International Journal of Economics, Commerce and Management
United Kingdom Vol. V, Issue 5, May 2017
http://ijecm.co.uk/ ISSN 2348 0386

FACTORS AFFECTING THE EFFECTIVENESS OF BANK CREDIT IN ENHANCING THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN KENYA: A CASE OF KISUMU CITY

Leah Atieno Auma
Master of Science Entrepreneurship, School of Human Resource Development,
Jomo Kenyatta University of Agriculture and Technology, Nairobi, Kenya
auma.leah@gmail.com

Willy Muturi
Senior Lecturer, School of Business Administration,
Jomo Kenyatta University of Agriculture and Technology, Nairobi, Kenya

Abstract

Whereas bank lending to the Kenyan SME sector has grown significantly, the exponential growth has not translated to improved performance of the beneficiary SMEs as shown by the persistent high failure rate in the SME sector. This study examined factors hindering the effectiveness of bank credit in enhancing the performance of SMEs in Kenya in terms of credit terms, loan utilization and managerial competencies. Descriptive survey design was used. The study targeted 1527 SMEs within Kisumu city from which 316 were sampled using proportionate sampling. A structured questionnaire and document analysis were used to collect data. Factor analysis with multiple regression using SPSS was used to determine the influence of the three factors on effectiveness of bank credit. Findings revealed that the three factors cumulatively accounted for 24% of the variance in SME performance. Credit terms was the most significant accounting for 31.1% of the variance, Loan utilization challenges 28.8% while managerial competence contributed 24.4% of the variance in performance for a majority of SMES. Enforcement of the banking amendment act 2015, banks designing more of the products tied to specific assets and building the capacity of SMEs as need to increase investment in capital assets to be used as collateral would help make bank credit more effective on SME performance.

Keywords: Credit terms, loan utilization, managerial competence, effectiveness, bank credit

Licensed under Creative Common

INTRODUCTION

Small and medium-sized enterprises (SMEs) are recognized as the drivers of socio-economic growth, both in developed and developing economies due to their significant role in creation of new jobs, rise in GDP, entrepreneurship and innovation (Karadag,2015).The Organization for Economic Cooperation and Development (OECD, 2005) posits that Micro, Small and Medium-scale enterprises (MSMEs) make important contributions to economic and social development, constitute the vast majority of business establishments, are usually responsible for the majority of jobs created and account for one third to two thirds of the turnover of the private sector. The Kenya Institute of Public Policy Research and Analysis (KIPPRA, 2012) asserts that because of their low capital requirements in business startup, there is potential of reducing poverty through the SME sector. Therefore the performance of the SME sector is crucial if Kenya is to realize the 10% growth rate as envisioned in the Kenya vision 2030 strategy.

Extant studies indicate that access to bank credit has a positive impact on the performance of SMEs. The FSD (2015) citing Beck and Demigurc-Kunt (2006) opines that when SMEs are credit constrained it severely affects their possibilities to grow and innovate. Madole (2015) found that bank credit obtained by SMEs in Morogoro enabled them to improve businesses in terms of increased business profit, employees, sales turnover, business diversification and increased business capital and assets. Mbugua,Njeru and Tirimba (2014) also opine that as a result of scarcity of finance, small enterprises are unable to expand, modernize or meet urgent orders from customers. Capital is therefore necessary for the long-term survival and growth of small enterprises.

Statement of the Problem

Whereas bank credit is given to increase the performance of SMEs, the beneficiary SMEs in Kenya still exhibit low performance. Existing reports indicate that although bank lending to the SME sector has grown significantly from a low of 19.5% in 2009 to a high of 23.4 % by 2013 (FSD, 2015;AfDB,2012) the exponential growth in SME lending has not translated to improved SME performance (KIPPRA, 2013; Githaiga & Kabiru, 2015). A high failure rate in the SME sector is still reported despite their increased access to bank credit. For instance, negative signals such as; commercial banks posting high non-performing loans in the SME sector, SME manufacturing firms exhibiting a slow rate of capital formation and minimal investment activity (KIPPRA, 2013; Chelagat,2012) and a high failure rate of SMEs (Njoroge 2013; Oluoch,2014) indicate poor performance of the SME sector in Kenya hence the need to investigate factors that limit the effectiveness of commercial bank loans in enhancing the performance and survival

Licensed under Creative Common

of SMEs in Kenya. If this situation is not arrested many more firms will continue to close down despite the increased lending to the sector.

Existing literature on bank credit and the performance of SMEs is also available albeit with research gaps. Odongo (2014) in a study on lending terms and the financial performance of SMEs in Uganda using a regression model found that lending terms conceptualized in terms of cost of money, loan size and lending period explained about 26.6% of the variation in financial performance of SMEs. He concluded that lending terms alone had a low influence on the financial performance of SMEs and thus proposed a further investigation incorporating managerial competence. Nyang'oma (2012) in a study to establish the extent to which credit terms and access to credit have affected financial performance of SMEs in Kampala found that credit terms explained 33.1% of the variance in financial performance of SMES in Kampala Uganda. These studies mainly focused on credit terms the current study included loan utilization and managerial competence in attempt to explain the variance in financial performance that was attributed to other factors. Moreover, given the geographical diversity and difference in economic development, there is need for a similar study in Kenya. Most studies in Kenya have focused on the impact of microfinance on the performance of SMEs(Gathongo, 2014; Rotich, Lagat & Kosgei, 2014; Mwewa ,2012) However, MFIs have flexible loan products and small loan size of up to 500,000/= mainly targeting the financially excluded informal sector micro enterprises. On the contrary, Commercial bank SME lending ranges from 1 to 50 million which warrants an independent research on how these loans have influenced the performance of SMEs. Research on effect of managerial competencies on the utilization of bank credit by SMEs has mainly been done in other countries such as South Africa (Fatoki, 2014), Malaysia (Lee, Huam, Osman, & Rasli (2010) and Ghana (Sanda *et al.*, 2011). This necessitates similar studies to be done in Kenya to establish how the competency of SME managers could affect their ability to utilize loans borrowed from commercial banks. It's against this backdrop that the study investigated whether credit terms, loan utilization and managerial competence affected the effectiveness of bank credit in enhancing the performance of SMEs in Kenya using a case of SMEs in Kisumu City. Major objectives of the study were;

1. To establish how credit terms influence the effectiveness of bank credit in enhancing the performance of SMEs in Kisumu city.
2. To find out how loan utilization influences the effectiveness of bank credit in enhancing the performance of SMEs in Kisumu city.
3. To examine the influence of managerial competence on the effectiveness of bank credit in enhancing the performance of SMEs in Kisumu city.

Licensed under Creative Common

LITERATURE REVIEW

Theoretical Review

Social Capital or Social Network Theory

Proponents of this theory assert that entrepreneurs are embedded in a larger social network structure that constitutes a significant proportion of their opportunity structure (Clausen, 2006). Shane and Eckhardt (2003) say "an individual may have the ability to recognize the existence of a given entrepreneurial opportunity, but might lack the social connections to transform the opportunity into a business startup. Kudshin (2004) as cited by Jaafar, Abdul-Aziz and Sahara (2009) assert that a network flow between actors which contains advice, information, friendship, emotional support, motivation and cooperation can lead to important ties useful to entrepreneurial ventures. This implies that entrepreneurs must build reputation enhancing relationships with outside resource providers who are willing to share valuable information, technology and finance. This theory shows that stronger social ties to resource providers facilitate the acquisition of resources in terms of access to capital, recruiting skilled labour and accessing tacit knowledge which enhances the probability of opportunity exploitation (Shane & Stuart, 2002; Hsu, 2004).

Resource Based View Theory

The Resource Based View Theory (RBV) argues that resources are a critical part of an organization's operation (Pfeffer & Salancik, 1978). The RBV suggests that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm (Hoffer & Schendel, 1978; Wenerfelt, 1984; Grant, 1991). For resources to contribute to competitive advantage, they must be heterogeneous (unique, difficult to accumulate and imitate). Consequently, If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market hence no firm will have a competitive advantage (Tokuda, 2005).

Empirical Review

Credit terms

Credit terms are defined as standards applied by commercial banks in determining the ability to repay loans. These terms help in assessing credit worthiness of borrowers and hedge against the risk of loss in case of non-repayment. They include collateral, interest rate and repayment period (Nyangoma, 2012; Agarwal, 2006). Access to finance is measured by amount borrowed and frequency of access which is the number of times one can access credit which depends on

Licensed under Creative Common

the ability of the business to meet credit terms set by commercial banks (Nakiyingi, 2010; Nyangoma,2012). Despite the increased supply of loans to the SME sector, the limited access to commercial bank loans by a majority of SMEs could be attributed to stringent credit terms. The National Credit Regulator (2011) found that although there is sufficient credit being made available to SMEs in South Africa the terms and conditions under which it can be accessed are not appropriate for the SME sector it is intended to serve. Nyangoma (2012) found that collateral demanded in Uganda was as high as 150% of the loan making it unfavorable to most SMEs. Mwega(2014) found that Interest rates in Kenya are high but asserts that low bank interest rates have a positive impact on the quality of the bank loan books with expectations that non-performing loans will increase in a regime of high interest rates. Chelagat (2010) found a link between interest rate and non-performing loans. She argues that in the case of floating rate loans, increased interest rate affects the difficulty in servicing debt which leads to a higher number of non-performing loans.

Extant studies on the impact of lending period shows mixed results. Most banks maintain short term lending periods for SMEs for a start. Beginning the credit relationship based on short-term finance enables banks to build credit histories with borrowers, even in markets with poor land title regimes, poor collateral registries, and weak credit bureaus. It also allows banks to gain experience, reach an increasing number of new cohorts of smaller firms over time, and graduates these enterprises to access medium and long-term loans as well as unsecured financing (G20 Seoul Summit, 2010). While the FSD (2015) recommends these short term loan products such as overdrafts in financing working capital requirements, it cautions that short term loans are ill suited to finance long term investment needs of SMEs as they are expensive and expose SMEs to interest rate risks. Yusuf, Amao and Olawale (2014) and Odongo (2014) recommend that to overcome loan repayment challenges faced by a majority of SMEs, banks should give a long loan repayment period to ensure that the end-users have better use of the loan, and increased ease of repayment. On the contrary, Chelagat (2010) found that SMEs that are given long grace periods and long repayment periods have a higher chance of default.

Loan Utilization

Whereas bank loans are a major source of external capital for purchase of fixed assets such as machinery and working capital in majority of SMEs, effective utilization of these loans has been a major challenge and cause of failure for a large number of SMEs (Amara *et al.,* 2015). Karadag (2015) asserts that inefficient use of financial resources and insufficient working capital management in terms of cash inventory and receivables management are reported as key financial challenges for SMEs in Turkey. Githaiga and Kabiru (2015) opine that SMEs in Kenya

Licensed under Creative Common

still experience various difficulties in improving their financial performance since short term loan, trade credit and long term loans are not well managed. Setargie (2013) in a study on Credit Default Risk and its Determinants in Microfinance Industry in Ethiopia found that diversion of loans to non-productive activities outside the business meant that less money was available for investment consequently resulting to loan default and poor business performance. Kamwanza (2014) found that of the 76 women entrepreneurs who had received micro credit loans in Msambweni constituency 52(68.4%) respondents had used the loan for other purpose not agreed upon. Results also reveal that among those who had diverted the loans, over 65% either never repaid the loan or repaid with difficulty.

A large number of SMEs even when given access to appropriate capital often fail to apply it to productive firm investments (Banerjee *et al.* 2010; Karlan and Zinman 2010). Overcoming the challenge of ensuring micro entrepreneurs utilize capital for productive business investments has proved elusive so far. Amara *et al.*, (2015) suggests reasons for this failure which are grouped as: individual, organizational, and environmental. They opine that some factors that hinder investment in business assets reside at the *individual level*, such as present bias, fear of debt, and lack of self-control, financial illiteracy, or insufficient risk-taking when making investment decisions. Other factors arise at the *organizational level* which include; operating in a sector that requires greater liquidity or one with high degrees of seasonal variation, which may force the entrepreneur to under invest in long-term business projects in order to maintain higher levels of working capital in the short-term. *Environmental level* factors are also likely to play a role in reducing the amount of money a micro entrepreneur invests in her business e.g. the income shocks and high uncertainty faced by female micro entrepreneurs in developing countries might lead them to divert capital for needs outside their business, e.g. household items, education fees, or health expenditures (Banerjee & Duflo 2007, 2011; Collins *et al.*, 2009). Amara *et al.*,(2015) found that locked savings –loan products led to more consistent savings behavior, greater investment in productive assets for micro and small firms resulting to better productivity and growth outcomes of MSEs. Loan utilization is therefore a key determinant of whether the set objectives are achieved or not. This study hypothesizes that inappropriate utilization of bank credit by SMEs reduces the cash available for investment in business assets resulting to poor business performance of SMEs in Kenya hence diminishing the effectiveness of the bank credit in enhancing the performance of SMEs.

Managerial Competence

Nakiyingi (2010) defines managerial competencies as a set of skills, related knowledge, traits and attitudes that allow an individual to perform a task or an activity within a specific function or

Licensed under Creative Common

job. A number of studies propose that intellectual capital is critical to management process and can create sustained competitive advantage (Penrose, 1959; Tokuda, 2005; Sanda *et al*., 2011; Fatoki, 2014). Fatoki (2014) further opines that being knowledgeable can help an entrepreneur to be innovative. Hormiga *et al*. (2011) found that managerial competencies as measured by education, managerial experience, start-up experience and knowledge of the industry positively impact on the performance of SMEs. They opine that education provides the knowledge base and analytical and problem-solving skills to more effectively deal with the demands of entrepreneurship Ahmad *et al.,* (2010) reported that entrepreneurial competencies are strong predictors of business success in SMEs. Hee and Kee (2013) citing Kang (2009) found that competencies are positively related to entrepreneurial success, and specifically, high entrepreneurial competencies and high managerial competencies are linked to satisfaction on financial performance whereas high managerial competencies and high technical competencies are linked to satisfaction on non-financial performance.

Citing Nguyen and Ramachandran (2006) Fatoki (2014) points out that managerial competency is one of the key criteria for banks to grant loans. However he laments that lack of managerial experience, skills and personal qualities as well as other factors such as adverse economic conditions, poorly thought out business plans and resource starvation have been found as the main reasons why new firms fail (Fatoki,2014). Griffin (2012) and Ropega (2011), asserted that most of the business failures are due to SME owner-managers' incompetence, inadequacy and inexperience in managing their business and taking quick remedial action in crisis situations. Karadag (2015) opines that managerial mistakes in terms of failure to develop a strategic plan and poor financial control are among the most important reasons of business failures in small businesses. Consequently, this study considers managerial competencies in terms of financial management skills and entrepreneurial skills as an important predictor of whether or not SME managers are able to effectively use bank loans to bring about superior business performance.

Effectiveness of Bank Credit

Empirical literature indicates that the effectiveness of an intervention can be measured in terms of the expected outcomes or the extent to which set objectives are achieved and targeted problems solved. Various studies have been undertaken to measure the effectiveness of micro credit programs worldwide. For instance; Terano, Mohamed and Jusri (2015) in a study to measure the effectiveness of microcredit programs among small businesses in Malaysia using factor analysis, concluded that the program was effective as it had positive outcomes in terms of assisting members to increase income, improve their loan management skills and allowed

Licensed under Creative Common

members to save and repay the loan. Similar studies done by Twyearfur and Hafiz (2012) and Wengcong (2013) to assess the effectiveness of micro credit also used proxies such as increased income, growth in assets, business profitability, standard of living and poverty reduction. Chaffey (2016) contends that unlike efficiency, effectiveness is determined without reference to costs and, whereas efficiency means "*doing the thing right*," effectiveness means "*doing the right thing*." He further asserts that effectiveness means measuring the extent to which targets are being met, and detecting the factors that hinder or facilitate their realization which also involves establishing cause-effect relationships about the extent to which a particular policy produces the desired outcome. In the words of these author, effectiveness also refers to summative evaluation.

SMEs mainly seek external finance for working capital or cash flow improvement, purchase of equipment or motor vehicle, land and buildings or marketing activities (BIS,2012). Accordingly the FSD (2015) reveals that main bank products for the SME market segment in Kenya are; working capital finance, term loans, overdrafts, local purchase order (LPO) financing and asset finance loans. Effective utilization of these loans would therefore mean that they must be used for the right purpose (i.e doing the right thing). Consequently well utilized asset finance loans would result in increased volume of productive assets in the business while properly utilized working capital loans and LPO finance would result to an increase in cash flows in the business enabling them to service their customer orders on time ultimately increasing the volume of sales, growth in customer base and increase in innovations (Mbugua, Njeru & Tirimba, 2014). In this study therefore effectiveness of bank credit was measured in terms of how well the loan was utilized by the SME managers to achieve the set objectives as agreed upon in the loan contract.

RESEARCH METHODOLOGY

A descriptive cross sectional survey design was adopted. The target population were SMEs operating in Kisumu city with at least 3 employees financed by KCB bank, Cooperative bank, Equity and NIC bank. The SMEs must be in the category of those borrowing 1-50 million. These banks were purposively selected because they have common criteria of categorizing SMEs. SME records obtained from the four Commercial banks indicate that SMEs in this category were 1,527. Proportionate sampling was used to determine the number of SMEs to be interviewed. Simple random sampling was used to select respondents within the stratum (Kothari, 2004; Kasomo, 2006). The sample size was calculated using Yamane's formula (1967) on the basis of which a sample of 316 SMEs managers was selected. Primary data was collected using a structured questionnaire with both closed and open ended questions. Secondary data on the

Licensed under Creative Common

performance of SMEs and bank lending to the sector was collected through desk research. The Cronbach Alpha was also calculated to determine scale reliability of the instrument. The face and content validity of the research instruments was established by seeking opinions of experts in the field. Data analysis was aided by SPSS version 17.0. Factor analysis with multiple regression was used to determine the percentage of variance explained by each of the three independent variables investigated. Kothari (2004) and Yong & Pearce (2013) recommend factor analysis for reducing data measured on ordinal or interval scales for further analysis such as multiple regression, correlations and multicollinearity tests. For data to be sufficient for factor analysis, Comrey & Lee (1992) as cited by Yong and Pearce (2013) recommend a sample size of 300 participants where each of the variable subjected to factor analysis must have at least 5-10 observations. Therefore the data in the current study met this requirement. The tests were done at 95% confidence level.

RESEARCH FINDINGS AND DISCUSSION

Characteristics of the Respondents

The researcher received 296 usable questionnaires out of 316 which represented a response rate of 93.67%. Reliability of the instrument was determined through piloting and Cronbach alpha. The Cronbach Alpha was calculated to determine scale reliability of the instrument which gave an overall alpha value of $\alpha = 0.777$. Field (2005) recommends a minimum overall alpha value of 0.7 although he also opines that in psychological constructs, values below 0.7 can realistically be expected. In this study the alpha value of 0.777 shows that the instrument had a good level of internal consistency. The analysis established that majority of the respondents in the study were male (57.7%) while female represented 42.23 % of the respondents. A Majority (59.12%) of the respondents were between 18 to 35 years of age, 29.05 % were between 36 to 60 years and 11.82 % above 60 years. This implies that majority of SME managers were found to be in the youth bracket of 18-35. The results also revealed that majority (49.32 %) of the respondents were University graduates, 25.34% had College level of education, and 20.27% had Secondary education while only 5.07% had primary education there was no respondent without education. This indicates that most of the SME managers in the study area were well educated with more than half having at least College Education which has a positive impact on the level of financial literacy. On the type of business, it was established that majority of the respondents (49.99%) were in Retail /Wholesale business, 41.22% in Service business,8.78% in Agribusiness and only 1.01% in Manufacturing sector. This is consistent with the findings of KIPPRA (2012) that majority of the SMEs in Kenya operate wholesale and retail trade due to low capital requirements for the sector while the manufacturing sector accounted for only 9% of

the total SME establishments as at 2011. The analysis further revealed that majority (44.26%) of the businesses have been in existence for 0-5 years, 43.58% for 6-10 years,8.45% for 11-20 years and only 3.72 % above 20 years. This implies that the bulk of SMEs have been in existence for less than 10 years

Credit Terms

Objective one sought to establish whether credit terms had any influence on the performance of SMEs in Kisumu city. Respondents were presented with 7 questions on a likert scale to state their level of agreement with the statement where SD= Strongly Disagree, D=Disagree, U= Unsure, A=Agree, SA= Strongly Agree.

Table 1: Credit Terms

Credit Term Aspect	SD	D	U	A	SA	TOTAL
This firm can afford the cost of credit in terms of interest rates and administrative costs charged by commercial banks on loans borrowed.	30.4	28.0	4.1	22.6	14.9	100.0
This firm feels interest rates charged are reasonable.	41.2	24.7	6.1	17.2	10.8	100.0
This firm has sufficient collateral to get credit from commercial banks.	29.4	15.9	8.1	35.5	11.1	100.0
The Security required to get loans limits the firm's ability to borrow from commercial banks.	9.5	17.6	14.2	34.8	24.0	100.0
The loan repayment period given to this firm is convenient.	24	29.1	13.9	27.4	5.7	100.0
Most loans obtained by the firm are short term loans.	4.7	23.6	8.4	43.2	19.9	100.0
This firm feels a loan given to management to determine the use is more productive than one where the bank dictates the purpose.	7.1	18.6	8.8	31.8	33.8	100.0

Findings as shown in Table 1 reveal that majority of the SMEs were uncomfortable with the credit terms offered by commercial banks. Cumulatively 62.5% strongly disagreed, disagreed or were unsure which implies that most SMEs were not comfortable with the cost of credit. Most borrowers are never fully aware of the full cost of credit at the time of borrowing since the information is never disclosed by the banks. It's against this backdrop that the new banking amendment Act 2015 was enacted into law. Section 31A compels a bank or financial institution that offers a loan to a borrower to disclose all charges and terms related to that loan so that they are able to make informed decisions. Findings on interest rates revealed that most of the respondents (72%) either strongly disagreed, disagreed or were unsure on whether the interest rates charged were reasonable. This means that interest rates charged were regarded as

Licensed under Creative Common

unreasonably high by most SME managers. This confirms finding that interest rates in Kenya are generally higher ranging between 19-24% compared to the Asian tigers where the rate is below 10% (FSD, 2015; KIPPRA, 2012; Mwega, 2014). High interest rates have also been found to erode profits making loan repayment difficult (Edakasi, 2011).

Although collateral enhances credit protection by reducing informational asymmetries and moral hazard problems that arise between banks and entrepreneurs since it can be repossessed by the creditor in case of default (NCR, 2011). Majority of the respondents lacked adequate collateral to access bank loans. On whether collateral required is favorable only 37.5% agreed or strongly agreed against 62.5 who disagreed (SD, D, U). Further 58.8 % either agreed or strongly agreed that security required limits their ability to borrow loans from commercial banks which implies that collateral requirements are not favorable to allow adequate access to loans by SMEs .This corroborates the assertion that most banks practice credit rationing of SMEs due to their inability to raise the required collateral (Kauffman, 2005; G20Seoulsummit, 2010; Nyangoma, 2012).On whether the loan repayment period was convenient, only 33.1% either agreed or strongly agreed against 66.9% who strongly disagreed, disagreed or were unsure. On whether most loans obtained by the firm are short term loans, findings indicate that 63.1% of the respondents either agreed or strongly agreed that most of the loans they were accessing were short term. Short term loans attract a short repayment period consequently resulting to high interest rates. While the FSD (2015) recommends these short term loan products such as overdrafts in financing working capital requirements, it cautions that short term loans are ill suited to finance long term investment needs of SMEs as they are expensive and expose SMEs to interest rate risks. Yusuf *et al.*, (2014) recommend that to overcome loan repayment challenges faced by a majority of SMEs, banks should give a long loan repayment period to ensure that the end-users have better use of the loan, and increased ease of repayment as it will be spread over a wide period of time.

The last question on the credit terms scale sought to establish whether SME managers feel locked loans (bank dictates use e.g. asset financing loans) are more productive or unlocked loans where the manager determines the use. Results indicate that 65.6% of the SME managers felt a loan given to management to determine its use is more productive than one where the bank dictates its use. This preference could be attributed to their high level of financial literacy given that majority were university graduates. However, Amara *et al.*, (2015) cautions that an unlocked loan is only productive if the SME manager is able to overcome individual, environmental and organizational challenges that often result to loan diversions which hinders investment in productive assets.

Licensed under Creative Common

Loan Utilization

The second objective sought to establish how the borrowed loans were utilized in the business and whether it affected performance of the SMEs business. Respondents were presented with 5 questions on a scale; 1. Never 2. Rarely. 3. Sometimes. 4. Often 5. Always; as shown in Table 2.

Table 2: Loan Utilization Aspects

S/no	Loan utilization Aspects	1	2	3	4	5
1.	We borrow specific loans to purchase fixed assets	8.8	20.3	45.9	16.9	8.1
2.	This firm uses loans to finance working capital	4.1	21.3	32.8	30.4	11.5
3.	We use loans to pay other debts	31.8	20.6	32.4	11.5	3.7
4.	This firm experiences loan repayment difficulties when loan is diverted	6.8	17.2	36.1	32.1	7.8
5.	Funds received are adequate for the financing needs of the business	8.4	34.7	19.9	35.1	2.4

Results as shown in Table 2 indicate that majority of the respondents understand the need to borrow specific loans to purchase business assets. In particular; on whether the firms borrowed specific loans to purchase fixed assets, 70.9% either sometimes, often or always borrowed specific loans. Investment in assets increases the collateral available which enables the firm to be rated more favorably by the financiers. Collateral can be repossessed by the creditor in case of default thus enhancing creditor protection (NCR, 2011; Berger & Udell, 1998). Further, Amara *et al*., (2015) assert that locked loan product where capital investment is dedicated *ex ante* to a productive firm asset leads to better productivity and growth outcomes than loans where the manager is free to determine the use .The second statement sought to establish whether the firm uses loans to finance working capital, findings reveal that majority (74.7%) sometimes, often or always used loans against 25.4% who never or rarely used. The FSD (2015) attributes this scenario to two reasons; Firstly SMEs tend to apply for working-capital loans more often than for investment loans because of the structure of the SME segment that is predominantly retail/wholesale. Secondly this finding might also reflect the risk assessment made by banks on short-term versus long-term loans as well as the perceived difficulty of recovering loans and seizing collateral in Kenya.

Findings on whether the firm uses loans to pay other debts show that whereas 52.4% never or rarely used loans to pay other debts, a significant number at 47.6% agreed that they sometimes, often or always use loans to pay other debts. Moreover, majority of respondents (76%) agreed that they sometimes, often or always experience loan repayment difficulties when

Licensed under Creative Common

loans are diverted. Even though loans that are not contractually committed to the purchase of a specific productive asset are aimed at allowing the SME manager to determine the optimal use of the money such loans are often relocated to non-business purposes which means less money is available for productive investment resulting to poor business performance (Amara *et al.*, 2015; Kamwanza 2014; Banerjee *et al.* 2010). The last statement sought to establish whether funds received were adequate for the financing needs of the business. Findings revealed that whereas 35.1% agreed that the loan amount received was often adequate for the financing needs of the business a significant 34.1% indicated that the amount received is rarely adequate. This can be attributed to the fact that most SMEs are only given short term loans with small loan limit which may not be adequate for the needs of the business (FSD, 2015).

Managerial Competence

Objective three sought to establish whether a relationship exists between managerial competence and the performance of SMEs. Respondents were presented with a likert scale of 7 items whereby; Strongly Disagree (SD), Disagree (D), Unsure (U), Agree (A), Strongly Agree (SA). Results are summarized in Table 3.

Table 3: Managerial Competency Aspects

S/no	Managerial Competency Aspects	SD	D	U	A	SA
1.	I have adequate skills and knowledge on drafting business plans.	1.0	12.5	8.4	56.8	21.3
2.	I have adequate knowledge on establishing business networks and linkage with large companies	0	15.9	6.8	61.8	15.5
3.	I have adequate knowledge and skills on marketing management.	1.4	15.9	2.0	64.2	16.6
4.	Am able to use capital budgeting techniques to Appraise investments.	2.4	20.6	7.1	49.7	20.3
5.	I have adequate knowledge and skills on budgeting, book keeping and financial planning.	4.4	25.3	7.8	44.9	17.6
6.	I have adequate knowledge and skills to interpret the financial statements generated by my business.	2.4	19.6	8.1	52.4	17.6
7.	The firm has adequate financial controls to monitor utilization of loans.	0	18.6	7.4	55.7	18.2

Findings in Table 3 revealed that over 60 % of the respondents agreed or strongly agreed that they had the requisite skills on various aspects of managerial competency. This could be attributed to their education level since most of them were university graduates. Managerial competency means that borrowed loans are well utilized resulting to positive outcomes in the business making the loan effective. Hormiga *et al.,* (2011) found that managerial competencies

Licensed under Creative Common

as measured by education, managerial experience, start-up experience and knowledge of the industry positively impact on the performance of SMEs. They opine that education provides the knowledge base and analytical and problem-solving skills to more effectively deal with the demands of entrepreneurship. Ahmad *et al.,* (2010) reported that entrepreneurial competencies are strong predictors of business success in SMEs. A cross tabulation was also done between gender and managerial competency to establish whether there exists any significant relationship between gender and level of competency. Results are summarized in Table 4.

Table 4: Cross Tabulation of Gender by Managerial Competency Aspects

Managerial Competency Aspects	**Male N=171**		**Female N=125**	
	SD+D+U (%)	**A+SA (%)**	**SD+D+U (%)**	**A+SA (%)**
I have adequate skills and knowledge on drafting business plans.	12.87	87.13	34.4	65.6
I have adequate knowledge on establishing business networks and linkage with large companies	19.29	80.70	27.2	72.8
I have adequate knowledge and skills on marketing management.	19.88	80.11	18.4	81.6
Am able to use capital budgeting techniques to appraise investments.	22.22	77.78	40.8	59.2
I have adequate knowledge and skills on budgeting, book keeping and financial planning.	35.09	64.91	40.8	59.2
I have adequate knowledge and skills to interpret the financial statements generated by my business.	24.16	75.84	27.2	72.8
The firm has adequate financial controls to Monitor utilization of loans.	23.98	76.02	28.8	71.2

Findings as shown in Table 4. reveal that with the exception of competency on marketing management where both gender had equal proportions of those who agreed or strongly agreed that they had requisite skills and knowledge, on all the other aspects of managerial competency, male gender had a higher proportion of respondents that had the requisite skills which implies that men were more competent on financial management aspects than women. This is supported by findings by Lusardi and Mitchell (2009) which established that men are generally more financially literate than women.

Influence of Bank Credit on Performance of SMEs

The study further sought to establish how commercial bank loans had contributed to the performance of SME businesses in Kisumu city which implied the effectiveness of the loan. Respondents were presented with a likert scale of 5 items to indicate whether the performance

Licensed under Creative Common

of their businesses was; Below Target (1), remained constant (2) or Above Target (3) in the last 5 years. Findings are shown in Table 5.

Table 5: Performance of SMEs

S/no	Performance Aspects	1	2	3
1.	Investment in capital assets for the last 5 years	22.6	42.2	35.1
2.	Growth in customers base for the last 5 years	21.3	39.9	38.9
3.	The volume of sales the business has made for the last 5 years	28.0	40.5	31.4
4.	The level of profits the business has raised for the last 5 years.	25.7	45.3	29.1
5.	Introduction of products or services that was new or improved to the market in the last 5 years.	16.9	58.8	24.3

Results as shown in Table 5 reveals that for most of the respondents, there was minimal growth in capital assets, customer base, volume of sales profits and introduction of new or improved products or services since their performance has remained constant for the last five years. This implies that bank loans borrowed were not effective in bringing about SME growth. This can be attributed to stringent credit terms and loan utilization challenges experienced by majority of the SMEs in the study area. Whereas the main goal of establishing Credit Reference Bureaus was to facilitate sharing of information about borrowers to eliminate information asymmetry between lenders and borrowers and facilitate access to cheap loans by SMEs, FSD (2015) established that a relatively high number of banks, especially domestic banks in Kenya, do not use credit scoring at all and seem to rely entirely on relationship-based technologies as a basis for lending. This assertion is further supported by the enactment of banking amendment act 2015 which caps the maximum interest rate chargeable on a loan facility to not more than 4% above the Central Bank Rate (GOK, 2015) to cushion borrowers from the expensive loans in the Kenyan financial market.

Rotated Component Factor analysis

Factor analysis was used to reduce data into a small number of variables/factors that explain most of the variance observed. Factor analysis identifies underlying variables/factors that explain the pattern of correlations within a set of observed variables. The reduced factors can then be used as variables for further analysis such as collinearity tests or regression analysis (Kothari, 2004; Yong & Pearce, 2013). A multiple regression model was then extracted from the reduced factors which was used to determine the influence of credit terms, managerial competence and loan utilization on the average performance of SMEs in Kisumu city. Data was

Licensed under Creative Common

subjected to factor analysis using principal component factoring and varimax rotation. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.644 indicating that the data was sufficient for factor analysis. Using an eigen value cut off of 1.0 there were three factors that explained cumulative variance of 52.6%. A scree plot was also used to confirm the finding of retaining three factors as shown in Table 6.

Table 6: Factor Reduction Matrix

Total Variance Explained

	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.401	22.005	22.005	4.401	22.005	22.005	4.352	21.762	21.762
2	4.233	21.164	43.169	4.233	21.164	43.169	3.997	19.986	41.749
3	1.877	9.383	52.552	1.877	9.383	52.552	2.161	10.803	**52.552**
4	.994	7.576	60.128						
5	.988	6.288	66.415						
6	.986	4.928	71.343						
7	.874	4.372	75.715						
8	.826	4.128	79.843						
9	.673	3.364	83.208						
10	.543	2.717	85.925						
11	.484	2.419	88.344						
12	.452	2.262	90.606						
13	.369	1.846	92.452						
14	.342	1.710	94.162						
15	.321	1.605	95.767						
16	.283	1.413	97.181						
17	.203	1.013	98.194						
18	.166	.831	99.024						
19	.120	.601	99.625						
20	.075	.375	100.000						

Extraction Method: Principal Component Analysis.

Licensed under Creative Common

Table 7: Rotated Component Matrix[a]

	Component		
	1	2	3
Collateral Required is Favourable	.870		
Interest Rates charged are Reasonable	.837		
Firm can Afford Cost of Credit	.802		
Convenient Loan Repayment Period	.729		
Firm has Sufficient collateral to get Credit	.712		
Collateral required Limits the firm's ability to borrow	.663		
Most Loans given to the Firm are Short Term	.479		
Loan Use determined by Mgt is more productive than where the bank dictates the use			.734
Firm Experiences repayment Difficulties when Loan is diverted			.475
The firm uses loans to finance Working Capital			.522
Use loans to pay debts			.524
Funds Received are adequate for Business Needs			.422
Specific Loans are borrowed to Purchase fixed Assets			
Ability to Draft Business Plans		.833	
Ability to Establish Business Networks and Linkages with other Companies		.796	
Adequate Knowledge and Skills on Budgeting, Book Keeping and Financial Planning		.709	
Ability to Interpret Financial Statements		.703	
Ability to use capital Budgeting to Appraise investments		.701	
Firm has Adequate financial Controls		.656	
Skills on Marketing Management		.632	

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 4 iterations.

The Rotated component matrix in Table 7 shows factor loadings after rotation using principal component analysis with Varimax rotation and a significant factor criterion of 0.4 as recommended by Kothari (2004) and Yong and Pearce (2013). This implies that factor scores less than 0.4 were suppressed in the output. The three factors were therefore interpreted as;

Licensed under Creative Common

Factor 1 credit Terms, Factor 2 Managerial Competence and Factor 3 Loan utilization. The three factors were then saved as variables for regression analysis using SPSS.

Regression of credit Terms, Managerial Competence and Loan Utilization on Performance of SMEs

A multiple regression analysis was used to determine the overall influence of credit terms, managerial competence and loan utilization on the average performance of SMEs in Kisumu city. Scores to be regressed were computed by factor analysis and saved as regression variables on SPSS. The dependent variable average performance was calculated as the average score on indicators of performance which were; growth in assets, volume of sales, customer base, profits and introduction of new products in the market and saved as a new variable average performance. The regression was done at 95% confidence interval and 5% margin of error. The overall regression model was as follows:

$Y=\beta_0+ \beta_1X_1+ \beta_2X_2+ \beta_3X_3+\epsilon$

Where;

Y= Average SME performance β_0 = Constant $\beta_{1-}\beta_3$ = Coefficients of the regression model

X_1 = Credit Terms X_2 = Managerial Competence X_3 = Loan Utilization ϵ = Error Term.

The resulting regression output is shown in Table 8 and Table 9.

Table 8: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.490[a]	.240	.233	.663

a. Predictors: (Constant), REGR factor score 3 for analysis 2, REGR factor score 2 for analysis 2, REGR factor score 1 for analysis 2

b. Dependent Variable: Average performance.

Table 9: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	2.176	.039		56.478	.000
REGR factor score 1 (credit terms)	.235	.039	.311	6.094	.000
REGR factor score 2 (managerial competence)	.187	.039	.247	4.845	.000
REGR factor score 3 (loan utilization)	.218	.039	.288	5.640	.000

a. Dependent Variable: Average performance

Findings in Table 9 indicate that the correlation coefficient (R value) for the model was 0.490. R value is used to show the strength and direction of the relationship between the variables. In this case the R value of .490 indicates a moderately positive relationship between variables (Israel, 2010). The Coefficient of determination (R^2) was found to be 0.240(24%). This implies that the three variables studied which were; credit terms, managerial competence and loan utilization account for 24% of the variability in SME performance in Kisumu city.

Table 9 shows the regression coefficients of the model. From the regression findings substitution of the model; $Y=\beta_0+ \beta_1X_1+ \beta_2X_2+ \beta_3X_3+\epsilon$ becomes;

$Y=2.176+ 0.311X_1+ .247X_2+ .288X_3+\epsilon$

The model shows that holding the three factors constant at zero (credit terms, managerial competence and loan utilization) average performance of SMEs in Kisumu city will be at 2.176. However a unit positive change in credit terms would result to 31.1% (β_1 = .311, sig=0.000) increase in average performance of the firm, a unit positive change in managerial competence would result to 24.7% (β_2 = 0.247, sig=0.000) increase in average firm performance while a unit positive change in loan utilization would bring about a 28.8% (β_3= .288) increase in average performance of SME firms. These findings further reveal that credit terms were the most significant predictor of SME performance accounting for 31.1% of the variance followed by loan utilization accounting for 28.8 % of variance in SME performance. This corroborates the findings by Nyangoma (2012) who found that there is a significant positive association of credit terms on financial performance of SMEs. Favorable credit terms facilitate ease of access to credit thereby improving financial performance of SMEs in terms of sales, liquidity and profitability. The study also confirms findings that stringent credit terms such as high interest rates, administrative expenses, short repayment period and collateral requirements make bank credit less effective in enhancing SME performance (G20 Seoul Summit, 2010; Olutunla & Obamuyi, 2008).

Loan utilization was found to account for 28.8% of the variance in SME performance. Findings revealed that use of specific loans to finance working capital and investment in fixed assets had a positive influence on performance aspects while use of loans to pay other debts affected performance negatively. This supports findings reported that loan diversion limits the amount of money available for investments resulting to poor business performance (Chelagat, 2010; Setargie, 2013; Amara *et al.*, 2015). Mbugua *et al.*, (2014) asserts that well utilized asset finance loans would result in increased volume of productive assets in the business while properly utilized working capital loans and LPO finance would result to an increase in cash flows in the business enabling them to service their customer orders on time ultimately increasing the volume of sales, growth in customer base and increase in innovations in terms of new products.

Licensed under Creative Common

Managerial competence accounted for the lowest effect on average SME performance at 24.4% which could be attributed to the fact that most SME managers had the requisite competencies with a majority citing lack of managerial skills as an insignificant challenge. Ahmed *et al.,* (2010) opines that possession of entrepreneurial competencies are strong predictors of business success.

CONCLUSIONS

Credit terms was the most significant predictor of SME performance since they accounted for 31.1% of the variance in average performance of SMEs. Credit terms were the most significant challenge in the utilization of commercial banks loans since majority of the SMEs found credit terms offered unfavorable. This implies that the limited growth in SMEs in Kisumu city could be attributed to unfavorable credit terms because for a majority growth was either below target or remained constant. Therefore a negative relationship exists between unfavorable credit terms and the effectiveness of bank credit in enhancing performance of SMEs. Unfavorable credit terms make the loan expensive for SME borrowers resulting to poor performance in terms of investments in capital assets, growth in sales volume, customer base, profits and introduction of new products in the market. This makes the loan less effective in enhancing SME performance. The study also concludes that gender has no significant influence on the credit terms offered to SMEs.

The effectiveness of bank credit in enhancing SME performance is directly influenced by how the loan is utilized in the business by the SME manager. Loans utilized to finance working capital and investment in fixed assets has a positive influence on business performance in terms of growth in assets. However; use of loans to pay other debts affects business performance negatively. Positive utilization of bank loans has the potential to improve the performance of SMEs. Loan utilization was found to account for 28.8% variance in SME performance.

Majority of the SME managers had the requisite managerial competencies. Consequently inadequate entrepreneurship skills and inadequate financial management skills were considered as insignificant challenges among most SME managers in the study area. Managerial competencies had a positive influence on effectiveness of bank credit in enhancing performance in terms of investment in capital assets. Competent managers are more likely to make sound investment decisions than those who are incompetent. Overall managerial competence was found to account for 24.4% variance in SME performance. Male gender was also found to be more competent than women on most of the financial management aspects tested.

Licensed under Creative Common

RECOMMENDATIONS

The following recommendations are made in line with the conclusions of this study;

1. The Central bank should ensure credit terms charged on SME loans are affordable by; ensuring that banks disclose the full cost of the loan in terms of interest rate and administrative costs charged to make SME managers make financing decisions from an informed position and ensuring that the recommended interest rates based on the CBR rate are not exceeded by commercial banks.
2. Commercial banks should design more financial product that are tied to investments in specific productive assets (Asset finance Loans) as opposed to working capital loans that are prone to diversion. This approach would result to increased investment in firm assets which will in turn limit loan diversion and improve business performance in terms of productive capacity.
3. Commercial banks to organize capacity building seminars for their SME clients particularly women on key areas such as credit management, financial management and the risks of loan diversion.

SUGGESTIONS FOR FURTHER RESEARCH

1. This study focused on SMEs in Kisumu city thus findings of this study cannot be generalized to all SMEs in the 47 counties in Kenya. Therefore in order to improve on external validity in terms of generalization of the study findings, there is need for the study to be replicated on SMEs drawn from other Counties across the country to find out whether there are commonalities.
2. Factors included in this study accounted for 24% of the variance in SME performance. There is need to investigate the effect of other external factors such as how access to information on entrepreneurial opportunities affect choice of investments which ultimately affects bank credit effectiveness.

REFERENCES

Akinyi, S. I. (2014). The effect of bank financing on the financial performance of small and medium-sized enterprises in Nairobi County. (Doctoral Dissertation University of Nairobi).

Amara, S.P.,Owusu, A.D., Adjabeng,J. & Amponsah, M (2015). Enhancing Productive Firm Assets: A Field Experiment on an Innovative Savings-Loan Product for Female Entrepreneurs in Ghana. Innovations for Poverty Actions. Ghana.

Banerjee, A. & Duflo, E. (2000). “Reputation Effects and the Limits of Contracting: a Study of the Indian Software Industry,” Quarterly Journal of Economics, August.

Bula,O.H,(2012). Evolution and Theories of Entrepreneurship: A Critical Review on the Kenyan Perspective. International Journal of Business and Commerce Vol. 1(11) 81-96.

Casson, M. (1982). The entrepreneur: An economic theory. Rowman & Littlefield

Calice, P., Chando, V. M., & Sekioua, S. M. (2012). Working Paper 146-Bank Financing to Small and Medium Enterprises in East Africa: Findings of a Survey in Kenya, Tanzania, Uganda and Zambia (No. 377).African Development Bank.

Chaffey (2016). http://www.smartinsights.com/goal-setting-evaluation/goals-kpis/definition-efficiency-and-effectiveness/. Retrieved on; 20th May 2016.

Chelagat,N.K.(2012). Determinants of Loan Defaults by Small and Medium Enterprises among Commercial Banks in Kenya. (Doctoral Dissertation University of Nairobi)

Cohen,L., Manion, L., Morrison,K(2007): Research Methods in Education. Sixth edition .Routledge Publications.

Edakasi, A. B. (2011).Effect of Interest Rates on Loan Repayment; A Case Study of Equity Bank Masindi Branch. Retrieved from; cees.mak.ac.ug/sites/default/files/publications/ben.doc on 4th april 2016.

Fatoki,O.(2014).The Impact of Managerial Competencies on the Performance of Immigrant- Owned Enterprises in South Africa. Mediterranean Journal of Social Sciences 5 (6).

FSD Kenya (2015). Bank Financing of SMEs in Kenya.

Githaiga,P.N., Kabiru ,C.G.(2015).Debt Financing And Financial Performance Of Small And Medium Size Enterprises: Evidence From Kenya. Journal of Economics, Finance and Accounting – (JEFA),2 (3).

G20 Seoul Summit (2010). Scaling-Up SME Access to Financial Services in the Developing World. International Finance Corporation.

Hormiga E, Batista-Canino R.M, Sanchez-Medina A (2011).The role of intellectual capital in the success of new ventures. International Entrepreneurship and Management Journal, 7(1): 71-92.

Hsu, D.H. (2004). What do entrepreneurs pay for venture capital affiliation? Journal of Finance, 59, 1805-1844.

Iloh,J., Chioke,N (2015).Commercial Bank Credit Availability to Small and Medium Scale Enterprises (SMEs) in Nigeria. 3rd International Conference on Business, Law and Corporate Social Responsibility (ICBLCSR’15) May 5-6, 2015 Bali (Indonesia)

Israel, D. (2010). Data Analysis in Business Research: A Step by Step Non-Parametric Approach.

Jõeveer,K., Pissarides,F., Svejnar,J.(2006). Bank Lending and Performance of Micro, Small and Medium Sized Enterprises (MSMEs): Evidence from Bulgaria, Georgia, Russia and Ukraine.

Kamanza,M.R(2014). Causes of Default on Micro - Credit among Women Micro - Entrepreneurs in Kenya. A Case Study of Women Enterprise Development Fund (Wedf) Msambweni Constituency. Journal of Economics and Finance (IOSR-JEF) 3(6)

Karadag,H.(2015).Financial Management Challenges In Small and Medium-Sized Enterprises: A Strategic Management Approach .Emerging Markets Journal 5(1)

KIPPRA. (2012). Kenya Economic Report 2012:Imperatives for Reducing the Cost of Living in Kenya.

Lee, T. C., Huam, H. T., Osman, M. H. M., & Rasli, A. M. (2010). Are managerial competencies a blessing to the performance of innovative SMEs in Malaysia? International Journal of Economics and Management,4(1), 120-136.

Madole,H.(2013). The Impact of Microfinance Credit on the Performance Of SMEs In Tanzania: A Case Study Of National Microfinance Bank- Morogoro. (Master’s Thesis Mzumbe University).

Mensah,S.(2004).A Review of SME Financing Schemes in Ghana. Retrieved from http://www.semfinancial.com.(3rd March 2016).

Mwega,F.(2014). Financial Regulations in Kenya: Balancing inclusive growth with Financial Stability.

Nakiyingi,J.(2010).Managerial Competencies, Access to Credit and Business Success. (Master’s Thesis Makerere University).

Licensed under Creative Common

NCR, (2011). Literature Review on Small and Medium Enterprises' Access to Credit and Support in South Africa.

Nyangoma,P.S.(2012): Credit Terms, Access To Finance And Financial Performance Of SMEs In Kampala. Makerere University.

OECD(2015). New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments.

OECD(2015).Financing SMEs and Entrepreneurs 2015:An OECD Scoreboard Report to G20 Finance Ministers and Central Bank Governors April 2015.

Sanda.A , Sackey,J., Yiva, F.(2011).Managerial Competence and Non-Performance of Small Firms in a Developing Economy. International Journal of Contemporary Business Studies. 2(3)

Shane, S., & Stuart, T.E. (2002). Initial endowments and the performance of university startups. Management Science, 48, 364-381.

Yong, G., Pearce. S. (2013). A Beginner's Guide to Factor Analysis: Focusing on Exploratory Factor Analysis. Tutorials in Quantitative Methods for Psychology 9(2), p. 79-94.

Yusuf, S.A., Amao J.O., Olawale O.T (2014) .Effects of Microcredit on Small Scale Enterprises in Osun State, Nigeria. American International Journal of Contemporary Research 4(6).

Licensed under Creative Common