Effect of Credit Financing on Financial Performance of Small and Medium Enterprises in Nairobi Central Business District, Kenya

Nshimirimana Eric Dr. Thomas Githui & Mrs. Agnes Muhavani

ISSN: 2616-4965

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 5||Issue 2||Page 18-42 ||September||2021|
Email: info@stratfordjournals.org ISSN: 2616-4965

Effect of Credit Financing on Financial Performance of Small and Medium Enterprises in Nairobi Central Business District, Kenya

[*1]Nshimirimana Eric [2]Dr. Thomas Githui & [3]Mrs. Agnes Muhavani

[1]Master's Student, The Catholic University of Eastern Africa Nairobi, Kenya

[2]Lecturer, School of Business, The Catholic University of Eastern Africa Nairobi, Kenya

[3]Lecturer, School of Business, The Catholic University of Eastern Africa Nairobi, Kenya

***Email Address of the Corresponding Author: nshimirimanaeric47@gmail.com**

***How to cite this article*: Nshimirimana, E., Githui, T. & Muhavani, A. (2021). Effect of Credit Financing on Financial Performance of Small and Medium Enterprises in Nairobi Central Business District, Kenya, *Journal of Finance and Accounting*. Vol5 (2) pp. 18-42.**
https://doi.org/10.53819/81018102t4004

Abstract

The purpose of the study was to establish the effect of credit financing on financial performance of SMEs in Nairobi Central Business District, Kenya. The specific objectives of the study were to: establish the effect of access to credit on financial performance of SMEs, to determine the effect of vested interest on SMEs, assess the effect of credit history on SMEs and distinguish the effect of credit worthiness on SMEs in Nairobi Central Business District Kenya. The study was anchored on Credit Rationing Theory, Information Asymmetry Theory and Financial Intermediation Theory. The study used stratified random design. The target population of this study comprised of 1,842 registered Small and Medium Enterprises licensed in Nairobi Central Business District. The study used a sample size of 184 SMEs. The study adopted primary data collection by interviewing the top owners or top managers, from the Small and Medium Enterprises by making use of structured questionnaire. Collected data was analysed through descriptive and inferential statistics with the aid of SPSS software. The analysis findings were presented on tables, charts and bars. The study findings revealed that access to credit had a positive and significant effect on the financial performance (β =.123, p=.031<.05), vested interest had a positive but insignificant effect on the financial performance of SMEs (β =.056, p=.391>.05), credit history had a positive and significant effect on the financial performance of SMEs (β =.416, p=.000<.05) and finally the findings revealed that credit worthiness had a positive and significant effect on the financial performance of SMEs (β =.405, p=.000<.05). The study concluded that access to credit is the lifeblood of small and medium-sized enterprises (SMEs) as they evolve into profitable and sustainable businesses over the years. It was thus recommended that managers of SMEs operating in Nairobi City County CBD should strive to improve their ability to access credit, improve their vested interest, credit history and improve their credit worthiness.

Keywords: *Access to Credit, Financial Performance, Vested Interest, Credit History, Credit Worthiness, SMEs, Nairobi Central Business District*

1.1 Background of Study

The significance of SMEs in the worldwide economy has expanded. SMEs are really beginning to be increasingly more significant regarding advancement improvement, business and riches creation (Nieman Nieuwenhuizen & Hough, 2013).Therefore, many governments, multilateral and bilateral agencies and non-governmental organizations worldwide have policies set up to help the growth of entrepreneurship (Robertson, Collins, Medeira & Slater, 2015). They are not just deemed to be the principal driving force of economic growth, though they are additionally viewed as essential for sustained development in nearly all economies (Garikai, 2014). They are also used to assist in the development of enterprise (Robertson, Collins, Medeira & Slater, 2015). They are not simply esteemed to be the chief main impetus of monetary development, yet they are moreover seen as fundamental for supported advancement in virtually all economies (Garikai, 2014). Moreover, SMEs are really a critical wellspring of work, produce impressive homegrown and fare income, add to the basic health just as government assistance of economies, and subsequently are an essential instrument of destitution decrease (Mephokee, 2014). This stunning commitment of SMEs to the economy of countries is really an overall marvel with generous commitment in all pointers of financial turn of events.

Financing is a basic component for benefit of a business venture independent of its size or industry where it works (Stierwald, 2013). Financing encourages the essential monetary elements of creation and dispersion. Financing guarantees that a firm is sufficiently fluid to meet working capital needs. With accessibility of money related assets, modern improvement is started since it is conceivable to make the most of new speculation open doors as they emerge (Karlan and Morduch, 2016). Debt and Equity are the formal sources of finance for investment. Informal financing for entrepreneurs involves accessing their own savings and those of family, companions, and even neighbours. Business visionaries look for casual 'holy messenger' 3 speculators who give budgetary capital just as business mastery for running a firm. Entrepreneurs who look for financing face a principal decision: would it be a good idea for them to acquire assets or take in new value capital? Since obligation and value have totally different attributes, each differently affects income, income, asset report introduction and charges. Each also has a different effect on a Company’s leverage, dilution, and a host of other metrics by which businesses are measured. Each financing choice carries an alternate sort of relationship with the particular financing source. The Company's arranged utilization of assets, wanted relationship with the capital source, and type or phase of the organization will generally decide the ideal type of financing for a given circumstance. Sensible terms of financing prompt or urge business visionaries to grow their mindset of possible chances.

Financing is a basic component for gainfulness of a business venture independent of its size or industry where it works (Stierwald, 2013). Financing encourages the essential monetary elements of creation and appropriation. Financing guarantees that a firm is sufficiently fluid to meet working capital needs. With accessibility of budgetary assets, modern advancement is started since it is conceivable to make the most of new venture open doors as they emerge (Karlan & Morduch, 2016). Obligation and Equity are the conventional wellsprings of account for venture. Casual financing for business people includes getting to their own reserve funds and those of family, companions, and even neighbors. Business visionaries look for casual 'angel ‘investors who give monetary capital just as business aptitude for running a firm. Entrepreneurs who look for financing face an essential decision: would it be a good idea for them to get assets or take in new value capital? Since obligation and value have altogether different attributes, each differently affects profit, income, accounting report introduction and duties. Each likewise differently affects a Company's influence, weakening, and a large group of different measurements by which organizations are estimated. Each financing alternative carries an alternate kind of relationship with the individual financing source. The Company's arranged utilization of assets, wanted relationship with the capital source, and type or phase of the organization will generally decide the ideal type of financing for a given circumstance. Sensible terms of financing initiate or urge business people to extend their mindset of possible chances.

The global perspective while focusing on Europe, at the beginning of the growth cycle, the financing of smaller and younger firms is heavily dependent on initial insider finance (equity) and external investors through, for example, angel financing. (At this stage, these firms are an unknown quantity because they do not yet have a track record and therefore have much difficulty in accessing intermediated external finance.) Insider finance or equity is defined as funds provided by the start-up team, family or friends prior to and at the time of the firm’s inception. Angel financing is an informal, non-intermediated market for direct finance where ‘angels’, who are by definition high net-worth individuals, invest directly in small companies through an equity contract, typically common stock. Angels sometimes work as a small investment group in which they coordinate their investment activities. Sometimes this is done in conjunction with lawyers and accountants, who bring deal flair to the group and help structure the contracts.

Trade (or supplier) credit is the credit the supplier gives to his client in a business-to-business relationship. Instead of paying for the goods and services rapidly in cash, the firm makes delayed payments to its suppliers, which creates the equivalent of a loan from the suppliers to the firm. The use of supplier credit depends on the length of payment period, the availability of the supplier’s own funds and also access to bank loans. Suppliers are generally reluctant to grant trade credit to start-ups because of the lack of information about the firm and the higher probability of default. When companies grow and show stable cash-flows, trade credit becomes a viable and frequently used source of financing.

In Kenya, SMEs are usually accepted to have restricted admittance to stores, credit offices and other money related help administrations gave by Formal Financial Institutions. This is on the grounds that most SMEs can't give the important insurance security requested by these conventional loaning organizations. Further, rigid prerequisites and administrative loaning techniques by the proper loaning organizations urge most SMEs to fall back on casual moneylenders, for example, conventional cash banks, companions and family members. Microfinance Institutions (MFIs) have risen to bring to the table credit answers for SMEs.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 5||Issue 2||Page 18-42 ||September||2021|
Email: info@stratfordjournals.org ISSN: 2616-4965

Account has a noticeable function in the endogenous development hypothesis, through its positive effect on the degrees of capital aggregation and investment funds (Romer, 2013).

Returns on the Capital Employed shows the profitability of the investments in a company while Return on Equity can be termed as the average income divided by the equity of the stakeholders. These can be derived from an organization's financial statements and can be used as the financial measures of performance. However, in order to fully measure financial performance, it proves important to incorporate the non-financial measures of performance also. This includes the efficiency in operations, flexibility in services offered and the dependability of the organization. This enables a comprehensive determination of the performance in a particular organization at a particular time (Selvarajan*etal.* 2007).

Notwithstanding the SMEs hugeness, insights show that three out of five organizations come up short inside the initial two years of activity (GoK, 2017). Absence of credit access has been referred to as a major constrain hindering SMEs growth (Kiiru, 2014; Oketch, 2016). In the recent years, the GoK has been taking measures to ensure that SMEs have access to financing. Introduction of the Youth Enterprise Fund and Women Enterprise has been found to promote SMEs financing access from 7.5% in 2006 to 17.9% in 2009 (Financial Sector Deepening Kenya, 2009). Presently, pursuant to Regulation six of the Public Procurement and Regulation, 2011, there is the National Sensitisation on Youth Access to 10% of all Government Procurements (PPOA, 2011). This preferential treatment for SMEs by GoK is meant to develop the SME sector and hence the general economy of the country. Likewise, continuous changes in the business climate with respect to globalization of business sectors go about as a further test to SMEs development possibilities. Advancement of business sectors has made rivalry genuine among firms and just those with a serious edge can endure (Matovu, 2006).

The significance and commitment of SMEs to accomplishing macroeconomic objectives of countries, particularly in creating countries, has pulled in the consideration of researchers in the business discipline as of late (Shelley, 2004). As indicated by yearly Kenya Economic Survey, out of the absolute new openings made in 2008, SMEs contributed up to 89.9% and in 2009, out of the total jobs created, SMEs contributed up to 79.9% (GoK, 2010). In 2010, the sector contributed up to 59% of Kenya's total GDP (GoK, 2010). In 2012, SME sector contributed up to 79.8% of new jobs created in that year (GoK, 2012). Consequently, Kenya's development plan recognizes the SMEs sector as a pillar to achieving middle income status by 2030.

1.2 Statement of the Problem

The performance of the SMEs sector is one that comes with mixed results. More often than not, the access to credit proves very challenging for this sector of customers due to lack of collateral for the loans. Those SMEs that access credit find themselves in tight situations due to compliance issues to align themselves with the government legislation hence sometimes underperforming or collapsing all together. Whereas there could be other factors for the SMEs to face difficulties in doing business, loan defaulting is one that has led to the slow growth of the sector. There are however businesses that do well due to credit financing and this study therefore sought to establish the effect of credit financing to the performance of the SME sector in Nairobi Central Business District, Kenya.

https://doi.org/10.53819/81018102t4004

1.3 Objectives of the Study

i. To establish the effect of access to credit on financial performance of SMEs in Nairobi Central Business District.
ii. To determine the effect of vested interest on financial performance of SMEs in Nairobi Central Business District.
iii. To assess the effect of credit history on financial performance of SMEs in Nairobi Central Business District.
iv. To establish the effect of credit worthiness on financial performance of SMEs in Nairobi Central Business District.

1.4 Research Questions

i. What is the effect of access to credit on financial performance on SMEs in Nairobi Central Business District?
ii. What is the effect of vested interest on financial performance of SMEs in Nairobi Central Business District?
iii. What is the effect of credit history on financial performance of SMEs in Nairobi Central Business District?
iv. What is the effect of credit worthiness on financial performance of SMEs in Nairobi Central Business District?

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 5||Issue 2||Page 18-42 ||September||2021|
Email: info@stratfordjournals.org ISSN: 2616-4965

1.5 Conceptual Framework

Figure 1 depicts the conceptual framework that shows the relationship between the study variables.

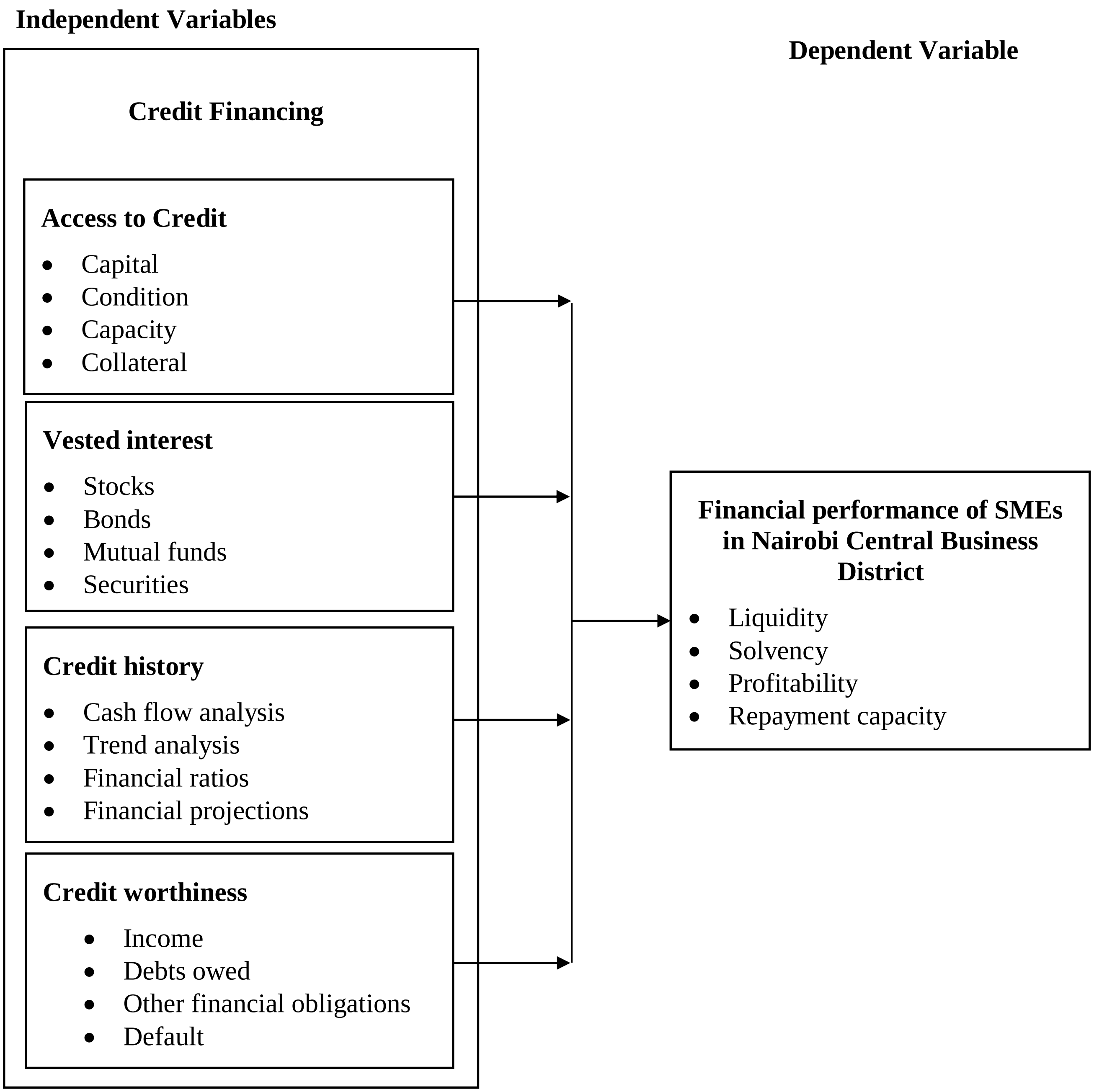

Figure 1: Conceptual Framework

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 5||Issue 2||Page 18-42 ||September||2021|
Email: info@stratfordjournals.org ISSN: 2616-4965

2.1 Theoretical Review

2.1.1 Credit Rationing Theory

Credit rationing theory, propounded by Stiglitz and Weiss (2014), gives a system to examining financial market failures that influence credit financing. It states that, data unevenness is the fundamental driver of financial market breaking down in creating nations that obstructs credit portion and prompts credit rationing. Loaning foundations that advance credit to financial operators are not just intrigued by the intrigue they get on credit offices, yet in addition the dangers of such offices. The premium that banks charge on credits tend to influence the dangers of a pool of advances by either arranging expected borrowers (unfriendly choice impact) or influencing the conduct of borrowers (moral peril impact).

Relating this theory to the investigation factors, the theory sets that credit financing has constructive outcome on financial performance and accordingly endeavors ought to be embraced to improve it. In any case, the way toward benefiting credit to clients is looked by restrictions which apportion the sum accessible to the borrowers. Therefore, loaning foundations attempt to determine the issue by turning to different screening systems to distinguish potential borrowers who are bound to take care of credit progressed to them, since expected profit for such credit relies vitally upon the likelihood of reimbursement. One of the techniques for screening recommended by Stiglitz and Weiss (2014) is the loan fee that an individual is eager to pay.

Stiglitz and Weiss (2014) placed that unfavorable determination and credit rationing can happen if loaning establishments require insurance for credit progressed. They contend that since good borrowers expect a slower pace of return if the pace of expansion is high, they are on the normal less rich than high-hazard borrowers and incapable to give more security to additional credit. Subsequently, as the insurance necessities for credits by banks increment, antagonistic determination is unavoidable as for the situation for high loan costs. Through and through, okay borrowers are dispensed with from the flood of expected borrowers and banks may not be keen on allowing advances to them. The most significant end from Stiglitz and Weiss (2014) contention is that data deviation results to antagonistic choice and good risk. This is a wellspring of market failure in creating nations and prompts generally safe borrowers, for example, SMEs being sidelined or even prohibited from the flood of possible borrowers.

2.1.2 Informational Asymmetry Theory

The concept of Information Asymmetry was first proposed by Akerlof (1970). According to the theory see credit financing as having positive effect on profitability. Nonetheless, benefiting the credit is influenced by information asymmetry which infers that there will be a few recommendations on which loaning establishments won't have immaculate information thusly restricting the admittance to credit offices for such suggestions. This incorporates new and innovation based suggestions for which market knowledge would be restricted. At a beginning phase for most SMEs, information about them is restricted (Hall et al., 2000). At this stage, resources are often information based solely connected with the establishing business visionary. All the more so with assembling or innovation based firms in which business people might be hesitant to give full information about the open door due to worries that revelation may make it simpler for others to abuse (Shane and Cable, 2003). Likewise, there might be deviations emerging from area just as division the SME works in. For instance, proprietors of SMEs in provincial conditions may confront challenges with admittance to credit offices from Commercial banks whose organization is situated in metropolitan focuses (OECD, 2012). The theory presumes that some SMEs won't have the option to get to credit financing independent of the foundation set up to upgrade credit access because of information gap between the borrowers (SMEs included) and account loaning organizations.

2.1.3 Financial Intermediation Theory

Based on Scholtens and Van Wensveen (2003), the job of the fiscal intermediary is basically seen as that of producing special monetary commodities. These are produced anytime and intermediary discovers that it is able to promote them for rates that are anticipated to go over all costs of their creation, both immediate costs as well as opportunity costs. Monetary intermediaries can be found because of industry flaws.

Subsequently, in an ideal market circumstance, without exchange or maybe information costs, financial mediators would not exist. Numerous commercial centers are perceived by informational contrasts among venders and clients. In financial business sectors, information deviations are particularly articulated. Borrowers for the most part comprehend their guarantee, innovation, and good trustworthiness obviously superior to do banks. On the other side, business visionaries have inside information about their own errands for which they need financing (Winton & Gorton, 2003). Moral danger hampers the exchange of information among market members that is a vital component for good quality activities to be financed. In the current investigation, the goal was to assess the impact of the proper financing on the financial performance of SMEs. This theory is helpful especially in the assessment of the obstructions and limitations the SMEs face in getting credit from assorted source surplus finances like SACCOs and business banks. The theory manages the foundation of how asymmetry, haggling power and conditional expenses and other market defects influence the capacity of SMEs to hotspot for assets and how that impacts their financial performance.

2.2 Empirical Literature Review

2.2.1 Access to Credit and Financial Performance

Atieno (2016) found that credit rationing is altogether higher in the formal financial business sectors when contrasted with the casual and semiformal financial areas in Kenya. She found that the worry with the advance reimbursement among formal moneylenders decides the sum credit a borrower gets while in the casual financial area, the fundamental determinant is their restricted asset base. She reasoned that loaning terms forced by the formal financial segment (stressing insurance security) apportion an enormous number of borrowers out of the credit market leaving just a rare sorts of people who can manage the cost of the necessary guarantee. Then again, a portion of the borrowers don't get what they need from the casual part because of the restricted asset base making a credit hole in the country markets in Kenya.

Taking a gander at the part of casual financial divisions in Ghana, Aryeetey and Gockel (2013), in their examination to research factors that spur the private area to lead financial exchanges in the casual financial segments found that the casual segment gets its dynamism from improvements in the proper segment just as from its own internal characteristics. The casual and formal segments offered comparative items that are not altogether homogeneous, suggesting that the two areas oblige the necessities of effectively recognizable gatherings of people and organizations. Nonetheless, members from either division may cross to the next relying upon factors like institutional obstructions, accessibility of credit offices and the simplicity of physical access.

Gitau (2012) studied the effects of access to finance on micro and small enterprises investment growth in Ongata Rongai Township. The study found that in financing of the miniature and private company, loved ones assumed a major function in helping the entrepreneurs support their tasks with a normal of 40% of the funds originating from them, a normal of 24% originated from financial establishments while on normal 30% of the accounts were from business reserve funds. The investigation additionally found that the principle prevention of SMEs in gaining admittance to formal financial administrations because of absence of credit administrations mindfulness, absence of insurance, banks checking strategies, prerequisites of an underwriter, cost of advances and the work as a security issue are a portion of the obstructions impeding usage of the accessible credit offices.

Shafique (2021) noticed that casual financial division assumes a significant function in improving admittance to credit for little and microenterprises ran by ladies in Kibera prompting their strengthening. He found a positive relationship between's gets to and the board and the development of the endeavors ran by the ladies presumed that casual financial segments positively affect the development of SMEs in Kibera. Morduch (1999) found that semi-formal fund which remembers microfinance had positive effect for neediness decrease. Anyway he is quick to include that "Even in the best of conditions, credit from microfinance programs helps finance independent work exercises that regularly supplement salary for borrowers as opposed to drive principal shifts joblessness designs". The investigation further discovered that semi-formal money infrequently created new openings for other people and achievement has been particularly restricted in districts with exceptionally occasional salary examples and low populace densities.

2.2.2 Vested Interest and Financial Performance

Personal stake is the place business people put their own assets into their organizations (Githire & Muturi, 2015). Bhatt and Bhatt (2017) characterized value financing as the distinction among resources and liabilities of the business. Assets from individual reserve funds or even the offer of individual resources is the fundamental wellspring of value financing. Because of good peril and issue with information asymmetry then SMEs at the startup stage will in general utilize individual investment funds. In later stages so as to develop and build up the SMEs will in general look for elective wellsprings of fund (Abdulsaleh & Worthington, 2013). Holy messenger speculators are typically depicted as rich people or companions of the entrepreneurs or gathering of people who financially uphold private companies since they have high accept that the business will have high development and returns (Njagi et al., 2017).

Generally the sum contributed isn't more than $500, 000, the particulars of ventures are good and the speculator isn't in one manner or the other in the administration of the business. Investor financing includes professional speculators who offer financial help to exceptionally picked organizations. Financial speculator are hazard averters and are touchy and picky about putting just in organizations that are very much overseen and have elevated level of upper hand in their specific industry. Investors are typically dynamic as far as dealing with the organizations they put resources into and they have high enthusiasm for boosting the profit for their venture. Investors generally put resources into a personal business with the objective of inevitably changing it into a public organization by offering shares on a security trade (Memba, 2011).

Numerous SMEs are set up as privately-owned companies which may not seek after development systems (Githire & Muturi, 2015). Also if SMEs have unconstrained decision between outer obligation and interior funds they will decide not to utilize obligation financing in view of the craving to hold control and freedom of the business (Njagi et al., 2017). As per Osoro and Muturi (2013) SMEs are financed by the proprietors and their family members. They don't care for admittance to outside account since this infers decrease in opportunity in dealing with the firm consequently SMEs use value financing so as to hold control and autonomy. Value lenders do not expect any quick return from their cash. Value financing isn't required to be taken care of like an advance. The organizations that utilization value financing bear all the misfortunes of the business in circumstance of a disappointment (Njagi et al., 2017).

2.2.3 Credit History and Financial Performance

An ongoing report by Kanake and Mahesh (2018) because of examination cycle of business banks towards their performance in Igembe South District, Meru County, Kenya; utilized spellbinding review plan where the objective populace was 10 bank staff and 240 entrepreneurs in the locale. The investigation utilized a survey to gather information from forty respondents who were chosen utilizing basic irregular examining. The examination set up that without a doubt evaluation measure affected the performance of the banks in the area. Notwithstanding, the investigation just talked with seven bank staff and further centered on banks just; a hole this examination looks to fill. An investigation on impacts of evaluation frameworks and systems on performance of SMEs was finished by Tondeur, Valcke and van Braak (2013) in Flanders, the Dutch talking area of Belgium.

Nkuah, Tanyeh and Gaeten (2013) considered the impact of getting assessment strategies on banks in Ghana: difficulties and determinants of performance. The examination zeroed in on the credit rationing theory propounded by Stiglitz and Weiss (2014). The examination utilized the quantitative methodology of exploration in which the likelihood was testing models; explicitly the defined and basic irregular inspecting; were utilized to choose eighty bank staff from the Wa Municipality. The significant discoveries for the examination showed that there exist fundamentally, positive relations between getting assessment strategies and bank performance. The examination likewise uncovered that some acquires assessment exercises, for example, business following, documentation, and others additionally sway vigorously on banks financial performance. Nonetheless, the examination just centered on banks and not aircraft organizations; a gap the current investigation tries to fill.

Dao (2015) experimental examination was on the impacts of obtaining assessment on performance of banks in Vietnam. Because of the qualities of information, the examination couldn't focus on top to bottom explicit issues, however at general pictures of bank financing including endogenous and exogenous factors. The binominal logit model was utilized to evaluate the impact of credit observing style on financial attributes of the banks, for example, credit value and profitability. The examination received discriminant and bunch investigation to add to the discoveries. Basing on strategic model, the investigation found that other than ends that were reliable with different examinations, there were additionally fascinating exceptional ends. The investigation demonstrated that, banks in Vietnam are to a great extent influenced by getting assessment. Notwithstanding, 18 this didn't matter to banks in Central North where it was amazingly simple for private venture to get to financing. Nonetheless, the examination zeroed in on banks and not aircraft organizations, a hole the current investigation tries to fill.

2.2.4 Credit Worthiness and Financial Performance

Owusu (2017) did a study on Credit risk management and profitability of selected rural Banks in Ghana. He found that the examination of credit applications did not sufficiently evaluate the innate credit risk to manage the accepting of appropriate acclaim decision. He likewise found that the drafted credit arrangement records of the two banks needed fundamental credit management essentials like credit conveyance handle, credit portfolio blend, premise of estimating, management of issue advances among others to satisfactorily make them powerful. In his proposition he communicated that credit aggregate should be purposely studied for recognized endeavors with a particular ultimate objective to ensure agreeable financing. This circumstance gives the required budgetary assets to support activities to realization, accordingly hindering redirection of assets to different purposes, which may not be financially feasible.

Njanike (2015) assessed the extent to which failure to effectively manage credit risk led to Zimbabwe's banks' demise in 2003/2004 bank crisis. He looked at different variables that prompted the keeping of money for emergency and to layout the parts of a powerful credit risk management framework. The study found that the inability to adequately oversee credit risk added to a more noteworthy degree to the saving money for emergency. The research further concluded that poor corporate administration, deficient risk management frameworks, not well arranged development drives, interminable liquidity challenges, remote coin deficiencies and redirection from centre business to theoretical non-banking exercises as different variables that brought on the crisis. There was a further necessity for banks to make and realize credit scoring and evaluation systems, review and overhaul the insider-advancing methodologies and get prudential corporate organization practices.

3.0 Research Methodology

Quantitative research design was adopted for this study. The study's target population was made up of 1,842 of the licensed categorized SMEs operating in Nairobi Central Business District. Data on the indicated SMEs was sourced from the Nairobi County-Licensing department. The units of analysis were the proprietors of the SMEs or their financial chiefs where relevant. Stratified random sampling technique was used to obtain a representative sample since population of interest is homogeneous. Rationally, a sampling of at least 10% is recommended by Mugenda & Mugenda (2003). This study used a sample of 10% of the target population which translated to 184 respondents drawn from all the SME licenced in the Nairobi Nairobi Central Business District. This was also reduced the margin of error in data analysis. The study data was obtained from primary sources by use of questionnaire so as to collect the required data. A descriptive analysis was employed to analyze data. This included the use of mean standard deviation, frequency and percentage. The study in addition used inferential statistics such as correlation and regression analyses to show the nature of the relationship between the study variables. Multiple regressions was used to link the independent variables and the dependent variable for the purposes of showing the relationship between them.

The regression model is as follows:

$$\mathbf{Y_{it} = \beta_o + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \varepsilon_{it},\ i=1, 2, 3, 4, 5;\ t=1, 2\ldots T,}$$

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 5||Issue 2||Page 18-42 ||September||2021|
Email: info@stratfordjournals.org ISSN: 2616-4965

Where:

Y = Financial Performance

$\mathbf{X_1}$ = Access to Credit

$\mathbf{X_2}$ = Vested Interest

$\mathbf{X_3}$ = Credit History

$\mathbf{X_4}$ = Credit Worthiness

$\boldsymbol{\varepsilon_{it}}$ = Error Term.

β_0 is the regression coefficient,

β_1, β_2, β_3 and β_4 are the slopes of the regression equation.

i= Individual dimension

t= Time dimension

4.0 Findings and Discussion

4.1 Descriptive Statistics

Table 1 presents the descriptive statistics results on access to credit variable.

Table 1: Descriptive Statistics on Access to Credit

Statement	No Extent	Little Extent	Moderate Extent	Great Extent	Very Great Extent	Mean	Std. Dev.
Cost of financing credit affect ability to access credit financing	7.00%	7.00%	13.30%	25.30%	47.50%	3.994	1.234
Short Repayment Period affect ability to access credit financing	5.70%	8.20%	14.60%	24.70%	46.80%	3.987	1.210
Collateral affect ability to access credit financing	7.00%	3.20%	18.40%	19.60%	51.90%	4.063	1.209
Lack of SME Credit access information affect ability to access credit financing	8.20%	12.00%	19.00%	22.20%	38.60%	3.709	1.313
Capacity to uptake credit facilities affect ability to access credit financing	4.40%	8.90%	9.50%	24.70%	52.50%	4.120	1.169
Conditions set out before getting credit affect ability to access credit financing	5.70%	3.80%	11.40%	21.50%	57.60%	4.215	1.147
Overall						**4.015**	**1.214**

https://doi.org/10.53819/81018102t4004

The results in Table 1 depicts that majority (72.80%) of the respondents indicated that cost of financing credit was affecting the ability of their businesses to access credit financing to a great extent. The responses recorded a mean and standard deviation of 3.994 and 1.234 respectively. This point to the fact that most SMEs operating in Nairobi CBD believe cost of financing credit is a factor influencing the financial performance of their businesses.

The results also show that most of the respondents (71.50%) were of the opinion that short repayment period of credits was affecting the ability of their businesses to access credit financing by a great extent. The responses had a mean and standard deviation of 3.987 and 1.210. In addition, the study also found that most of the respondents (71.50%) believed collateral was affecting the ability of their firms to access credit financing to a great extent (Mean=4.063, Standard deviation=1.209).

Further, the results show that most of the respondents (60.80%) indicated that lack of SME credit access information affected their ability to access credit financing to a great extent. The results had a mean and standard deviation of 3.709 and 1.313 respectively. Similarly, the results depicts that most (77.20%) of the respondents concurred that capacity to uptake credit facilities affected their ability to access credit financing to a great extent (Mean=4.120, Standard deviation=1.169).

Finally, the study found that most (79.10%) of the respondents were convinced that conditions set out before getting credit was affecting their ability to access credit financing to great extent (Mean=4.215, Standard deviation=1.147). The overall average mean and standard deviation were 4.015 and 1.217 respectively. This implies that most of the respondents indicated that the items under access to credit were affecting their ability to access financing to a great extent and their responses were not so much deviating from the mean response. Table 2 presents the descriptive statistics results on vested interest variable.

Table 2: Descriptive Statistics on Vested Interest

Statement	No Extent	Little Extent	Moderate Extent	Great Extent	Very Great Extent	Mean	Std. Dev.
stocks affect credit financing	3.20%	11.40%	29.10%	30.40%	25.90%	3.646	1.083
Bonds affect credit financing	1.90%	8.40%	34.80%	26.50%	28.40%	3.710	1.032
Mutual funds affect credit financing	5.80%	14.80%	28.40%	29.00%	21.90%	3.465	1.158
Securities affect credit financing	3.20%	6.30%	27.20%	36.10%	27.20%	3.778	1.020
Dividends affect credit financing	5.10%	7.60%	29.10%	35.40%	22.80%	3.633	1.073
Overall						**3.646**	**1.073**

The results show that most of the respondents (56.30%) were of the opinion that stocks was affecting credit financing to a great extent. The results had a mean and standard deviation of 3.646 and 1.083respectively. The results also show that most (56.30%) of the respondents were of the opinion that bonds were affecting credit financing in their forms to a great extent as was also affirmed by mean and standard deviation of 3.710 and 1.032. Additionally, most of the respondents (50.90%) indicated that mutual funds was affecting credit financing in their firms to a great extent (Mean=3.465, Standard deviation=1.158). Similarly, majority of the respondents (63.30%) were positive that securities affected credit financing in their businesses to a great extent as was also affirmed by a mean and standard deviation of 3.778 and 1.020 respectively. Finally based on the results, most of the respondents (58.20%) were of the opinion that dividends were affecting their credit financing to a great extent. In general, the results recorded an average mean and standard deviation of 3.646 and 1.073 respectively. This implies that most if the respondents were indicating that the indicators of vested interest was affecting financing in their businesses to a great extent and their responses were varied about the response mean. Table 2 presents the descriptive statistics results on credit history variable.

Table 3: Descriptive Statistics on Credit History

Statement	No Extent	Little Extent	Moderate Extent	Great Extent	Very Great Extent	Mean	Std. Dev.
Cash flow analysis affect credit financing	8.40%	4.50%	21.30%	29.00%	36.80%	3.813	1.221
Trend analysis affect credit financing	2.60%	5.80%	27.70%	29.00%	34.80%	3.877	1.040
Financial ratios affect credit financing	4.50%	0.60%	17.40%	41.90%	35.50%	4.032	0.983
Financial projections affect credit financing	3.90%	2.60%	25.20%	32.30%	36.10%	3.942	1.033
Overall						**3.916**	**1.069**

Based on the results in Table 3, most of the respondents (65.80%) indicated that cash flow analysis as an aspect of credit history was affecting their credit financing to a great extent as was also affirmed by a mean and standard deviation of 3.813 and 1.221 respectively. Additionally, majority (63.80%) of the respondents were of the opinion that trend analysis was affecting their credit financing to a great extent (Mean=3.877, Standard deviation=1.040). Further, most of the respondents (77.40%) felt financial ratios was affecting their credit financing to a great extent (Mean=4.032, Standard deviation=0.983). Finally, from the results it is evident most of the respondents (57.50%) were of the opinion that financial projections were affecting credit financing of their businesses to great extent. The responses has a mean and standard deviation of 3.942 and 1.033 respectively. The overall average mean of the responses was 3.916 with an average standard deviation of 1.069. This implies that most if the respondents believed that the aspects of credit history had effect of their credit financing to a great extent. Table 4 presents the descriptive statistics results on credit worthiness.

Table 4: Descriptive Statistics on Credit Worthiness

Statement	No Extent	Little Extent	Moderate Extent	Great Extent	Very Great Extent	Mean	Std. Dev.
Income affect credit financing	0.00%	9.00%	29.00%	32.30%	29.70%	3.826	0.961
Debts owed affect credit financing	7.70%	5.80%	25.50%	30.30%	30.70%	3.703	1.180
Other financial obligations affect credit financing	3.40%	6.00%	24.20%	28.20%	38.30%	3.919	1.081
Defaulting affect credit financing	4.50%	7.10%	20.00%	29.00%	39.40%	3.916	1.134
Overall						**3.841**	**1.089**

The descriptive statistics results in Table 4 show that most of the respondents (62%) believed income was affecting the credit financing of their firms to great extent as was also shown by mean and standard deviation of 3.826 and 0.961 respectively. Additionally, most of the respondents (61%) were of the opinion that debts owed had great extent of effect on their credit financing. The responses had a mean and standard deviation of 3.703 and 1.180 respectively. Most of the respondents (66.50%) also indicated that other financial obligations were affecting their credit financing to great extent as was also evident with the mean and standard deviation of 3.919 and 1.081respectively. Finally, the results point to the fact that most if the respondents (68.40%) felt that defaulting affected their credit financing to a great extent (Mean=3.916, Standard deviation=1.134). The overall average mean and standard deviation of 3.841 and 1.089 respectively. Table 5 presents the descriptive statistics results on financial performance.

Table 5: Descriptive Statistics on Financial Performance

Statement	No Extent	Little Extent	Moderate Extent	Great Extent	Very Great Extent	Mean	Std. Dev.
Liquidity is used to measure financial performance	5.70%	1.90%	28.50%	30.40%	33.50%	3.842	1.091
Solvency is used to measure financial performance	4.40%	5.70%	16.50%	41.10%	32.30%	3.911	1.055
Profitability is used to measure financial performance	4.50%	6.50%	23.90%	34.80%	30.30%	3.800	1.084
Repayment capacity is used to measure financial performance	4.50%	7.10%	14.20%	40.00%	34.20%	3.923	1.084
Overall						**3.869**	**1.079**

The results show that most (63.90%) of the respondents indicated that their businesses were measuring financial performance using liquidity to a great extent (Mean=3.842, Standard deviation=1.091). The results further show that most (73.40%) of the businesses were using solvency to measure financial performance of their businesses to a great extent. Additionally, most of the respondents (65.10%) were using profitability to measure financial performance of their businesses to a great extent (Mean=3.800, Standard deviation=1.084). Finally, most (74.20%) of the businesses were using repayment capacity to measure financial performance of their businesses to a great extent. The responses had an overall mean and standard deviation of 3.869 and 1.079 respectively. Table 6 depicts the correlations matrix.

Table 6: Correlation Matrix

		Financial Performance	**Access to Credit**	**Vested Interest**	**Credit History**	**Credit Worthiness**
Financial Performance	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Access to Credit	Pearson Correlation	.621**	1.000			
	Sig. (2-tailed)	0.000				
Vested Interest	Pearson Correlation	.641**	.521**	1.000		
	Sig. (2-tailed)	0.000	0.000			
Credit History	Pearson Correlation	.765**	.616**	.731**	1.000	
	Sig. (2-tailed)	0.000	0.000	0.000		
Credit Worthiness	Pearson Correlation	.747**	.638**	.667**	.723**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

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

As depicted in Table 6 there was a strong positive and significant association between access to credit and financial performance of SMEs in Nairobi CBD(r=0.621, p<0.05) at 5% level of significance. This implies that an improvement in access to credit is significantly associated to financial performance. The results are in agreement with the conclusion Macharia (2012) that the principle prevention of SMEs in gaining admittance to formal financial administrations because of absence of credit administrations mindfulness, absence of insurance, banks checking strategies, prerequisites of an underwriter, cost of advances and the work as a security issue are a portion of the obstructions impeding usage of the accessible credit offices.

The results also show that there was a strong positive and significant association between vested interest and financial performance of SMEs in Nairobi CBD (r=0.641, p<0.05) at 5% level of significance. This implies that an improvement in vested interest significantly influences financial performance of the SMEs. The results are consistent with the assertion by Memba (2011) that, investors are typically dynamic as far as dealing with the organizations they put resources into and they have high enthusiasm for boosting the profit for their venture. Investors generally put resources into a personal business with the objective of inevitably changing it into a public organization by offering shares on a security trade.

The study further found that credit history and financial performance of SMEs in Nairobi CBD were positively and significantly associated(r=0.765, p<0.05) at 5% level of significance. This implies that an improvement in credit history significantly influences financial performance of the SMEs. The results concurs with the findings of Nkuah, Tanyeh and Gaeten (2013) that there exist significant, positive association between credit history and financial performance of banks. The study also found that some acquires assessment exercises, for example, business following, documentation, and others additionally sway vigorously on banks financial performance. Nonetheless, the examination just centered on banks and not aircraft organizations; a gap the current investigation tries to fill.

Additionally, the study found that there was a strong positive and significant association between credit worthiness and financial performance of SMEs in Nairobi CBD (r=0.747, p<0.05) at 5% level of significance. This implies that an improvement in credit worthiness significantly influences financial performance of the SMEs. The results are consistent with the assertion by Njanike (2015) that the inability to adequately oversee credit risk added to a more noteworthy degree to the saving money for emergency. Table 7 shows model summary.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823a	0.677	0.666	0.46968

a Predictors: (Constant), Access to Credit, Vested Interest, Credit History, Credit Worthiness

Source: Field Data, 2021

The results in Table show that the coefficient of determination (R squared) is 0.677 and adjusted R squared of 0.666 at 95% significance level. The R squared of 0.677 implies that access to credit, vested interest, credit history and credit worthiness jointly explains 67.7 % of the variation in financial performance of SMEs operating within Nairobi CBD. The adjusted R squared of 0.666 depicts that access to credit, vested interest, credit history and credit worthiness in exclusion of the constant variable explains the variation in financial performance of SMEs operating in Nairobi CBD by 66.6 % The remaining 32.3% of the variation in the dependent variable can be explained by other factors which were not part of the current model. Presented in Table 8 is analysis of variance results.

Table 8: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	70.225	4	14.045	63.666	.000[b]
1	Residual	33.532	151	0.221		
	Total	103.756	155			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Access to Credit, Vested Interest, Credit History, Credit Worthiness.

Source: Field Data, 2021

The ANOVA results shown in Table 8 indicate that the model was statistically significant in explaining the effect of access to credit, vested interest, credit history and credit worthiness on financial performance of SMEs operating within Nairobi CBD and it is indicated by a p-value of 0.000<0.05. Table 9 depicts regression coefficient results.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 5||Issue 2||Page 18-42 ||September||2021|
Email: info@stratfordjournals.org ISSN: 2616-4965

Table 9: Multiple Regression of Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	0.371	0.204		1.819	0.071
	Access to Credit	0.123	0.056	0.137	2.182	0.031
1	Vested Interest	0.056	0.065	0.061	0.860	0.391
	Credit History	0.416	0.081	0.408	5.156	0.000
	Credit Worthiness	0.405	0.099	0.411	4.097	0.000

a. Dependent Variable: Financial Performance

Source: Field Data, 2021

Regression coefficients in Table 9 show that access to credit had a positive and significant effect on the financial performance (β =.123, p=.031<.05). This was supported by a calculated t-statistic of 2.182 that was greater than the critical t-statistic of 1.96 further confirming the significance. The result implies that, a unit improvement in access to credit results into an improvement in financial performance by 0.123 units. The results implies further that access to credit significantly affects the performance of SMEs operating within Nairobi CBD.

The results however show that vested interest had a positive but insignificant effect on the financial performance of SMEs (β =.056, p=.391>.05). This was supported by a calculated t-statistic of 0.860 that was less than the critical t-statistic of 1.96 further confirming the insignificance. Additionally, the results revealed that credit history had a positive and significant effect on the financial performance of SMEs (β =.416, p=.000<.05). This was supported by a calculated t-statistic of 5.156 that was greater than the critical t-statistic of 1.96 further confirming the significance. The result implies that, a unit improvement in credit history results into an improvement in financial performance of SMEs operating within Nairobi CBD by 0.416 units. The results implies further that credit history significantly affects the financial performance of SMEs operating within Nairobi CBD.

Similarly the study found that credit worthiness had a positive and significant effect on the financial performance of SMEs (β =.405, p=.000<.05). This was supported by a calculated t-statistic of 4.097 that was greater than the critical t-statistic of 1.96 further confirming the significance. The result implies that, a unit improvement in credit worthiness by SMEs, results into an improvement in their financial performance by 0.405 units. The results implies further that credit worthiness significantly affects the financial performance of SMEs operating within Nairobi CBD. These regression analysis results are consistent with the findings of studies by Stierwald (2013) that financing encourages the essential monetary elements of creation and appropriation. Financing guarantees that a firm is sufficiently fluid to meet working capital needs. With accessibility of budgetary assets, modern development is started since it is conceivable to make the most of new venture open doors as they emerge. (Karlan & Morduch, 2016) also indicated that obligation and equity are the conventional wellsprings of account for venture, casual financing for business people includes getting to their own reserve funds and those of family, companions, and even neighbors.

https://doi.org/10.53819/81018102t4004

5.0 Conclusion

On the basis of the study findings summarized in this chapter, it suffices to conclude that access to credit is the lifeblood of small and medium-sized enterprises (SMEs) as they evolve into profitable and sustainable businesses over the years. Given the tight credit conditions in the wake of the financial crisis for many SMEs and the difficulties small businesses often have in raising conventional bank financing, many SME's are alternative funding options. The study concludes that credit access positively and significantly affects the financial performance of SMEs. Credit access is critical for the growth of small and medium-size enterprises (SMEs). It allows entrepreneurs to innovate, improve efficiency, and expand to new markets.

The study also concludes that credit access for small and medium enterprises in Nairobi CBD is essential for boosting start-up businesses. In addition, without access to credits, small and medium enterprises will probably not be able to compete in an international market, to expand the businesses and strike linkages of business with the large firms. Further, access to finance is the most serious barrier to expansion of businesses and start-ups which have been mentioned by existing SMEs and potential operators. Further, the study concludes that vested interest positively influences financial performance of SMEs operating Nairobi CBD.

The study also concluded that vested interest is essential in achieving success for SMEs in collaboration where two or more businesses have the potential to gain or lose. SMEs that strive for collaborative success benefit from understanding vested interest and that of other collaborators in order to maintain a supportive level of involvement. Further, the study concludes that SMEs operating in Nairobi CBD were able to access to credit which in real sense led to promotion of their business growth. This growth was found to be caused by four factors namely; access to credit, vested interest, credit history of the businesses and credit worthiness. Both predictor models and SMEs' financial performance suggested that credit accessibility positively influence financial performance of SMEs.

6.0 Recommendation

Based on the findings and the conclusion, the study makes a number of recommendation. The study recommends that the managers of proprietors of SMEs in Nairobi City County CBD should strive to improve their ability to access credit, improve their vested interest, credit history and improve their credit worthiness, since they have been found to positively affect financial performance of SMEs. However, the managements of these SMEs should have prior plan before getting credit and to abide by the initial plan; they should not change their plans upon securing access, this will enable them to repay the credit and avoiding confiscation of their properties. The managements of these SMEs are also advised to learn and apply entrepreneurial skills and apply them in doing their business and most especially in accessing credit for the growth of their businesses. The study also recommends that both the government and the banking sector should mutually agree on a credit guaranteed scheme strategy that will incorporate a risk-sharing arrangement as a way of encouraging the financial institutions to channel funds to the SMEs.

Further, this study offer the following suggestions: There should be policies put in place to enable SMEs to have easy access to credit. This can be done by reduction of bureaucracy and easement of some of the tough conditions like that of providing collateral before being awarded a loan.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 5||Issue 2||Page 18-42 ||September||2021|
Email: info@stratfordjournals.org ISSN: 2616-4965

The government should come up with ways of reducing and regulating the interest rates so as to save SMEs from unscrupulous financial institutions that charges higher interests and to some extend accompanied by some hidden charges. The managements of SMEs operating in Nairobi CBD should be sensitized on the importance of taking credit since it was revealed that credit access to credit encourages growth of SMEs and their financial performance. This can be done through public forums, social groups as well as media. Finally, government should link up with potential investors to ensure availability and accessibility of financial institutions, because the more the number of lending institutions available, the more likely an SME will be able to access it.

https://doi.org/10.53819/81018102t4004

REFERENCES

Abbasi, A., & Malik, Q. A. (2015). Firms' size moderating financial performance in growing firms: An empirical evidence from Pakistan. *International Journal of Economics and Financial Issues*, *5*(2).

Abdulsaleh, A. M., & Worthington, A. C. (2013). Small and medium-sized enterprises financing: A review of literature. *International Journal of Business and Management*, *8*(14), 36-54.

Abdur, R., & Kashif, K. (2016). A review of impact of trade credit on firm's profitability: Study of non-financial firms in Pakistan. *Journal of Poverty, Investment and Development*, *25*.

Abebe, A. (1995). Instituting Effective Linkages between Formal and Informal Financial Sector in Africa. *A proposal in Savings and Development*.

Abiodun, E. & Entebang, H. (2015). *SME firm performance financial innovation and Challenges.* University of Malaysia, Sarawak Malaysia.

Aesaert, Koen, Ruben Vanderlinde, Jo Tondeur, and Johan van Braak. "The content of educational technology curricula: a cross-curricular state of the art." *Educational Technology Research and Development* 61, no. 1 (2013): 131-151.

Aryeetey, E. & Gockel, F. (2013). *Mobilizing domestic resources for capital formation in Ghana.* African Economic Research Consortium Paper. 3.

Arzeni, S., & Akamatsu, N. (2014). ADB-OECD Study on Enhancing Financial Accessibility for SMEs. *Lessons from Recent Crises,* (5), 169-

Atieno, R. (2016). *Formal and Informal Institutions' Lending Policies and Access to Credit by Small-Scale Enterprises in Kenya: An Empirical Assessment.* African Economic Research Consortium. http://dspace.africaportal.org/jspui/bitstream

Barkham R., G. Gudgin, M. Hart & E. Hanvey (1996). *The Determinants of Small Firm Growth: An Inter-regional Study in the United Kingdom 1986–1990.* Jessica Kingsley, London

Bernardin, H. John & Joyce EA Russell. 2013. Human resource management

Bernardin, H. John dan R., Joyce, E. A. (2013). *Human Resource Management–An Experiential Approach*.

Bhatt, P. R., & Bhatt, R. R. (2017). Corporate governance and firm performance in Malaysia. *Corporate Governance: The international journal of business in society*.

Bouman, A., (1989). *Small, Short and Unsecured: Informal Rural Finance in India*. Delhi: Oxford University Press.

Braverman, A., & Guash, L. (1986). Rural credit markets and institutions in developing countries: Lessons for policy analysis from practice and development, 14, (10/11).

Claessens, S., (2006). Access S., (2015). *Business Research Method.* New York: McGraw Hill.

Codjia, M. (2013). *Components of a Financial Report.* http://www.ehow.com/ info_7743832_componentsfinancial-report.html?ref=Track2&utm_source=ask. Retrieved on: January 15, 2014.

Cooper, D. R., & Schindler, P. S. (2011). Qualitative research. *Business research methods*, *4*(1), 160-182.

Dao, M. Q. (2015). Government expenditure and growth in developing countries. *Progress in Development Studies,* 12(1), 77–82.

Finance in Kiambu Town, Kenya. University of Nairobi Mba Project

Financial Sector Deepening, (2013). *Financial Inclusion in Kenya. Survey results and analysis from FinAccess 200,* Nairobi

Franck, T., & Huyghebaert, N., (2016). Determinants of capital structure in business start-ups: the role of nonfinancial stakeholder relationship costs. *Journal of Financial Research,* 33. 487-517.

Fridell, M., (2013). *Exploring the roles of informal, formal and semiformal microcredit in Jordan.* Lund: Lund University School of Economics and Management

Garikai, W. B., (2014). Economic Policy Analysis in Zimbabwe: A Review of Zimbabwe Economic Policies: Special Reference to Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset). *SSRN Electronic Journal*, 10.2139/ssrn.2384863.

Gitau, P. M. (2012). *The effects of access to finance on micro and small enterprises investment growth in Ongata Rongai township* (Doctoral dissertation, University of Nairobi, Kenya).

Githire, C., & Muturi, W. (2015). Capital structure and financial performance in Kenya: Evidence from firms listed at the Nairobi Securities Exchange. *International Journal of Economics, Commerce and Management,* 3(4), 1–10.

Goldsmith, R. W. (2014). *Financial structure and development.* New Haven, CT: Yale University Press

Government of Kenya, (2012). *Economic Survey. Nairobi Kenya.* Nairobi: Government Printers.

Inyang, B. J. (2013). Defining the role engagement of small and medium-sized enterprises (SMEs) in corporate social responsibility (CSR). *International business research*, *6*(5), 123.

Kanake, M. G., & Mahesh, R. (2018). The Impact Assesment of the Micro Finance to Financial Inclusion and Bisuness Growth: A Study of the Micro, Small and Medium Enterprises in Igembe South (Kenya). *American Journal of Finance*, *3*(1), 1-30.

Kerlinger, N. (1986). *Foundations of behavioral research.* Fort Worth, TX: Holt, Rinehart, and Winston.

Kiiru, M., (2014). *The impact of microfinance on rural poor households' income and vulnerability to poverty: Case study of Makueni District: Kenya, Nairobi.* Unpublished thesis. University of Nairobi.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 5||Issue 2||Page 18-42 ||September||2021|
Email: info@stratfordjournals.org ISSN: 2616-4965

Matovu, A. (2016.). Microfinance and poverty alleviation in Uganda International journal of business and management Vol 9 issue 4. *ADBI working paper series,* No 581,

Mephokee, C. (2014). *Information Technology: Some Implications for Thailand.* Chapters, in: Mitsuhiro Kagami & Masatsugu Tsuji &Emanuele Giovannetti (ed.), Information Technology Policy and the Digital Divide, chapter 7, Edward Elgar Publishing.

Morduch, J. & Karlan, D., (2016). *Access to Finance.* Handbook of Development Economics.

Morduch, J. (1999). The microfinance promise. *Journal of Economic Literature*, *37*(4), 1569-1614.

Mugenda, M., & Mugenda, G., (2012). *Research methods: Quantitative and qualitative approach*. Nairobi: ACTS Press.

Muungano Support Trust (2006). *Cities where urban poor live in dignity meeting basic needs to scale Growth: An Interregional Study in the United Kingdom.* London: 1986 -90 Jessica Kingsley.

Nairobi City Council, (2012). *Licensed businesses in Nairobi, Mukuru slums.* Nairobi.

Nieman, G., Hough, J., & Nieuwenhuizen, C. (2013). *Entrepreneurship: A South African perspective*. Pretoria: Van Schaik.

Njagi, I. K., Kimani, E.M. & Kariuki, S. (2017). Equity financing and financial performance of SMEs in Embu town Kenya. *International Academic Journal of Economics and Finance,* 2(3), 74-91.

Njanike, K. (2015). The Impact of Effective Credit Risk Management on Bank Survival. *Annals of the University of Petrosani, Economics,* 9, 12-12.

Nkuah, J. K., Tanyeh, J. P., & Gaeten, K. (2013). Financing small and medium enterprises (SMEs) in Ghana: challenges and determinants in accessing bank credit. *International Journal of Research in social sciences, 2*(3), 12-25.

Osoro, K., & Muturi, W. (2013). The role of micro financial institutions on the growth of SMEs in Kenya: A case study of micro financial institutions in Kisi Town. *IOSR Journal of Humanities and Social Science (IOSR-JHSS)*, *16*(1), 2279-0837.

Owusu-Antwi, G., & Antwi, J. (2010). The analysis of the rural credit market in Ghana. *International Business & Economics Research Journal (IBER)*, *9*(8).

Robertson, M., Collins, A., Medeira, N., & Slater, J. (2015). Barriers to start-up and their effect on aspirant entrepreneurs. *Education + Training, 45*(6), 308-316.

Romer, P. (2013). Increasing Returns and Long-Run Growth. *Journal of Political Economy*, *94*(5), 1002-1037.

Shafique, I. (2021). *Impact of Financial Development and Credit Information Sharing on Trade Credit Receivables, Trade Credit Payables and Total Trade Credit* (Doctoral dissertation, CAPITAL UNIVERSITY).

Stierwald, A., (2013). *Determinants of Firm Profitability- The Effect of Productivity and its Persistence*. Melbourne Institute of Applied Economic and Social Research: The University of Melbourne

Stiglitz, J. E., & Weiss, A., (2014). Credit rationing: reply. *The American economic review*, *77*(1), 228-231.

World Bank (2015). *Doing Business in 2004: Understanding Regulation*. The World Bank Washington, DC