THE EFFECTS OF FINANCIAL INSTITUTIONS INTERVENTION ON THE GROWTH
OF SMALL ENTERPRISES IN KENYA: A SURVEY OF PUBLIC SERVICE
TRANSPORTERS IN KISII MUNICIPALITY

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ABSTRACT

The small enterprises (SEs) play an important role in the Kenyan Economy. According to the Economic Survey, the sector contributed over 50 percent of new jobs created in the year 2005. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation. Approximately 80% of Kenya enterprises are Small enterprises which are highly attractive to banks. This project was to investigate the effects of the financial institutions intervention in growth of Small Enterprises in Kisii Municipality. The specific objectives were: To establish the role of credit provision on growth of Small enterprises in Kisii Municipality, to determine the adequacy of financial training offered by financial institutions in helping the small enterprises to grow, to determine the role of marketing information on growth of small enterprises in Kisii Municipality. From the sampling frame a representative sample of 90 respondents were obtained randomly and a survey was conducted on this sample using both structured and un-structured interview schedules. Data from the respondents was analyzed and translated into useful information using the statistical package for social sciences (SPSS) and the Minitab statistical software. Frequency distributions and multiple regression analysis were used to draw conclusions. The study revealed that interests could be expensive but manageable. The survey established that accessibility and availability of micro credit are positively related to financial performance of Small enterprises. The study concludes that accessibility to credit affects financial performance of Small enterprises positively. The easier it is to access credit, the higher the financial performance of the Small enterprises. However, access to credit is not that easier from the financial institutions considering the many requirements one has to meet before the credit is approved to the entrepreneur for use in the business. Financial training was found to be playing a crucial role in growth of small enterprises, especially in assisting the businesses to repay back
their loans in order to get more credit in future. The research further found out that the accessibility to marketing information and its availability to the entrepreneurs also affects the transporters in a positive way in their performance of the businesses.

The study recommends further on financial training as it was found to be playing a crucial role in growth of small enterprises, especially in assisting the businesses to repay back their loans in order to get more credit in future. The researcher further recommends for the accessibility to marketing information and its availability to the entrepreneurs in order to positively assist the entrepreneurs in their day to day activities which was found to affect the financial performance of SMEs. The results of this study are expected to assist the county government and stakeholders to formulate and implement appropriate policies aimed at developing and empowering Small entrepreneurs.

Key Words: Enterprise, Experience, Finance, Demand, Competition, Entrepreneur

INTRODUCTION

Credit provision is absolutely crucial to the success of Small enterprises”; it directly impacts on their day-to-day operations, and, in turn, their profitability (Lam & Burton, 2005). Credit can have a negative effect on firm survival. In unstable economies with high macroeconomic volatility, a sudden increase in nominal interest rates can put a firm in financial difficulties which can force it to downsize or even close down. (Nkurunziza, 2004). This was observed in Kenya when nominal interest rates doubled in this year. In a study covering four Southern African countries: Botswana, Malawi, Swaziland and Zimbabwe, access to formal credit helps firms to survive only in Malawi (McPherson, 1995) this is hanging…. In Swaziland and Botswana, the firms that borrowed from informal sources had higher chances of closing down than firms that had never borrowed from any source. In Indonesia, when the financial sector was liberalized, many inefficient firms that had been flavored by government and getting credit at low interest rates simply collapsed (Harris et al. 1994). These illustrative results show that using credit in a volatile economy can precipitate the failure of firms.

In reference to Kenya, the Small scale enterprise marketing is an important part of the business banking marketing. Findings of the Strategic Business Advisors Africa Ltd. (SME Banking Sector, 2007) revealed that there are about 2.2 million small and medium enterprises in Kenya of which 23 percent had bank accounts. The definition given by the Central Bureau of statistics, 2004 is that” Small Enterprises constitute of semi organized and an unregulated activity largely undertaken by self-employed persons in the open marketings, stalls, in undeveloped plots or streets within urban areas and centers. They often pay fees to the municipal or local councils. Small-scale enterprises play an important role in the Kenyan economy and are accorded high priority in the development policy (GOK, 2007). They offer many advantages including the creation of jobs in both the rural and urban areas, support for larger industries including the
agricultural sector and the utilization of local resources. These types of businesses require very little capital to create jobs, rely primarily on family savings and often provide their own skill financial training at no cost to the government (Maitha et al., 1997).

The focus of the study is on the role of financial institutions on the growth of Small Enterprises in Kisii Municipality. In addition, this study will seek to identify location of the institutions and how it affects the choice of these institutions by Small Scale entrepreneurs for their funding and hence their growth. Credit provision is absolutely crucial to the success of Small enterprises, it directly impacts on their day-to-day operations, and, in turn, their profitability (Lam & Burton, 2005). In reference to Kenya, the Small enterprise marketing is an important part of the business banking marketing.

In The Economic Strategy for Wealth and Employment Creation (GoK, 2008) points out that the Government is convinced that employment creation is the most effective strategy for halting the increasing poverty. Whereas a mix of political, economic and social strategies are needed to bring about the required changes, there is a general consensus that development of micro and small enterprises constitutes one of the main pillars in this endeavor as they are expected to serve as the breeding ground or seedbed from which large firms will emerge. For this and other reasons, donor communities, private sector organizations and the government have continually provided financial and technical support to small enterprises. In addition, a number of related efforts and support interventions have been directed towards this sector to enable it to create job opportunities, which will improve the overall economy and assist in poverty reduction.

More recently are the Assistance to Small Enterprises Program (GOK, 2007), the Kenya policy paper on development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction (GOK, 2005), the Youth Enterprise Development Fund (GOK, 2007) and the Women Development Fund (GOK, 2006). Some of the interventions identified includes provision for financial training, the creation of an enabling environment, improvement of the necessary infrastructure, provision of extension services, establishment of rural business centers for information dissemination and research.

Objectives

The general objective of this study was to find out the effects of financial institutions interventions on the growth of small enterprises in Kisii Municipality.

Specific objectives

The specific objectives of this research will include the following:-

i) To determine the effect of credit on the growth of Small enterprises in the transport industry
ii) To find out the effect of financial training on the growth of transport industry

iii) To determine the effect of marketing information on the growth of transport industry

Research Questions

The specific objectives stated above guided the following key study questions:

1. How does credit provision influence the growth of public transport business in Kisii Town?

2. What effect of financial training from financial institutions has on growth of public transport business in Kisii Municipality?

3. What is the effect of marketing information on the growth of public transport business of small enterprises in Kisii Municipality?

Significance of the Study

This study is important in a number of ways: First, the study ventured into a field critical to the development of Small Enterprise. In particular, this study focused on the growth and development of entrepreneurs operating Small enterprises, whose role has been underestimated both at the local and national level, resulting in little effort being directed at developing and exploiting the inherent potential. The findings of this survey can be used to inform financial institutions on suitable products for these businesses, with a special emphasis of improving the entrepreneurs’ welfare through their businesses. The study is useful to the government in policy making regarding the financing of the Small and Medium Enterprises through microfinances and other financial institutions. The policy makers will obtain knowledge on the best mechanisms that should be adopted to finance the Small and Medium enterprises. This study is therefore to act as a guide in designing appropriate policies that will guide MFIs in financing the Small and Medium Enterprises. The study is also significant to scholars who can find it useful in providing information on the effects of microcredit financing on financial performance of Small and Medium Enterprises in Kisii Municipality and in Kenya as a whole. It can also be of significant to researchers as it provides basis upon which further studies can be carried out on broad subject’s microcredit financing of Small and Medium Enterprises and it can also provide reference to scholars.

Scope of the study

This research covered transporters in the Small enterprise sector within the Municipality of Kisii including DarajaMbili, Kisii Stage Marketing and Municipality Marketing. The study attempted to investigate the effects of financial institutions on the growth of Small enterprises in the Kisii
Municipality. In addition, the study explored into ways on how the entrepreneurs have responded to the challenges they face when assessing the services.

LITERATURE REVIEW

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted.

Banking services can be defined as intangible products that are labor- or skill-intensive, and tangible products such as computers and buildings are used mainly to support this provision of labor (Joo-Gim Heaney, Ronald E. Goldsmith, 1999). Earlier studies point to quality of services, personnel, Price, appropriate products as key determinants of bank choice amongst the small and micro enterprises (Zineldin,1996), (Nielsen et al,1998) (Madill et al,2002) (Moran,2003) Sethna,1992). Kisii town has got a number of banks and other financial institutions operating as many more continue coming to the town some with other even operating two branches.

Majority of businesses in Kenya are small enterprises with less than 10 employees, while 70 percent of them are one person operated. The Kenya Labour Force Survey Report (GOK Labour Force Survey, 2003) indicates that the sector covers all semi-organized and unregulated activities that are small scale in terms of employment. The report notes that the activities are largely undertaken by self-employed persons, singularly or with very few workers, in the open marketings, in marketing stalls, in both developed and undeveloped premises, in residential houses or on street pavements.

The Government of Kenya also recognizes the important contribution of the informal sector to the country’s industrialization process. The generation of employment leads to the reduction of unemployment problems and is the primary means of strengthening the country’s economy (GOK, 1997). If the objective to industrialize by the year 2020 and Vision 2030 is to be achieved, then the Kenya government has the obligation to encourage the micro and small enterprises sector to play a major role in providing additional jobs. In particular, more effort needs to be directed to developing the largely underestimated and underutilized potential of women entrepreneurs. The current Development Plan points out that various rules and regulations that affect the operation and growth of the sector have been reviewed. Other policy responses have included: elimination of trade licensing at central government level; harmonizing, rationalization and implementation of Single Business Permit (SBP); and ongoing review of labour laws; relaxing business regulations; broadening access to finance and the proposed enactment of MSE Act (ROK, Development Plan 2002).

The 1999 MSE Baseline Survey showed that the average employment size of MSEs in Kenya was about 1.8 persons, with male workers constituting a lion’s share of these employments in major parts of the country except in the rural towns where female workers dominated (ICEG et al.,
1999). It further showed that women entrepreneurs had lower levels of education than their male counterparts, and that about 10% of all the entrepreneurs had no formal education. These findings are corroborated by Wegulo (1998) whose results showed that comparatively, men operators in MSEs had higher educational attainment than their women counterparts, and that a number of operators had no formal education at all. These results, however, are contradicted by Bosire (2000), who found that most of the operators had formal education up to form four. Nevertheless, the entrepreneurs were less prepared to deal with several marketing-information-related constraints they encountered in their businesses. The constraints facing the MSE sector, as noted in the survey, also seemed to vary by sub-sectors. For instance, access to marketing opportunities was cited as the most severe problem affecting all sectors, it was observed to be most severe in the trade, manufacturing and construction sub-sectors, while also accessibility to electricity and poor access to water supply were severe problems in the manufacturing sub-sector, they were less frequently cited by other entrepreneurs in the trade sub-sector. Interference from local authorities, insecurity and lack of space were cited as problems predominantly within the trade sub-sector. However the entrepreneurs of this Municipality seem to be above these constraints and have real moved very fast to an extent where the banks are competing against one another in serving this sector and even others opening their second branches like Cooperative bank and soon Kenya Commercial bank.

In a study conducted among 25 Kenyans entrepreneurs, Neshamba (2000) found that the owner-managers’ previous work experience and skills acquired on the job are important factors contributing to business success and growth. Other factors are: knowing the marketing and understanding the needs of customers, access to capital, assistance from family members, net working with friends, from former school and colleges. Finally, hard work as evidenced by long working hours, contribute to the success of an entrepreneur (Neshamba, 2000). Further findings based on a survey provided by the Kenya Management Assistance Program (K-MAP), the availability of capital, possession of business skills previous experience and support of family members are essential for business success in Kenya (Pratt, 2001). In the study on small and micro-enterprises in Thika town, Nyang'au (1998) concluded that management is the most important factor affecting the performance of the MSEs, leading to either success or failure. While Nyang'au noted the determinants of performance as including the keeping of financial records, advertising, financial management and innovativeness on the part of the entrepreneur, Munene (1999), in a study of small scale enterprises in Mombasa summarized such determinants of performance as: management skills, marketing systems, competence of employees and customer care. It is the management's responsibility to formulate the necessary financial controls in the business, so as to have all necessary financial records kept. Decisions of what style and type of marketing to adopt, size of the marketing budget, what and when to advertise, pricing policy, staffing and employee financial training policy are all management functions in the entrepreneur's docket (Munene, 1999).
Credit provision

Credit can have a negative effect on firm survival. In unstable economies with high macroeconomic volatility, a sudden increase in nominal interest rates can put a firm in financial difficulties which can force it to downsize or even close down. This was observed in Kenya when nominal interest rates doubled in a period of one year in the 1990s (see Nkurunziza, 2004). In a study covering four Southern African countries: Botswana, Malawi, Swaziland and Zimbabwe, access to formal credit helps firms to survive only in Malawi (McPherson, 1995). In Swaziland and Botswana, the firms that borrowed from informal sources had higher chances of closing down than firms that had never borrowed from any source. In Indonesia, when the financial sector was liberalised, many inefficient firms that had been favoured by government and getting credit at low interest rates simply collapsed (Harris et al. 1994). These illustrative results show that using credit in a volatile economy can precipitate the failure of firms. However, good use of credit facilities from the banks have assisted the growth of many firms.

Ensuring adequate access to finance so that Small Enterprises can grow and achieve their full potential is central to achieving the objectives of the renewed Lisbon partnership for growth and jobs. Kauffmann (2005) suggests that securing suitable financing remains an obstacle for Small and Medium Enterprises, especially for the growth of innovative Small and Medium Enterprises, whose technology and business models are not understood by many more traditional financial institutions and start-up enterprises and very young firms, which lack a track record and collateral against which to raise debt finance (Cousin, 2007).

Financial training of the entrepreneurs

Most studies conducted on SEs, for instance Naituli (2003), Pratt (2001), Neshamba (2000) and McComick (1996) agree on the crucial role of financial training and management to the successful performance of enterprises. Factors affecting the performance of a business can be divided into two categories: (a) management competence and (b) environmental factors. Management competence encompasses functional knowledge, management skills and managerial behavior. Thus, competencies such as marketing, financial control, financial training and networking among others, are management functions, although in many studies, the success of the informal sector hinges on the managerial skills of the entrepreneurs who are attracted to the sector due to the relative low investment and service costs required. However the quality of services and goods produced by this sector is much lower than those produced in more formal settings (Kithyo et al., 2004). This can be attributed to the use of low-cost, low quality materials and also lack of relevant or sufficient skills by the various practitioners in the sector. This is evident from the fact that most entrepreneurs in Kenya have come up through apprenticeship, and thus lack sufficient knowledge, skills and technical financial training that is necessary to undertake businesses in the modern and highly competitive marketing.

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adopt, size of the marketing budget, what and when to advertise, pricing policy, staffing and employee financial training policy are all management functions in the entrepreneur's docket (Munene, 1999).

Storey (1994) identifies some factors which influence business performance among which are; ownership, past performance, people/management and location. It is important to note that although the factor of location may be viewed as environmental, it is a management decision where to locate one’s business. Kupferberg (1998) who studied humanistic entrepreneurship and entrepreneurial career commitment, concluded that the most important factors of success among humanistic entrepreneurs were: (a) a successful record of previous work history, (b) strong analytical skills acquired in a broad humanistic education, (c) early investment in personal reputation and broad biographical experience outside the narrow field of the profession, (d) early socialization experiences functioning as biographical resources in the discovery of successful business ideas, (e) a financial training in how to communicate effectively with customers in an increasingly global and knowledge-based economy.

Marketing Information
In their study of 52 small-scale entrepreneurs in Kenya, Gichira and Dickson (1987) found out that the majority had little understanding of marketing principles. They had problems related to their promotions, advertising and had no pricing policy. Mbugua (1999) argues that due to poor marketing research, there is frequently a big discrepancy between the supply of, and the demand for MSE products or services. Over-supply often occasioned by too many enterprises producing too many similar products, leads to dead stock and business stagnation. On the other hand, failure to respond to marketing demand with the desired products in good time often takes business away from the MSEs to more established firms which are better placed to gauge marketing trends.

Marketing information is among the factors expected to hinder the growth potential of MSEs (Ishengoma and Kappel, 2007). Access to marketing information is expected to increase MSEs’ marketing knowledge about the behavior of their customers, price, and the best sources of inputs. Through counseling and consultancy services, MSEs can solve some of the technical problems they face. Their participation in networking activities may enable them to obtain more marketing information about the behavior of their customers, in terms of honoring their debts; new customers; and business partners. All of the above are expected to decrease MSEs’ transaction costs, increase their internal sources of finance for upgrading their assets, and raise their sales levels and productivity – hence leading to growth.
Increased access to information and knowledge of practices proven to enhance the production capabilities of micro-enterprises is crucial to creating business expansion opportunities. There is a need for a better understanding of the mechanisms contributing to micro-enterprise growth in general.

Small Enterprises Growth

Entrepreneurs’ performance, indicated by: return on assets, marginal profits and sales growth rate is fundamentally dependent on the entrepreneur. In starting and running a new business, the role of the entrepreneur is vital as the whole process is often heavily dependent on him or her. In part, the know-how in the business is a result of personal contacts and networks the entrepreneur has in relation to other businesses (Niitykangas 1992). Thus, the overall performance of a business can be explained in terms of the characteristics of the entrepreneur. Previous research has suggested that effective management of a relationship can affect client/customer perceptions of quality of service (Ennew and Binks, 1996; Gronroos, 1996; Parasuraman et al., 1988). The satisfaction of the SE consumer will be dependent, at least in part, on the way the bank interacts with the customer and manages the relationship (Ennew and Binks, 1999; Gronroos, 1990; 1996). Such a view is not new; other studies have reported the importance of relationship management in affecting MSE perceptions of quality of service.

Research Design

An exploratory research design will be used in conducting study. The nature of research necessitated the use of qualitative and quantities techniques. This is because the study focused on both subjective and objective assessment of Small Enterprises growth due to services they get from financial institutions and Banks. Explanatory designs have been documented (Mugenda& Mugenda,2003), (Kothari,2002) and advanced as best method for social scientists whose interest is collecting original data for the purpose of describing a population, which is too large to observe directly.

Study Area

The proposed study on the role of financial institutions on the growth of small scale enterprises was conducted in Kisii Municipality, Kisii County. The Municipality occupies an area of 126.1 square kilometers and according to the 2009 population census results; it has a total population of 114615 persons. The municipality hosts Kisii town which is a major urban center in the South Nyanza region. Kisii town hosts a variety of businesses including manufacturing, trading (wholesale and retail), service, transportation and agricultural types.
Target population
The Population of this study constituted of 90 transport owners in Kisii municipality. With major
focus on three key marketing points, the stage marketing major for long-range and away from
town transport, the municipal Marketing a key point for taxis and Daraja marketing which majors
in town service transport. The researcher used 10% to select sample respondents 90 respondents
from the entrepeneurs in the region who formed the sample population size for this study.
According to Mugenda and Mugenda (2003), a representative sample is one that is at least 10%-20% of the population.

Sampling Technique
Multistage sampling technique will be used to obtain ninety respondents from the above stated as
follows:-Stratification based on the three marketing points (Stage, Municipal Market and
Darajambili market) enterprises representatives will be based on the weight as indicated in table 1.
Darajambili with a total of 250 enterprises will be represented by 25 respondents, Municipal
Marketing by 35, and Stage marketing with 300 will have representation of 30 given a total of 90
respondents.Secondly, a simple random sampling technique will be conducted which will give
each enterprises in the respective marketing points an equal chance to represent the entire
population

Pilot Testing
Testing for clarity, and capturing of the key objectives, time taken to complete and translate a
questionnaire is important. Madrigal (1999) and Busha (1990) define validity as the degree to
which the method of collecting information results in accurate information. To maximize on the
degree of validity, he insists on the most precise research instrument. On the same note, Fleiss
(1986) asserts that it is imperative that instruments for data collection be as accurate as possible.

Data collection instruments and Procedures
The researcher used primary sources to collect data for this study due to its nearness to truth and
ease for control over errors. A structured questionnaire was used to collect the data from the
respondents; the questionnaires were administered by the researcher. However, for the purpose of
this study a structured closed questionnaire was used. The instrument allows the researcher to fill
in the information during a face to face contact with the respondents. This enabled the researcher
to explore all aspects relating to choice of the financial institutions and banks by the respondents
for various information and financial training. It also enhanced information collection from the
less educated respondents who were not being able to fill the questionnaires on their own. Price,
(2002) maintains that closed questionnaires controls respondents from giving irrelevant
information. The validity and reliability for the questionnaires was subjected to expert judgment,
Nickmias and Nickmias, (2002). Data information was obtained from journals and reports from
various institutions.
Data Analysis and Presentation

Primary data collected was coded and analyzed with the help of the Statistical Package for Social Sciences (SPSS). The analysis used descriptive statistics such as mean scores and standard deviations. The results were presented using tables, graphs, and charts for ease of understanding.

Secondly, the data was coded and keyed into an Excel computer-based application program to analyze the relationship between the independent and dependent variables as stated. The collected data was analyzed using descriptive statistics such as frequencies, percentages, weighted averages, and mean deviation. Descriptive statistics allowed for the generalization of the data so as to give an account of the characteristics of the population as represented by the sample. Analyzed data was presented in tables and graphs. The use of tables was to allow for orderly arrangement of data. Statistical software package for social sciences (SPSS) was used to generate the required descriptive and inferential statistics for analysis.

Tables and graphical presentation were present the data collected for ease of understanding and analysis.

FINDINGS AND DISCUSSION

Age of Respondents

Majority (70.0%) of the respondents were in the age group of below 18 years, while only 1.7% were above 40 years. From the findings, it can be concluded that the entrepreneurs in Kisii Municipality town are generally youthful with 82% of them being under 45 years. At the start of any business, age is not as crucial as adequate financial training and preparation. However, with adequate financial training and preparation, the earlier one starts business the better. Age is related to business success if it includes both chronological age and entrepreneurial age, implying that the older an entrepreneur, the more experience in business he / she has.

The dominance of the youth in the enterprises in the Municipality may be explained in the context of lack of employment for the youth, as well as the introduction of motor cycles as a form of transport in the country. Notably, the formal sector retiring category (over 60 years) does not seem to have made a major impact in the small enterprises in the municipality, which would have brought along experiences, responsibilities, and skills. However, in this study, only 1.7% of the
respondents are aged 40 years and above who were mostly in the long distance transport and track drivers.

**Education Level of the Respondents**

Generally speaking, an entrepreneur's education is an important aspect in the general performance of an enterprise. In this study, the education attainment is measured by the number of years of formal schooling. The results reveal that 44 (48.8%) of the entrepreneurs, had attained form four level of education and 20 (28.5%) were primary school leavers. Those with diploma level of education, were 8 (9%); 15(17%) of the entrepreneurs recorded as having no formal education. On the other hand, 3 (3%) of the business owners had a university degree.

In this study about 12% of the entrepreneurs had attained post-secondary level of education. This phenomenon may be in part due to unemployment situation in this country.

**Experience of the Respondents**

More than one third (37%) of the investigated entrepreneurs had operated their businesses for over ten years. Those who had an experience of five to ten years were; 31 (34%). Those who have operated their businesses between one and two years and three to five years were 9(10%) each, while those who had operated for only one year were 8 (9%)

Entrepreneurs with vast experiences in managing business are more capable of finding ways to cope with business challenges. The importance of experience for entrepreneurs success is also underscored by other experts note that prominent reasons behind business failures are managerial and experiential in capabilities. Another study found that 30% of successful entrepreneurs had no work experiences. This implies that although prior experience is important, it is not critical for business success.

**Sample Characteristics**

The study further revealed that 86% of the respondent agreed that they were the sole makers of the decision pertaining to their business operation, while 14% of the respondents were not the sole decision makers in their business operation while 3 (3%) decisions are made for them to follow and act on them.
Contribution of the credit to growth of Small Enterprises

The survey sought to find out the contribution of credit for growth and performance of small enterprises. It was necessary to understand the contribution of the credit for the entrepreneurs in the municipality. The table below shows the contribution of the credit to the growth of small enterprises in Kisii Town based on the sales volume.

Financial training for entrepreneurs from financial institutions and sales volume

From the respondent on availability of financial trainings from financial institutions, the study found that 42% of the respondent had moderate increase of sales volume after financial training from financial institutions, 28% of the respondent had high increase of sales volume after financial training, 14% had an increase of sales volume after financial trainings and 6% of the respondent said there was no change of sales volume after financial training from the financial institutions.

Changes in profit margins after the availability of marketing information from financial institutions.

Most financial institutions take time to give marketing information to their clients; this is by virtue that most of these financial institutions have got already well analyzed marketing information probably from their marketing department. 44% of those participated in the study responded that the availability of the information from financial institutions had increased their profit margins slightly while 32% were in agreement that the availability of marketing information from financial institutions has moderately increased their profit margins. Only 8% were not in agreement that there is any increase of profit margins after the use of the market information and 16% said that such information is had enabled their businesses to experience a very high profit margins.

Changes in sales volume after application of marketing information from financial institutions

For the purpose of this survey, the process was associated with the positive changes after the application of financial trainings from the financial institutions. The researcher asked whether the business owner had experienced an increase in the sales volume after the application of market information the had from the financial institutions. Only 14% had not experienced the increase of the sales volume after the marketing information, 26% had a slight increase of sales volume after
the marketing information from the financial institutions while a whole 42% had experienced a high increase of sales after the marketing information and 18% had a very high increase of sales volume due to the application of the marketing information form the financial institutions.

**Growth in Number of employees**

While asking the questions on the growth based on the number of employees, employees were found to be an indicator of growth of the entrepreneur. The respondents were asked to share their expectations; if they had added any employee from the time they had marketing information. 4% said that they have added one employee, 28% had added 2 more employees, 30% had added 3 more employees while 28% had added 4 or more employees into their business after they had applied marketing information they got from the financial institutions.

**Evaluation and Reasons for Success(growth)**

Entrepreneurs’ self assessment indicates that most of them (69%) perceive their businesses as successful/having grown while (31%) indicated their businesses as being un-successful. This is in terms of being better than they started and being able to provide for their families.

The reasons advanced by the entrepreneurs for their success, include; ability to get credit from banks(83%), long period of up to 72 months to repay the loans (77%), efficient utilization of marketing information from the banks (87%), effective financial trainings from the banks (69%), and affordable interest rates on credit from the banks (64%). In addition to these reasons, many entrepreneurs also attribute their success to their ability to cope with the challenges they faced.

**The various contributions to the growth of businesses**

The study further revealed that 41% of the respondent agreed that credit was the most important for their growth as a business, while 33% of the respondents were of the opinion that financial trainings was the most important for the growth of their business and operation while 26% are for the marketing information as the most important aspect that helps them in their business growth.
SUMMARY, CONCLUSION AND RECOMMENDATIONS
From an enumerated population of 900 entrepreneurs, a sample of 90 was selected randomly and a survey was conducted on this sample using both structured and un-structured questionnaire. Data from the respondents was analyzed and translated into useful information using the Statistical Package for Social Sciences (SPSS).

The study investigated four main area that affect the growth of small enterprises that is:accessibility to loans,availability of financial trainings,accessibility to marketing information and interest rates on the loans. From the findings, 71% of the entrepreneurs operated as sole proprietors and were therefore the main decision makers in their business. Personal savings was the main source of business start-up capital at (46%) while 45 (50%) had accessed credit from the banks for their growth.

Summary of Findings
The study established that most credit financial institutions take the age of a business seriously before granting them credit. Most of the businesses were more than a year in operation before the credit was granted. It is therefore evident that most of the financial institutions will not give a loan to a business when it is starting.

The study revealed that 6% of the respondents had no change in the sales after they got the credit from the banks. 42% of the respondents had a slight positive growth in sales volume of their sales contributed by the credit accessed from the financial institutions. 38% of the respondents had a moderate positive growth in sales volume while 14% had a high sales volume after the access to credit.

On availability of financial trainings from financial institutions, the study found that 42% of the respondent had moderate increase of sales volume after financial trainings from financial institutions, 28% of the respondent had high increase of sales volume after financial trainings, 14% had an increase of sales volume after financial trainings and 6% of the respondent said there was no change of sales volume after financial trainings from the financial institutions.

44% of those participated in the study responded that the availability of the information from financial institutions had increased their profit margins slightly while 32 % were in agreement that the availability of marketing information from financial institutions has moderately increased their
profit margins. Only 8% were not in agreement that there is any increase of profit margins after the use of the market information and 16% said that such information is had enabled their businesses to experience a very high profit margins. Availability of marketing information from financial institutions and its effects on the profit margins.

The study revealed that on the growth based on the number of employees, employees were found to be an indicator of growth of the entrepreneur. The respondents were asked to share their expectations; if they had added any employee from the time they had marketing information. 4% said that they have added one employee, 28% had added 2 more employees, 30% had added 3 more employees while 28% had added 4 or more employees into their business after they had applied marketing information they got from the financial institutions.

**Conclusion**

The study concludes that accessibility to credit affects financial performance of Small enterprises positively. The easier it is to access credit, the higher the financial performance of the Small enterprises. However, access to credit is not that easier from the financial institutions considering the many requirements one has to meet before the credit is approved to the entrepreneur for use in the business.

The study also concludes that availability of credit positively affects financial performance of small and medium businesses. Most respondents said that once loans were applied for, it took the expected time for them to receive the money and this affected their business positively. This is an indication that as credit becomes more available, the financial performance of business becomes better and hence a chance for business growth.

The study further concludes that the interest paid on micro credit facilities were affordable. The interest rates would however affect financial performance of the businesses negatively. As the interest rate increases, the credit facility becomes more expensive and eats into the business profits.

Financial trainings was found to be playing a crucial role in growth of small enterprises, especially in assisting the businesses to repay back their loans in order to get more credit in future. The research further found out that the accessibility to marketing information and its availability to the
entrepreneurs also affects the transporters in a positive way in their performance of the businesses.

The study further revealed that 41% of the respondent agreed that credit was the most important for their growth as a business, while 33% of the respondents were of the opinion that financial trainings was the most important for the growth of their business and operation while 26% are for the marketing information as the most important aspect that helps them in their business growth.

Recommendations
The study recommends that the government and financial institutions should make micro credit more accessible and available to enhance growth and development of Small enterprises through increased profitability as it was found that accessibility and availability of microcredit have positive impact on the performance of Small enterprises.

The study also recommends that the government through it central bank should have financial policy that will help offer better interest rate that will enhances the accessibility of microcredit and enhance reduction of interest rates so as to uplift the financial performance of Small enterprises as it was found that high interest rates had a negative relationship with financial performance of Small enterprises.

The study recommends further on financial training as it was found to be playing a crucial role in growth of small enterprises, especially in assisting the businesses to repay back their loans in order to get more credit in future. The research further recommends for the accessibility to marketing information and its availability to the entrepreneurs in order to positively assist the entrepreneurs in their day to day activities which was found to affect the financial performance of SMEs.
REFERENCES


