lack of financing is almost universally indicated as a key problem for micro and small enterprises. The study was guided by the following objectives: to establish the influence of financial access and financial credit products on entrepreneurial performance among micro and small enterprises. The study adopted a cross sectional survey design from a population of 7277 micro and small enterprises from which a sample of 380 were given questionnaires. SPSS version 25 was used in data analysis. The research concluded that repayment period for loans was not flexible even after top up or second facility. Micro and small enterprises need guarantors to access financial credit facilities. The study recommended that financial institutions ensure they are serving and coming up with credit facilities tailored to the needs of micro and small enterprises in Kenya.*

Keywords: financial access, financial credit products, entrepreneurial performance, micro and small enterprises

INTRODUCTION

Financial inclusion includes all initiatives directed towards making formal financial services available, accessible and affordable to everyone in a given society. Accessing finance has been identified as a key element for micro and small enterprises to thrive in their drive to build productive capacity, to compete, create jobs and to contribute to poverty alleviation in developing countries (Awuah & Addaney 2016).

Micro and Small Enterprises (MSEs) is an important sub sector for the Kenyan economy like many other developing countries, since it employs about 85 per cent of the Kenyan workforce(about 7.5 million Kenyans of the country‘s total employment). The current Constitution provides a new window of opportunity to address MSEs related issues through regulatory and institutional reforms under a new, devolved governance system as well as the (Micro and Small Enterprises Act, 2012).

According to the Government of Kenya, through the Microenterprise Act (GoK, 2012), a micro enterprise is a firm, trade, service, industry or a business activity which employs less than ten people and whose annual turnover does not exceed five hundred thousand shillings (GoK, 2012). The sector plays an important role in the Kenyan economy contributing about 82% of total employment and over 40% of the country's GDP (KNBS, 2013). In addition to generating employment, microenterprises increase the aggregate output, enabling the efficient use of capital and labor, initiating indigenous enterprise and management skills, bringing a regional balance, and improving the distribution of income (Gathungu & Sabana, 2018). The sector sustained the upward growth trajectory and by 2013, it accounted for the largest share of total employment in the country (KNBS, 2014).

Further according to Tambunlertchai (2017) the relevant aspects of financial inclusion are the encouragement of equal access to financial resources at reasonable cost, the encouragement of new financial products such as factoring and leasing, and the regulation of commercial banks regarding risk management to incentivize lending to SMEs, entrepreneurs and low-income groups. These were identified as measures that would lead to sustainable and equitable growth, and for achieving resilience at both the individual and societal levels. Financial education also formed an important part of the strategy to promote equitable and sustainable growth.

Despite many small businesses having similar levels of financial sophistication as retail consumers, the regulatory system does not protect them to the same degree. Financial capability is low among the UK population. Often, the groups with the lowest capability are also those at most risk of financial exclusion. Policy recommendations include: better coordination for financial inclusion policies; support for teaching financial education in schools; more progressive savings incentives; basic banking to meet the needs of the most vulnerable; streamlining government support for small businesses; and specialized advice and financial education for small businesses and the self-employed (Lewis & Lindley, 2015).

In Kenya the micro and small enterprises play a vital role in growth and development of the entrepreneur and the country as a whole. Through revenue and tax, the country is able to grow economically, lives are improved and development occurs in a community. In the research paper of Awuah & Addaney (2016) small and micro-enterprises cannot acquire or absorb new technologies nor can they expand to compete in global markets or even strike business linkages with larger firms without access to financing. Borrowing is a significant source of finance for most firms.

Kamunge, Njeru and Tirimba (2014) found that lack of access to credit/ finance is almost universally indicated as a key problem for SMEs. Credit constraints operate in variety of ways in Kenya where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives was not enough to enable SMEs undertake

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their business activities optimally. Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance. Insufficient financing is as much a problem as lack of finance and as a result of scarcity of finance, small enterprises are unable to expand, modernize or meet urgent orders from customers

According to Gathungu and Sabana (2018) in recognition of the role of micro and small enterprises in the economy as well as the constraints they face, Government policy efforts have been directed towards reducing the constraints by creating an enabling environment for microenterprises. This culminated into the enactment of the Micro and Small Enterprises (MSE) Act (GOK, 2012).

Kericho County has a large concentration of micro and small enterprises among other counties in Kenya, providing a large number of employments in the sector. Despite its important role, the microenterprise/informal sector is treated as a marginal economic activity and it is neither adequately regulated nor supported by the authorities who consider informal traders as threats to development (Panyako, Wakhungu & Kioli, 2018). In addition to external challenges, microenterprises in Kenya include weak financial literacy, financial access and high transaction costs (Mengich & Juma, 2013).

Statement of the Problem

Financial inclusion includes all initiatives directed towards making formal financial services available, accessible and affordable to everyone in a given society. Lack of access to finance can be a particular problem for micro businesses due to information asymmetries and the additional cost of providing small loans.

Financing has been identified as a key element for micro and small enterprises to thrive in their drive to build productive capacity, to compete, create jobs and to contribute to poverty alleviation in developing countries. In lieu to the various effects caused by lack of financing, different stakeholders in our country are affected in one way or another, positively or negatively. However most arguments have given broad aspects of financing leaving a gap in identifying how inclusion can affect each stakeholder individually.

Empirical studies have conducted individual aspects of financing for instance transparency, affordability, others on financial literacy living a gap on financing as a credit product and its accessibility and how it can affect performance of the micro and small enterprises. The study investigated availability in terms of the credit products that are available for micro and small enterprises and accessibility to financing.

Objective and hypothesis of the study

The study was guided by the following objectives and hypothesis;

1) To examine the influence of financial access on entrepreneurial performance of micro and small enterprises in Kericho County, Kenya.

2) To evaluate the influence of financial credit products on performance of micro and small enterprises in Kericho County, Kenya.

$H_0$1: Financial access has no significant influence on entrepreneurial performance of micro and small enterprises in Kericho, Kenya.
$H_0$2: Financial credit products have no significant influence on entrepreneurial performance of micro and small enterprises in Kericho County, Kenya.

Justification of the Study

The purpose of this paper was to examine access to financial credit products and its influence on entrepreneurial performance of micro and small enterprises. While government and financial institution such as banks have been identified and studied in previous research, there is a lack of knowledge about the financing seen as a product offered to micro and small enterprises and how it affects performance. The broad topic of financial inclusion has received attention, including from the government and financial institutions. The study narrowed down to specific stakeholders, in our case the micro and small enterprises. The results of this project will provide insight into financial credit products and how it influences performance.

The research focused on enterprises and a look at the relationships between financial credit products and performance. The data collected through this project has the potential to be used to provide information for policy formulation and amendments. Also a look at the relationships between financial credit products and performance will give information on the current issues facing the micro and small enterprises. Furthermore, the project results may provide the government and financial institutions with information that potentially can be used to address the financial challenges and make recommendations among the micro and small enterprises.

LITERATURE REVIEW

Micro and Small Enterprises

The development of many economies in Africa is being aided by the presence of SMEs as they for instance create jobs for the people and payment of taxes among other responsibilities. Development of SMEs may not be possible if they is inadequate funding for the entrepreneurs and this means, there is need for a concerted effort by both private funding agencies and the government to provide enabling means for access to funding for SMEs. Most of the sub-Saharan African economies lack access to adequate funding for business startups as commercial institutions shy away and yet they are the engine economic development and what is needed is the goodwill of the stakeholders if SMEs problem of funding is to be solved in LDCs (Nuwagaba, 2015).

Financial Credit Products

In the study conducted by Njue and Mbogo (2017) on factors hindering SMEs from accessing the financial products offered by banks, it can be concluded that there were several factors that hindered SMEs access to financial products and services. In particular these factors included lack of credit worthiness information about SMES, lack of collateral limits the SME access to finance, low net value of the entrepreneurs in terms of assets and liabilities (Capital) limits SME access to finance borrower's lack of honesty and trustworthiness (character) limits SME access to finances. The study recommended that training be emphasized to SME entrepreneurs on financial matters, all gender to be treated equally, the banks to introduce financial education programs for SMEs to improve their access to credit, banks to further make use of a credit scoring system to assess the credit worthiness of small businesses and to introduce the use of new credit bureau regulations to increase SME finances.

Microcredit products are another measure that may help alleviate poverty and provide access to finance to poor people who do not have access to formal loans. This measure could also help protect deprived groups in the population from taking out loans in the informal sector at excessively high interest rates (Khandker, 2011). Thus, microcredit products can help to provide financing without the need of imposing interest caps on loans.

The study sought to examine the financial credit facilities offered by banks for the micro and small enterprises and how it affects performance of micro and small enterprises in Kericho. The study also investigated whether the micro and small enterprises have access to new products offered by the banks and its influence on entrepreneurial performance.

Accessibility of financing

According to Gathungu and Sabana (2018) financial access is defined as the ability of individuals, households, entrepreneurs and firms to access and utilize a range of financial services if they choose to do so (Rojas Suarez et al, 2010). Financial access is an important determinant of the performance of microenterprises as it provides them working capital, fosters greater firm innovation and dynamism, enhances entrepreneurship, promotes more efficient asset allocation and enhances the firm's ability to exploit growth opportunities (Beck et al, 2006).

In the study by Chepsang., Iraya and Okiro (2018) on the effects of access to credit on financial performance of small and meduim enterprises in nairobi county,it contributed as a wakeup call to the financial system to be more and more SMEs' sensitive and offer financial services that are all inclusive. The financing gap, in the credit market, that exists between large and small companies need to be abridged. This can be achieved by creating an enabling environment for SME, formulating regulatory framework that is SMEs friendly, segmenting NSE for SMEs' listing. SMEs are also called up to keep good financial reports and to form linkages or associations to ease the burden of accessing funds.

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The study was motivated by the increasing importance in Kenya's economy of SMEs, and the continuing constraints they face in their activities.

According to Samuel et al, (2019),it was established the access to entrepreneurial finance had a positive and significant determination on performance of micro and small agribusiness owned by coffee smallholder agribusinesses in Kenya. The study concluded that that since majority of the coffee smallholder agribusinesses in Kenya do not access entrepreneurial finance they have opted for own savings as a mean of financing their micro and small agribusiness enterprises.

The study observed that because of the many hindrances and challenges experienced in accessing credit from financial institutions among the coffee smallholders' agribusinesses, hence concluding that this is why majority have resorted to different means available for financing. However ensuring access to entrepreneurial finance by micro and small agribusinesses is likely to increase agribusinesses performance (Samuel et al, 2019).

Koitamet and Ndemo (2017), concluded that financial access have a positive and significant relationship with performance of social entrepreneurship firms. The study also concluded that ability to access credit, short term repayment period greatly affect social entrepreneurship firms to access finance. In addition, collateral affect social entrepreneurship firms to access finance

Access to finance is essential for improving SME competitiveness, as SMEs have to invest in new technologies, skills and innovation. Access to finance issues cannot be resolved by implementing financing schemes or programs in a vacuum. SMEs identify financing, especially medium to long-term finance, as their topmost obstacle to growth and investment (Kamunge et al, 2014).

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Conceptual Framework

Financial access and financial credit products formed the independent variable. According to Sekaran and Bougie (2016) the dependent variable is the variable of primary interest to the researcher. The study understood and described financial access and financial credit products and answered the problem statement.

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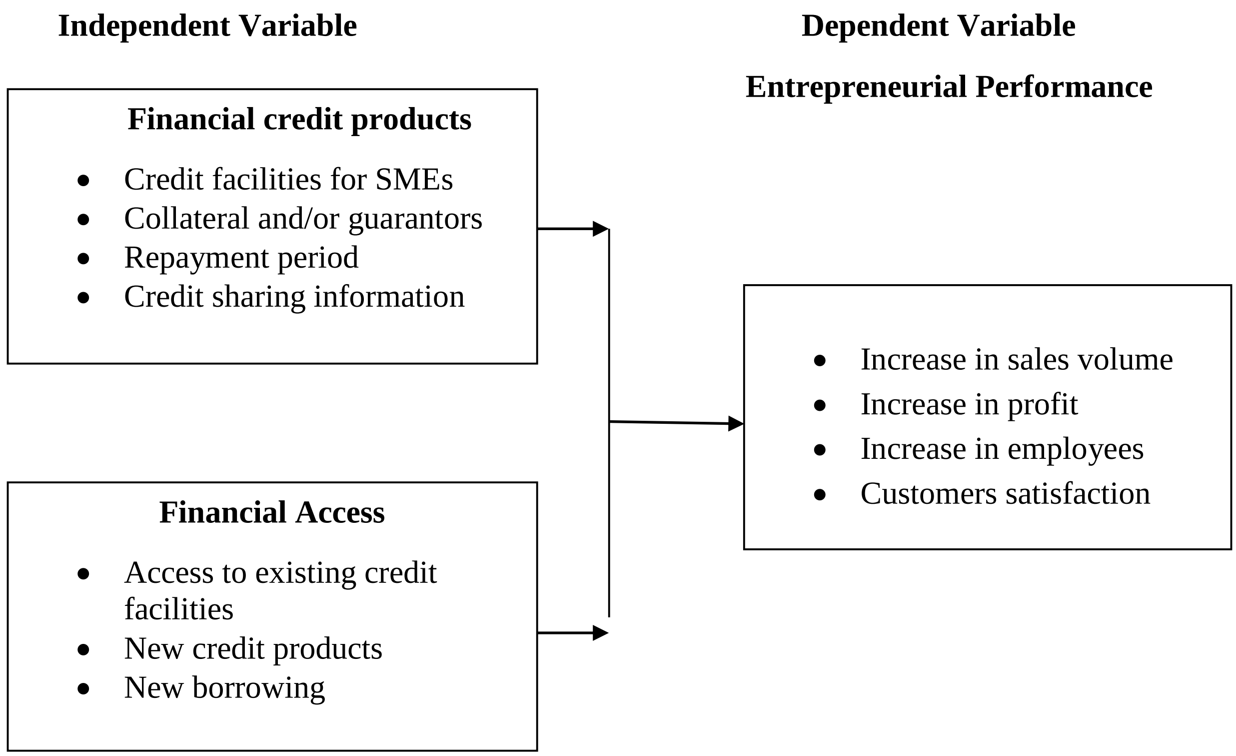

Source: Researcher (2019).

METHODOLOGY

The study employed a cross sectional survey design. Cross-sectional design is an observational study that collects data from whole study population at a single point in time to examine the relationship between variables. This study utilized questionnaires to collect data from respondents at one time point.

The study focused on micro and small enterprises in Kericho County, Kenya. According to the Kericho County revenue collection register (November 2018), there are a total of 7,277 micro and small enterprises in Kericho county who possess single business permits and are distributed in the sub-counties as follows; Ainamoi-328, Belgut-1,161, Bureti-904, Kericho town-2234, Kipkelion East-969, Kipkelion West-678 and Soin-Sigowet-1003 (Kericho County revenue collection office, Nov 2018).

Stratified and simple random sampling techniques were used to collect data. Simple random sampling yielded research data that will generalize the entire population and will give unbiased representation of the population. The population was divided into strata which included each sub county. From each sub county a sample size was calculated from the total sample size of 380 using ratios. The respondents included in the study were chosen using simple random sampling method where each respondent has an equal chance to be selected. The questionnaires were screened for completeness and then coded and formatted. Data was analyzed using SPSS version 25 software. Descriptive statistics such as percentages and frequencies were used to summarize data while inferential statistics such as correlation coefficient and regression analysis were used. The research hypotheses were tested using regression analysis. To see the interaction effects, ordinary least square (OLS) equation was created. The following regression models were used.

In the first step, the dependent variable was regressed on each of the independent variables. Regression model (3.1) was used.

OLS equation $\mathbf{Y = \beta_0 + \beta X + \varepsilon}$**…………………………………3.1**

Where;
Y - Entrepreneurial performance
X - Independent variables
β - Regression coefficients for the each independent variable
β_0 - Regression Constant
ε - Stochastic error term assumed to be normally distributed

In the second step, the dependent variable was regressed on all the independent variables combined. Regression model (3.2) was used.

OLS equation $\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon}$**……………3.2**

Where;
Y - Entrepreneurial performance
β_0 - Regression constant or coefficient of intercept
X_1 - Financial access
X_2 - Financial credit products
β_1, β_2, - Coefficient factors for independent variables
ε - Stochastic error term assumed to be normally distributed

RESULTS AND FINDINGS

Sample Adequacy Results for Financial Access

To measure the suitability of the data for factor analysis, Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was used to measure the sample adequacy of each variable in the model. According to Ali *et al*. (2016), the KMO index ranges from 0 to 1, with 0.5 and above considered suitable for factor analysis. The Bartlett's Test of Sphericity should be significant at $p<0.05$ for factor analysis to be suitable. From Table 1, the KMO measure of sampling adequacy for perceived security concern was 0.802.Further, Bartlett's test of Sphericity was statistically significant ($p<0.05$) indicating that factor analysis could be carried out.

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Table 1:KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.802
Bartlett's Test of Sphericity	Approx. Chi-Square	1316.583
	Df	36
	Sig.	.000

Source: (Researcher, 2019)

Factor analysis for Financial Access

Principal component analysis extraction method with varimax rotation method was used where validity was assessed by examining the factor loadings to see if the items in the scale loaded highly on the construct. Fixed number of factors (factors to be extracted) was put to be 1. As shown on table 2, the factor extracted accounted for 49.733percent of the variance in the construct. Further, the contributing power of the other factors to the explanation of the variance in the variables was significantly considered. These other factors extraction sums of squared loadings were between the range of 4.476 and 0.147.

Table 2:Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.476	49.733	49.733	4.476	49.733	49.733
2	1.511	16.784	66.517			
3	1.011	11.229	77.747			
4	.692	7.692	85.438			
5	.413	4.593	90.031			
6	.329	3.657	93.689			
7	.229	2.545	96.234			
8	.192	2.131	98.365			
9	.147	1.635	100.000			

Extraction Method: Principal Component Analysis.
Source: (Researcher, 2019)

The results on Table 3 show the component matrix loadings for financial access. The factor loadings range from 0.482 to 0.811. Except one item, "I have looked for alternative lending from (shylocks, non-financial providers" which did not meet loading cut off of 0.4. The other nine items met the loadings cut-off of 0.4 and were thus retained for analysis. According to Rusuli *et al*. (2013) each individual variable must have value of 0.4 and above.

Table 3:Component Matrix[a]

	Component 1
I am able to access credit facilities from my financial institution	.750
I am able to access credit facilities after having a second or top up facility	.767
I am able to access more than one credit facilities	.717
I am able to have top up loans	.737
The bank has come up with new products to cover my financial credit needs	.741
New products for credit were available for my enterprise with existing credit	.811
New products for credit are available for my enterprise without existing credit	.734
I can access new financial products; mobile banking, e banking and agency banking	.539
There are new requirements needed to access new credit facilities	.482

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Source: (Researcher, 2019)

Factor Analysis for Financial Credit Products

The principal component analysis extraction method was used in examining the factor loadings to see if the items in the scale loaded highly on the construct. Fixed number of factors (factors to be extracted) was put to be 1. As shown on table 4, the factor extracted accounted for 46.443percent of the variance in the construct. The contributing power of these other factors to the explanation of the variance in the variables was considered very significant and their extraction sums of squared loadings were between the range of 4.180and 0.103.

Table 4 :Total Variance Explained

Component	Initial Eigen values Total	% of Variance	Cumulative %	Extraction Sums of Squared Loadings Total	% of Variance	Cumulative %
1	4.180	46.443	46.443	4.180	46.443	46.443
2	1.300	14.447	60.890			
3	1.041	11.564	72.454			
4	.860	9.552	82.006			
5	.674	7.493	89.499			
6	.463	5.147	94.646			
7	.227	2.521	97.167			
8	.152	1.694	98.861			
9	.103	1.139	100.000			

Extraction Method: Principal Component Analysis.

Source: (Researcher, 2019

The results on Table 5 show the component matrix loadings for financial credit products. The factor loadings range from 0.458 to 0.793. Except one item, "I needed business plans of my business as a requirement to get credit products" which did not meet loading cut off of 0.4. The other nine items met the loadings cut-off of 0.4 and were thus retained for analysis.

Table 5:Component Matrix[a]

	Component 1
My financial institution have credit facilities for my enterprise	.763
Credit facilities for SMEs are available to meet my every need	.790
I was asked for collateral (security) for the credit facility	.641
I was asked for collateral for a top up or when taking another facility	.458
The repayment period for my loans is flexible	.793
The repayment period for my loans was flexible after top up or second facility	.787
I needed guarantors to access financial credit facilities	.711
I need guarantors to access financial credit facilities for a second or top up facility	.472
My credit rate score was needed for loan approval	.613

Extraction Method: Principal Component Analysis.

a. 1 component extracted.

Source: (Researcher, 2019)

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Descriptive Statistics and Discussions on Variables under Study

Financial Access

Respondents were asked to indicate the extent to which they agreed with financial access statements. The responses were analyzed using frequencies and percentages. Table 6 presents the results of the analysis.

Table 6: Descriptive Results for Financial Access

Measurable indicators	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am able to access credit facilities from my financial institution	4 (1.6 %)	15 (6.1%)	44 (18.0%	53 (21.6%)	129 (52.7%)
I am able to access credit facilities after having a second or top up facility	4 (1.6%)	19 (7.8%)	59 (24.1%)	45 (18.4%)	118 (48.2%)
I am able to access more than one credit facilities	47 (19.2%)	112 (45.7%)	53 (21.6%)	13 (5.3%)	20 (8.2%)
I am able to have top up loans	12 (4.9%)	24 (9.8%)	56 (22.9%)	37 (15.1%)	116 (47.3%)
The bank has come up with new products to cover my financial credit needs	18 (7.3%)	30 (12.2%)	84 (34.3%)	22 (9.0%)	91 (37.1%)
New products for credit were available for my enterprise with existing credit	15 (6.1%)	26 (10.6%)	83 (33.9%)	40 (16.3%)	81 (33.1%)
New products for credit are available for my enterprise without existing credit	16 (6.5%)	28 (11.4%)	88 (35.9%)	35 (14.3%)	78 (31.8%)

I can access new financial products; mobile banking, e banking and agency banking	20 (8.2%)	15 (6.1%)	62 (25.3%)	37 (15.1%)	111 (45.3%)
There are new requirements needed to access new credit facilities	28 (11.4%)	28 (11.4%)	87 (35.5%)	31 (12.7%)	71 (29.0%)

Source: (Researcher, 2019)

On financial access majority of the respondents 182(74.3%) were in agreement that they were able to access credit facilities from their financial institution, with 163(66.6%) of the respondents agreeing that they were able to access credit facilities after having a second or top up facility. According to a larger majority of the respondents159 (64.9%) they were able to access more than one credit facilities and were able to have top up loans according to 153(62.4%) of the respondents. A fair majority of the respondents 113(46.1%) agreed that the banks had come up with new products to cover respondents' financial credit needs with 48(19.5%) being in disagreement while 84(34.3%) of the respondents held neutral opinion. There was agreement among most respondents 121(49.4%) that new credit products were available for their enterprises with existing credit with 83(33.9%) holding a neutral opinion. Respondents 113(46.1%) were in agreement that new credit products were available for their enterprises without existing credit. Further, a larger majority of the respondents 148(60.4%) agreed that they could access new financial products; mobile banking, e banking and agency banking while according to a fair majority of the respondents 102(41.7%) there are new requirements needed to access new credit facilities.

The findings are consistent with those of Mbugua (2015) who argued that lack of liquidity and security concerns were found to be low. The study concluded that greater geographical coverage brought about by agent banking is the strongest predictor of financial inclusion thus financial accessibility. This was because services are brought closer to the people and thus saves a lot of time which would have been used to queue in banking halls or ATMs.

The findings were also consistent with that of Ombongi and Long (2018), who found that funding seems to be the main factor through which SMEs can grow since they enable SMEs to have capacity to outdo their competitors, hence long-term survival in competitive environment.

The findings were also consistent with Samuel et al, (2019), established the access to entrepreneurial finance had a positive and significant determination on performance of micro and small agribusiness owned by coffee smallholder agribusinesses in Kenya.

Financial Credit Products

Respondents were asked to indicate the extent to which they agreed with financial credit products statements. The responses were analyzed using frequencies and percentages. Table 7 presents the results of the analysis.

Table 7: Descriptive Results For Financial Credit Products

Measurable indicators	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My financial institution have credit facilities for my enterprise	48 (19.6%	17 (6.9%)	8 (3.3%)	51 (20.8%)	121 (49.4%)
Credit facilities for SMEs are available to meet my every need	10 (4.1%)	50 (20.4%)	17 (6.9%)	50 (20.4%)	118 (48.2%)
I was asked for collateral (security) for the credit facility	17 (6.9%)	15 (6.1%)	58 (23.7%)	49 (20.0%)	106 (43.3%)
I was asked for collateral for a top up or when taking another facility	32 (13.1%)	29 (11.8%)	66 (26.9%)	38 (15.5%)	80 (32.7%)
The repayment period for my loans is	49 (20.0%)	112 (45.7%)	65 (26.5%)	4 (1.6%)	15 (6.1%)

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The repayment period for my loans was flexible after top up or second facility	45 (18.4%)	111 (45.3%)	73 (29.8%)	3 (1.2%)	13 (5.3%)
I needed guarantors to access financial credit facilities	7 (2.9%)	14 (5.7%)	58 (23.7%)	46 (18.8%)	120 (49%)
I need guarantors to access financial credit facilities for a second or top up facility	20 (8.2%)	63 (25.7%)	19 (7.8%)	42 (17.1%)	101 (41.2%)
My credit rate score was needed for loan approval	7 (2.9%)	57 (23.3%)	12 (4.9%)	45 (18.4%)	124 (50.6%)

Source: (Researcher, 2019)

On financial credit products majority of the respondents 172(70.2%) were in agreement that their financial institution had credit facilities for their enterprises with 168(68.6%) of the respondents agreeing that credit facilities for SMEs are available to meet their every need. In addition, most respondents 155(63.3%) agreed that they were asked for collateral (security) for the credit facility. There was agreement among 118(48.2%) of the respondents that they were asked for collateral for a top up or when taking another facility with 61(24.9%) being in disagreement with this statement. A larger majority of the respondents 161(65.7%) disagreed that the repayment period for their loans was flexible while 65(26.5%) of the respondents showed neutrality in opinion on this statement. Most respondents 156(63.7%) were in disagreement that he repayment period for their loans was flexible after top up or second facility while 166(67.8%) of the respondents were in agreement that they needed guarantors to access financial credit facilities. The results indicate that a majority of the respondents 143(58.3%) agreed that they need guarantors to access financial credit facilities for a second or top up facility while there was also agreement among most respondents 169(69%) that their credit rate score was needed for loan approval**.**

The findings are consistent with those of Njue and Mbogo (2017) on factors hindering SMEs from accessing the financial products offered by banks, who concluded that there were several factors that hindered SMEs access to financial products and services. In particular these factors included lack of credit worthiness information about SMES, lack of collateral limits the SME access to finance, low net value of the entrepreneurs in terms of assets and liabilities (Capital) limits SME access to finance borrower's lack of honesty and trustworthiness (character) limits SME access to finances. Results indicated that several factors influence access of SMEs to finance. These factors include gender, level of education, size of the business, age of the entrepreneur, collateral, and level of income for the entrepreneurs. All the factors had a negative effect on the access of finances from the banks by SMEs and hence indicate SMEs low access to financial products.

Further the findings agreed with that of Khandker (2011) who found that mmicrocredit products are another measure that may help alleviate poverty and provide access to finance to poor people who do not have access to formal loans. This measure could also help protect deprived groups in the population from taking out loans in the informal sector at excessively high interest rates .Thus, microcredit products can help to provide financing without the need of imposing interest caps on loans.

Entrepreneurial Performance

Respondents were asked to indicate the extent to which they agreed with entrepreneurial performance statements. The responses were analyzed using frequencies and percentages. Table 8 presents the results of the analysis.

Table 8: Descriptive results for Entrepreneurial Performance

Measurable indicators	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am satisfied with the profits from my enterprise	14 (5.7%)	28 (11.4%)	50 (20.4%	72 (29.4%)	81 (33.1%)
Profits from my enterprise are above 50% on average over the past 5 years	13 (5.3%)	14 (5.7%)	45 (18.4%)	79 (32.2%)	94 (38.4%)

Profits from my enterprise has enabled my enterprise to grow over the past 5 years	18 (7.3%)	39 (15.9%)	46 (18.8%)	77 (31.4%)	65 (26.5%)
I am satisfied with the sales from my enterprise	29 (11.8%)	28 (11.4%)	58 (23.7%)	60 (24.5%)	70 (28.6%)
Sales from my enterprise are above 50% on average over the past 5 years	7 (2.9%)	21 (8.6%)	46 (18.8%)	80 (32.7%)	91 (37.1%)
Sales from my enterprise has enabled my enterprise to grow over the past 5 years	13 (5.3%)	25 (10.2%)	58 (23.7%)	92 (37.6%)	57 (23.3%)
There is increase in number of my enterprises	16 (6.5%)	15 (6.1%)	77 (31.4%)	81 (33.1%)	56 (22.9%)
My employees are productive	11 (4.5%)	25 (10.2%)	67 (27.3%)	79 (32.2%)	63 (25.7%)
My employees embrace team work collaboratively	62 (25.3%)	30 (12.2%)	10 (4.1%)	85 (34.7%)	58 (23.7%)

My customers are satisfied that their needs are met in my enterprise	21 (8.6%)	25 (10.2%)	58 (23.7%)	73 (29.8%)	68 (27.8%)

Source: (Researcher, 2019)

On entrepreneurial performance the results indicate that most respondents 153(62.5%) were in agreement that they were satisfied with the profits from their enterprises while 173(70.6%) of the respondents profits from their enterprises were above 50% on average over the past 5 years. In addition, a fair majority of the respondents 142(57.9%) were in agreement that profits from their enterprises had enabled their enterprise to grow over the past 5 years with 57(23.2%) of the respondents being in disagreement. Further, respondents 130(53.1%) were in agreement that they were satisfied with the sales from their enterprises while 57(23.2%) disagreed and 58(23.7%) of the respondents showed neutrality on this statement. There was agreement among a larger majority of the respondents 171(69.8%) that sales from their enterprises were above 50% on average over the past 5 years and that sales from their enterprise had enabled their enterprises to grow over the past 5 years. In addition, a fair majority of the respondents (56%) were in agreement that there was an increase in number of their enterprises with 77(31.4%) showing neutrality in opinion on this statement. Most respondents 142(57.9%) were in agreement that their employees were productive while 143(58.4%) of the respondents agreed that their employees embraced team work collaboratively. Further, there was agreement among most respondents 141(57.6%) that their customers were satisfied that their needs were being met with 58(23.7%) of the respondents holding a neutral opinion and 46(18.8%) disagreeing with this statement.
The findings are consistent with those of Koitamet and Ndemo (2017) who found that financial access and performance of social entrepreneurship firms are positively and significant related. These findings agreed with that of Murigi (2014) who argued that financial access has been found to be the blood of small and micro enterprises and a key determinant of financial performance in developed countries. The study concluded that financial access and financial performance are significant related.

The findings were also agreed with that of Samuel et al (2019) who established the access to entrepreneurial finance had a positive and significant determination on performance of micro and small agribusiness owned by coffee smallholder agribusinesses in Kenya. The study concluded that that since majority of the coffee smallholder agribusinesses in Kenya do not access entrepreneurial finance they have opted for own savings as a mean of financing their micro and small agribusiness enterprises Further the study by Kamunge et al (2014), concluded that access to finance and availability of management experience are the key socio-economic factors affecting the performance of businesses in Limuru Town Market.
The findings further agreed with that of Ombongi, P. N. and Long, W. (2018), who confirmed a direct relationship between SMEs financial performance and the independent

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variables; bank credit, technological costs, GDP, growth in number of SMEs and employee costs.. Funding seems to be the main factor through which SMEs can grow since they enable SMEs to have capacity to outdo their competitors, hence long-term survival in competitive environment.The results also showed that there was a move away from reliance solely on financial measures as a means of measuring performance.

Inferential Statistics

This section presents inferential statistics tools that were used namely; Pearson correlation coefficient and regression analysis.

Correlation Analysis

Table 9: Correlation Matrix predictor variables and the dependent variable

		financial access	financial credit products	entrepreneurial performance
financial access	Pearson Correlation	1	.293**	.215**
	Sig. (2-tailed)		.000	.001
	N	245	245	245
financial credit products	Pearson Correlation	.293**	1	.222**
	Sig. (2-tailed)	.000		.000
	N	245	245	245
entrepreneurial performance	Pearson Correlation	.215**	.222**	1
	Sig. (2-tailed)	.001	.000	
	N	245	245	245

Source: (Researcher, 2019)

On correlation, the results on Table 9 show a statistically significant positive relationship between financial access and entrepreneurial performance (r = 0.215, p < 0.05). This implies that when financial access increases, entrepreneurial performance improves among small and micro enterprises in Kericho County, Kenya.

The findings are consistent with those of Bunyasi et al (2014) who found out that access to entrepreneurial finance has a positive influence on the growth of SMEs. The study also recommended that the government should support the legal and regulatory framework that strengthens the financial infrastructure at the same time build capacity of the financial institutions to enhance SMEs access to finances. The study found that financing was important to the SMEs in Kenya and that the government was to enhance the efforts to enhance access to finance.

The findings agreed with that of Samuel et al, (2019), who concluded that access to entrepreneurial finance had a positive but insignificant determination on performance of micro and small agribusinesses owned by coffee smallholders in Kenya. Further, the study concluded that access to entrepreneurial finance showed insignificant determination on performance of MSAEs since majority of the respondents had no access to such funds. The study observed that because of the many hindrances and challenges experienced in accessing credit from financial institutions among the coffee smallholders' agribusinesses, hence concluding that this is why majority have resorted to different means available for financing. However ensuring access to entrepreneurial finance by micro and small agribusinesses is likely to increase agribusinesses performance (Samuel et al, 2019).

Further the findings agreed with Koitamet and Ndemo (2017), who found that financial access, has a positive and significant relationship with performance of social entrepreneurship firm. The study found that financial access and performance of social entrepreneurship firms are positively and significant related.

The correlation results also reveal that there is a statistically significant positive relationship between financial credit products and entrepreneurial performance ($r = 0.222$, $p < 0.05$). This implies that financial credit products are enhanced, entrepreneurial performance improves among small and micro enterprises in Kericho County, Kenya.

The findings are consistent with those of Macharia (2012) who found that the main hindrance of SMEs in getting access to formal financial services due to lack of credit services awareness, lack of collateral, banks vetting procedures, requirements of a guarantor, cost of loans and the employment as a security issue are some of the obstacles hindering utilization Based on the study findings the study concluded that financial access have a positive and significant relationship with performance of social entrepreneurship firms

The findings agreed with Ombongi and Long (2018) who found that funding seems to be the main factor through which SMEs can grow since they enable SMEs to have capacity to outdo their competitors, hence long-term survival in competitive environment

Influence of Financial Access on Entrepreneurial Performance

The first objective of the study was to examine the influence of financial access on entrepreneurial performance of micro and small enterprises in Kericho County, Kenya. To determine the influence, the following hypothesis was tested.

***H_{01}**: Financial access has no significant influence on entrepreneurial performance among micro and small enterprises in Kericho, Kenya.*

As shown on Table 10, in model 1, the R square was 0.096 which implies that 9.6% variation in entrepreneurial performance among micro and small enterprises to credit in Kericho, Kenya can be explained by financial access.

Table 10: Model Summary for Financial Access and Entrepreneurial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.215[a]	.096	.096	.86179	.096	11.750	1	243	.001

a. Predictors: (Constant), financial access

Source: (Researcher, 2019)

The results on Table 10 indicate that the model 1 is statistically significant. Model 1 had F-statistics of the regression ($F_{(1, 243)}$ =11.750) which was statistically significant ($p<0.05$). This implies that the coefficients of the model are not equal to zero, suggesting that the model significantly fits the data.

Table 11:ANOVA[a] Results for Financial Access and Entrepreneurial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.727	1	8.727	11.750	.001[b]
	Residual	180.472	243	.743		
	Total	189.198	244			

a. Dependent Variable: entrepreneurial performance

b. Predictors: (Constant), financial access

Source: (Researcher, 2019)

The results on Table 12 indicate in model 1, there exist a statistically significant positive relationship financial access and entrepreneurial performance among micro and small enterprises in Kericho, Kenya (β =0.276, $p<0.05$). This implies that when financial access increases by an additional unit, entrepreneurial performance increases by 0.276. Thus the null hypothesis (**Ho_1**) was rejected indicating that "Financial access has significant influence on entrepreneurial performance among micro and small enterprises in Kericho, Kenya."

Further, regression models were obtained where ordinary least square (OLS) model shows the relationship between variables.

OLS model: entrepreneurial performance = 2.362+0.276 Financial access

Table 12: Coefficients Results for Financial Access and Entrepreneurial Performance

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	2.362	.296		7.985	.000
	financial access	.276	.080	.215	3.428	.001

a. Dependent Variable: entrepreneurial performance
***Source: (Researcher, 2019)*.**

These findings agreed with that of Murigi (2014) before moderation who argued that financial access has been found to be the blood of small and micro enterprises and a key determinant of financial performance in developed countries. The study concluded that financial access and financial performance are significant related.

The findings were also consist with that of Macharia (2012) who found that the main hindrance of SMEs in getting access to formal financial services due to lack of credit services awareness, lack of collateral, banks vetting procedures, requirements of a guarantor, cost of loans and the employment as a security issue are some of the obstacles hindering utilization Based on the study findings the study concluded that financial access have a positive and significant relationship with performance of social entrepreneurship firms.

The findings further agreed with study by Koitamet and Ndemo (2017) who concluded that ability to access credit, short term repayment period greatly affect social entrepreneurship firms to access finance. In addition, collateral affect social entrepreneurship firms to access finance. Lack of the social entrepreneurship credit worthiness information also affects their ability to access credit to a great extent of the available credit facilities.

Influence of Financial Credit Products on Entrepreneurial Performance

The third objective of the study was to evaluate the influence of financial credit products on entrepreneurial performance of micro and small enterprises in Kericho County, Kenya. To determine the influence, the following hypothesis was tested.

***H_{02}**: Financial credit products have no significant influence on entrepreneurial performance among micro and small enterprises in Kericho, Kenya.*

As shown on Table 13, in model 1, the R square is 0.149 which implies that 14.9% variation in entrepreneurial performance can be explained by financial credit products.

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Table 13: Model Summary for Financial Credit Products and Entrepreneurial Performance

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.322[a]	.149	.145	.86031	.149	12.626	1	243	.000

a. Predictors: (Constant), financial credit products

Source: (Researcher, 2019)

Further, the results on Table 14 indicate that the model 1 were statistically significant. Model 1 had F-statistics of the regression ($F_{(1,\ 243)} = 12.626$) which was statistically significant ($p<0.05$). This indicates that the model applied significantly predicted the change of the dependent variable as result of the predictor variable included in the model.

Table 14: ANOVA Results for Financial Credit Products and Entrepreneurial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.345	1	9.345	12.626	.000[b]
	Residual	179.853	243	.740		
	Total	189.198	244			

a. Dependent Variable: entrepreneurial performance

b. Predictors: (Constant), financial credit products

Source: (Researcher, 2019)

The results on Table 15 show that in model 1, indicate that there exist a statistically significant positive relationship between financial credit products and entrepreneurial performance among micro and small enterprises in Kericho, Kenya (β =-0.298, $p<0.05$). A beta coefficient of 0.298 implies that when financial credit products increase by an additional unit, entrepreneurial performance increases by 0.298. This means that the null hypothesis (**Ho_3**) was rejected by implying that “Financial credit products have significant influence on entrepreneurial performance among micro and small enterprises in Kericho, Kenya”. Moreover, regression models were obtained where ordinary least square (OLS) model shows the relationship between variables.

OLS model: entrepreneurial performance = 2.260 + 0.298 financial credit products

Table 15: Coefficients for Financial Credit Products and Entrepreneurial Performance

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	2.260	.314		7.198	.000
	financial credit products	.298	.084	.222	3.553	.000

a. Dependent Variable: entrepreneurial performance

Source: (Researcher, 2019)

The findings are consistent with those of Khandker, (2011) who found that mmicrocredit products are another measure that may help alleviate poverty and provide access to finance to poor people who do not have access to formal loans. This measure could also help protect deprived groups in the population from taking out loans in the informal sector at excessively high interest rates Thus, microcredit products can help to provide financing without the need of imposing interest caps on loans.

The findings also agreed with Aggarwal, Klapper and Singer, (2013) who found empirical evidence on the impacts of microcredit products supports arguments for and against these initiatives. Some argue that they help smooth consumption, empower women, and reduce poverty for some but not for the poorest part of the population.

SUMMARY OF FINDINGS

Financial Access and Entrepreneurial Performance

The first objective of the study was to examine the influence of financial access on entrepreneurial performance of micro and small enterprises in Kericho County, Kenya. The research findings indicate that majority of the respondents were in agreement that they were able to access credit facilities from their financial institution and that they were able to access credit facilities after having a second or top up facility. Most respondents were able to access more than one credit facilities and were able to have top up loans. Further, a fair majority of the respondents agreed that the banks had come up with new products to cover respondents' financial credit needs with few respondents being in disagreement while a sizeable number of the respondents held neutral opinion. There was agreement among most respondents that new credit products were available for their enterprises with existing credit with some holding a neutral opinion. Respondents were in agreement that new credit products were available for their enterprises without existing credit. Further, a larger majority of the respondents agreed that they could access new financial products; mobile banking, e-banking and agency banking while according to a fair majority of the respondents there are new requirements needed to access new credit facilities. There exist a statistically significant positive correlation between financial access and entrepreneurial performance. In addition, there exist a statistically significant positive causal relationship financial access and entrepreneurial performance among micro and small enterprises in Kericho, Kenya.

Financial Credit Products and Entrepreneurial Performance

The second objective of the study was to evaluate the influence of financial credit products on entrepreneurial performance of micro and small enterprises in Kericho County, Kenya. Most respondents were in agreement that their financial institution had credit facilities for their enterprises and that credit facilities for SMEs are available to meet their every need. In addition, most respondents agreed that they were asked for collateral (security) for the credit facility. There was agreement among a fair majority of the respondents that they were asked for collateral for a top up or when taking another facility with some being in disagreement with this statement. A larger majority of the respondents disagreed that the repayment period for their loans was flexible while sizeable number of the respondents showed neutrality in opinion on this statement. Most respondents were in disagreement that he repayment period for their loans were flexible after top up or second facility. Respondents were in agreement that they needed guarantors to access financial credit facilities and that they need guarantors to access financial credit facilities for a second or top up facility. Ina addition, there was also agreement among most respondents that their credit rate score was needed for loan approval**.** The correlation results also reveal that there is a statistically significant positive relationship between financial credit products and entrepreneurial performance. Further, the regression results indicate that there exist a statistically significant positive relationship between financial credit products and entrepreneurial performance among micro and small enterprises in Kericho, Kenya.

RECOMMENDATION

Financial Access and Entrepreneurial Performance

It was recommended that the County government of Kericho should ensure measures are put in place to enhance credit accessibility to micro and small enterprises in Kericho County, Kenya. This is because micro and small enterprises are finding it hard to access credit facilities from existing financial institutions in that County. Further, financial institutions such as banks should come up with new products to cover micro and small enterprises financial credit needs.

Financial Credit Products and Entrepreneurial Performance

It was recommended that financial institutions should ensure that credit facilities are tailored to the need of micro and small enterprises. Further, financial institutions should do a due diligence on the creditworthiness of micro and small enterprises. This will ensure that financial institutions do not dwell so much of the collateral aspect held by micro and small enterprises. Marque micro and small enterprises may lack physical collateral to

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secure credit facilities advanced to them. It was recommended that financial institutions should review the repayment period for a SMEs loan since the respondents indicated that the period set was not flexible even after top up or second facility.

Financing for micro and small enterprises remains to be a key element in their performance hence there is more need for policy formulations, administration and implementation by the government and its partner agencies to promote this vital sector. There should be continuous trainings of this sector on financial literacy, business planning, finance basics, handling cash flows and ethics in business. There should be discussions not only on finance but also on capacity building. Development agencies and financial institutions should also offer support where they can.

CONCLUSIONS

Financial Access and Entrepreneurial Performance

It was concluded that financial access has a significant influence on entrepreneurial performance of micro and small enterprises in Kericho County, Kenya. Micro and small enterprises in Kericho County, Kenya able to access credit facilities from their financial institution and also able to access credit facilities after having a second or top up facility. It can be concluded that micro and small enterprises are able to access more than one credit facilities and are able to have top up loans. Banks have come up with new products to cover micro and small enterprises financial credit needs. Further, conclusions can be made that new credit products were available for micro and small enterprises with existing credit. New credit products were available for micro and small enterprises without existing credit. It was concluded that micro and small enterprises are able to access new financial products; mobile banking, e-banking and agency banking. In addition, conclusions can be made that there are new requirements needed to access new credit facilities among micro and small enterprises in Kericho County.

Financial Credit Products and Entrepreneurial Performance

It was concluded that financial credit products has a significant influence on entrepreneurial performance of micro and small enterprises in Kericho County, Kenya. Conclusions can be made that financial institution had credit facilities for micro and small enterprises and that credit facilities for SMEs are available to meet their every need. Micro and small enterprises are asked for collateral (security) when applying for a credit facility while some financial institutions require collateral for a top up or when SMEs are taking another credit facility. It was concluded that repayment period for a SMEs loan was not flexible even after top up or second facility. Micro and small enterprises need guarantors to access financial credit facilities and that they need guarantors to access financial credit facilities for a second or top up facility. Further, conclusion can be made that micro and small enterprises credit rate score was needed for loan approval by financial institutions in Kericho County, Kenya.

IMPLICATION TO RESEARCH AND PRACTICE

Micro and small entrepreneurs were people who have challenges accessing finance in developing countries like ours Kenya. They experienced difficulty in growing and expanding their businesses. Financial institutions rendered them a "risky" category especially since majority had no collateral to access secured loans.

With growing appreciation to the huge contribution that micro and small enterprises give to economic development, more financial institutions are embracing and are coming up with products to suit this category of people. This can be seen by the large number of mobile loans that are quick to access and need fewer requirements. This was supported from the findings in the study. Studies involving micro and small businesses today must be approached with the notion that these people are able to access financing.

FUTURE RESEARCH

The study adopted a case study approach of small and micro enterprises in Kericho County, Kenya. According to Yin (2003) reveals that case study findings cannot be generalized. Thus, the findings of the study may not be extrapolated to other groups within the population and therefore the study recommended that a similar study should be conducted on a broader scale in Kenya. Further, in determination of measurable indicators under each variable of the study qualitative research was used. The study recommends that further research should use a quantitative approach in order to test and validate the research findings.

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