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

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

Keywords: **Literacy levels, interest rate, collaterals, financial institutions, accessibility of credit.**

1. INTRODUCTION

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

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

SMEs raise the living environment of both the employee and employers by providing employment opportunities, since SMEs are the main root of innovation and skills for entrepreneurs (Mohamed 2017). Business people who are entrepreneurial and revolutionary utilize chances as they are aware of drawbacks due to their advancement in ensuring that economic boost is greatly pushed forward (Umair, & Dilanchiev 20220).

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

In Kenya, SMEs contribute 80% of the population workforce who benefit from the SMEs category (Mutinda 2020), this only plays a dismal 18% of the GDP. SMEs are observed to provide incomes to many individuals, employment, goods and services at a logical price (Umair, & Dilanchiev 2022). However, few surveys relating to SMEs discovered factors affecting accessibility of credit in Kenya and the world at large. Within Africa and a global reach, most enterprises' costs of credit with access to credit are available in various studies evaluated as the controlling hiccups in discerning development and productivity in operations (Kara, Zhou, N Zhou 2021). The utilization of retained profits, selling of assets, collection of debt and through debt can only content capital needs of undertakings operations. Gains made by the firms in its transactions form the root of funds from internal activities (Oriaifo, Torres de Oliveira & Ellis 2020). The undertakings have greater differences in making gains when having a closely examined as part of hindrances that SMEs profile. Other challenges require fighting for existence and development (Micah, Adekunle & Adeboye, 2019). Previous research (Poi & Lebura 2021; scholar 2020) stated that 5% and below of SMEs excel their first year of progress, governmental obligations also base another obstacle. Therefore, the government must safeguard the local enterprises and SMEs, a commitment that is very vital in all circumstances such as processes of incorporation and ensuring that there is an integration system where all particulars are available to reduce cost and time spent in providing a service to stakeholders (Anshari & Almunawar 2022).

Moreover, in Kenya many adjustments have been made to make the SMEs registration process easy and timely. The government of Kenya introduced one stop-shop solution (Huduma Centre) that flags a vision 2030 project aiming to expand access to governmental services where the registration process and all the services of the government are under one roof to solve various challenges affecting SMEs (Muzuva & Mutuku 2022). The center succeeded in decreasing inefficiencies, corruption, in dealing with decentralization and safeguarding obligingness of government laws. Most transactions of the government are online, inspiring Small and Medium Enterprises to register in a short time without encountering many operations. (Mutuku &Muzuva 2022). Nowadays, business registration processes can be done by phone in the comfort of one's home (Lauthan etal. 2023). It now takes 24 hours to register from the previous 14 days reducing the backlog of congestion (Kabubo-Mariara etal. 2023).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

According to Attah, Iji & Angioha (2019), SME managers and or owners still have less knowledge on financial management in spite of enormous significance it has on informed options meaning SMEs still face the limitations on access to credit. An entrepreneur who has a knowhow of finance may be able to decide on using best available financial services that financial facilities offer, saving more, and moderate the risks on indemnification utility (Cherotich, Sibiko & Ayuya 2022). Principe & Buffa at the 21st conference on SMEs business research, in addition, made the observation that SMEs have inadequate collateral to pledge for higher credit facilities than their counterpart big enterprises on financing their physical assets.

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

Small and Medium Size Enterprises within the County of Migori forms a fundamental sector in the Kenyan economy as contrasted with third world nations since SMEs employ straight 80% of the Kenyan population workforce (Omondi & Jagongo 2018). They support further expansion of other new or unrelated products, services, markets and industries with collective cohesion to reduce the overall risks of the business hence doing a vital responsibility in development of the private sector (Ahmadov & Valiyev 2019). SMEs bisects most sectors of the economy like manufacturing, processing and services which are of various categories of possessions: private limited companies, partnerships, or sole trader ships. A few are situated out-of-door having limited or no outlay while others are authorized and work in platforms for exchange in stalls and big shops (Munoz 2023).

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

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

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

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

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Commercial banks can lend credit based on short duration due to demand on advance payment they receive. They cannot also lend out on longer duration as the SMEs may need. This in fact limits the external financing (Mutinda 2020). However, data analysis reveals that out of five enterprises established, two succeed in less than two years of existence, (Kariuki, Kyalo & Ombaka 2021). There is a necessity to work further in the direction to support and enhance SMEs' ability to grow and expand. Though, the Kenyan working population are generally from the SMEs which equally represents 80%, the sector provides at most a bleak of 18% to the Gross domestic product of a nation meaning there is a lot to be done in order to encourage the sector to rise and contribute more to the economy outwitting the growing population demand. (Mutinda 2020).

Migori County businesses are categorized under the SME classification depending on their capacity of annual turnovers and number of employees (Otieno V. 2022). The hindering factors singled out for SMEs growth and development in Migori county include information access, capital access, collaterals requirement, cost of capital and capital management. Savings available and simpler finance accessibility from financial facilities speed up capability of households to take credit (Ellis et al, 2022). Hasan & Hoque (2021) studied and examined the consequences of financial literacy among the SMEs performance on investment facilities, the inferences were critical for universal financial growth and expansion. Another study touched on credit accessibility among the SMEs, the interpretation was inadequate collateral with other challenges restricting investment facilities to give credit to support SMEs' growth and expansion (Nzibonera & Waggumbulizi 2020). Therefore, accessibility of credit by rural SMEs' in Migori county has not obtained expansive research on the same.

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

2. LITERATURE REVIEW

The section reviews literature interconnected to key variables in the study revealing conceptual framework and empirical analysis. In advance of empirical review, four theories are reviewed in this section that portray that accessibility of credit can be affected by many factors. The four theories are: Equilibrium Credit Rationing, Pecking Order, Theory of Imperfect Information and theory of financial intermediation. Equilibrium Credit Rationing Theory;

It was developed by Hodgeman (1960), basing his argument on threat on failure to pay. He outlined that credit rationing refers to a circumstance where loan borrowers are not given a whole amount of credit requested on an existing rate of interest. This replica givers assess prospective loanee on the foundation of the loan's targeted return-likely loss ratio. On other hand, the highest refund that the borrower can probably pledge, will effectively restrict how much the creditor will provide the borrower irrespective of the cost of the loan. In this case the projected losses are the extent corresponding to the anticipated gain. In addition, the proposition outlook states that the givers do not offer all the funds that borrowers are likely to be given since they cannot differentiate between safe and risky borrowers. The borrower needs to provide the same amount of collateral financial facility funds to surpass output needs at existing interest rates. It also presumes that unideal credit markets occur due to unbalanced facts, givers try resolving by bringing collateral and interest rate. A particular borrower is unable to access additional borrowed funds by pledging to refund additional interest, when a borrower's order curve meets a vertical section of required output curve. Moreover, as the output curve moves to the left and upward, the borrower will meet extra strict limitations on the output on capital that cannot be controlled even if there is an extension of additional interest.

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

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

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The thought emphasizes unideal facts that bring unfavorable choice in various platforms for value exchange. If a provider or a customer having unbalanced facts, a borrower with frail refund expectations or a customer with poor quality produce chases away all traders from the market preventing common beneficial dealings. This presumption merely assumes lenders cannot clearly distinguish between high risk and low risk borrower due illiteracy levels. The theory is appropriate to the study because financial facilities fight to prevent this challenge, utilizing credit scoring ability in addition to constructing firm linkages with all relevant owners who are unaware in the industry and cannot utilize the facts accessible to opportunities that may arise.

Pecking order theory was introduced by Donaldson in 1961. In 1984 Myers and Majlif amended the Pecking order theory. The theory presumes undertakings emulate a funding ladder where the root of funds can either be internally or externally sourced. They viewed that a first opportunity is offered to an internal pool over external funds. The foundation presupposes that businesses once the internal resources are exhausted, owners find their way to external resources. They insisted that funds outside the business require shielding, unauthorized limitations, and be compulsory in businesses. An individual business owner needs debt refunding with small or collateral agreements. On the other hand, matters of expenditure are least for the internal pool, little for equity and big for debt. This assumption is relevant to SMEs in Kenya since it highlights collateral and individual owners of the business prefer internal sources of funds over external sources of finance.

The theory of financial intermediation, the presumption was developed in 1960 by Gurley and Shaw basing their argument on information asymmetry and transaction cost. They suggested that the existing high-cost transaction, incomplete facts in a convenient time and the system of adjustment explain the prolongation of financial intermediaries. Financial intermediation theory depicts that financial institutions grant funds that are excess (savers) on deposits to intermediaries which in turn navigate funds to undersupply units that are spenders and borrowers. Financial intermediaries perform responsibilities of financial facilities when engaging with the SMEs which can be either a depositor or borrower or both. They are bound to receive from financial facilities products and services like offering liquidity, financial consultancy, analysis, insurance services, risk management services, evaluation of assets, loan granting and other services.

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

Empirical Literature Review

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

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

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

Bello & Mustapha (2021) investigated how Nigeria manufacturing micro, small and medium enterprises obtained access to finance. The study employed the Nigeria enterprise survey data set performed in the middle of April 2014 and February 2015 by the world bank. A strong logistic regression was employed on a sample of 507 manufacturing MSMEs in Nigeria to accomplish the research aim. The impact showed that access to finance mostly affected the owners or managers expertise and skills (literacy skills). On inference, owners or managers expertise ability was a moderating facilitator for manufacturing MSMEs which has a likelihood of accessing finance in Nigeria. As a consequence, the study suggested that stakeholders of MSMEs in Nigeria should give support to the piles of expertise with innovative skills to promote the owners of business accessing finance.

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

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

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

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

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

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

Prasetya & Purwono (2022) studied what makes small industries to make loan applications. Small scale enterprises do this because their financing needs to expand and develop.

Their study focused on credit facilities and their security. Multinomial regression employed comprehending small firms on credit conclusions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

According to Umejiaku (2020) on a survey carried out in the study of women entrepreneurs, financial facilities determine a practically accessible amount of credit. The financial institutions introduced and offered innovative credit products to the market to compete and win the borrowers' intent taking advantage of entrepreneurs (Beriso 2021). Mutinda (2020) study carried out on factors affect the accessibility of credit on financial institutions located in Machakos town. Data was gathered and analyzed on descriptive research design. On the findings, the information showed that financial institutions had hindered the SMEs obtaining the access to credit due to lack of security and other associated costs demanded by those financial institutions.

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

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

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

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

First, most studies on accessibility of credit are condensed in developed countries and yet the accessibility of credit is much better as compared to developing countries that they experienced earlier. Second, most studies used financial and accounting appraisals indices to gauge the performance disregarding the measures of favourable outcome and sustainability of the enterprises.

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

Conceptual Framework

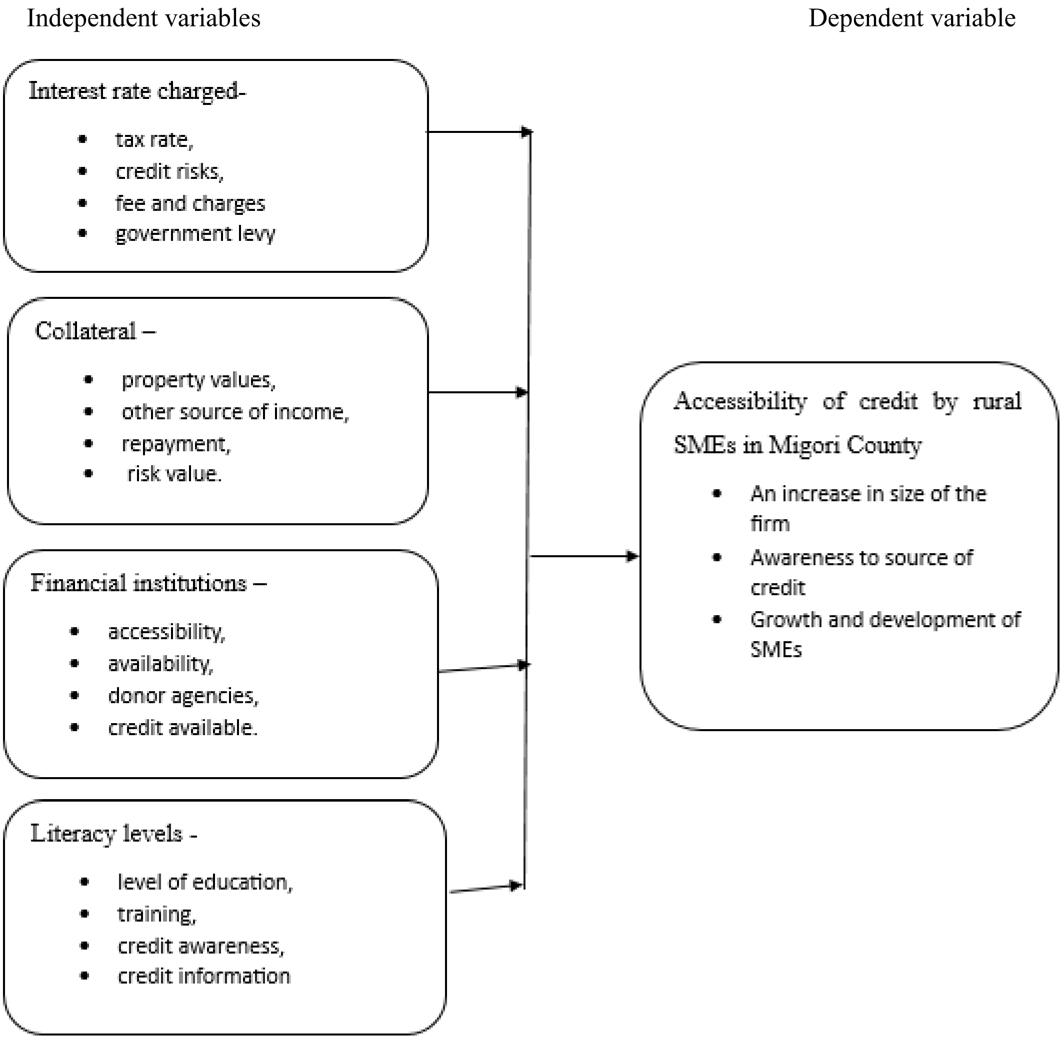

Figure 2.1: Conceptual Framework

The conceptual framework exemplifies interconnection linking independent variables and dependent variables (Kothari 2017). The independent variables include; interest rate charged. Financial institutions, collateral and literacy levels while the dependent variable is the accessibility of credit by rural Small and Medium Enterprises in Migori County, Kenya.

3. METHODOLOGY

The study relied on descriptive research design to collect primary data and secondary data. A stratified sampling method utilized to come up with Sample size of 102 Small Medium Enterprises involved in research study in a population of 1020. The data were collected using a structured questionnaire developed in line with the research objectives. The research instrument used a five-point Likert scale: 5= strongly agree, 4 = agree, 3= moderately agree, 2 = disagree, 1= strongly disagree.

A validity test of the study instrument was done to determine the accuracy of the research instrument in measuring the intended questions. The standard Cronbach Alpha score applied in the study showed 0.7. The instrument revealed no major violation, and an overall Cronbach alpha test of the 32 items in the instrument espoused an $\alpha = 0.7$, implying the instrument was reliable (De Barros da Silva & de Francisco 2020). Validity Analysis of research instrument was also done using principal component analysis methods. All factor loading for all variables were more than 0.40, it means that all factors were taken into account for the next or subsequent examination (Heir etal 2010).

Descriptive analysis was employed in profiling the respondents, and mean score analysis was applied to respondents. The study applied explanatory factor analysis in decomposing the many variables and extracting a few underlying factors. Multiple linear regression was then used to estimate the strength and significance of the relationship between predator variable and independent variable. Also, Statistical method resolves the equation where Statistical Package for Social Sciences (SPSS) employed.

4. ANALYSIS AND FINDINGS

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

Reliability Analysis

The reliability of research instruments was evaluated by Cronbach's alpha test for values from the research study that showed values were greater than 0.7 therefore the findings were reliable.

Table 1: Reliability Analysis

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

Source: Study Data (2023)

Descriptive Statistics

Collateral and Accessibility of Credit

TABLE 2: Collateral Assessment

Statement	N	Mean	Std.Deviation
Financial institutions are unwillingly bringing credit, we operate offhandedly finding hard for us to offer admissible approval of our earnings	90	4.4333	3.20130
Financial institutions stand firm on main lending on conditions that the offer of Collaterals as a security	90	4.1778	0.78723
On examining the probability refinancing loans, financial institutions acquire negative attitude on small firms instead of looking into savings giving rise to ability of an entity	90	4.1111	0.89247

Sometimes we go for a group loans or Chama because we easily pledge each other	90	4.1000	1.02825
On many instances, I lack collateral as security to secure a loan to boost my enterprises	90	3.7556	.92786
The essentials that I offer collaterals for my credit has made me search other ways to refinance my enterprise from relatives and refinancing on short term credit.	90	3.7444	1.00069
Financial facilities to some extents focus on ability to refund credit rather than on security in our enterprises	90	3.7333	0.95752
Valid N (listwise) average mean & SD	**90**	**4.008**	**1.2565**

Source: Study data 2023

The financial facilities focus on ability to refund credit rather than on security of SMEs enterprises, On many instances, lack collateral as security to secure a loan to boost enterprises was also a concern, searching other ways of getting finance from relatives to repay the loan that the owners offer collaterals for the credit, On refinancing loans financial institutions acquire negative attitude regarding small firms instead of looking into savings giving rise to ability of an entity and SMEs go for a group loans or Chama because they easily pledge each other. Those concerns were undertaken at strongly agreeing revealing their mean values and their standard deviation as 3.7333(SD=0.95752, 3.7556(SD= 0.92786), 4.1111 (SD=0.89247), 3.7444(SD=1.00069), 4.1000(1.02825) which corresponds to a scale value of '5' that stands for strongly agree. The outcome, however, indicated that financial institutions had a firm stand on main lending on conditions on the offer of Collaterals as a security, and they were unwilling to give credit and the SMEs owners operated offhandedly finding it hard for them to offer admissible approval of their earnings. Their assessment was undertaken agreeable as shown by mean estimate values of 4.1778(SD=0.78723), 4.4333(SD=3.20130) which corresponds to a scale value of 4 which stands for 'agree'. The overall assessment revealed that enhancement of collaterals was strongly agreed as a significant variable that had a very strong impact on accessibility of credit.

Interest Rate Charged and Access to Credit

TABLE 3: Rate of Interest Charged Assessment

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

Source: Study Data (2023)

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

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

The evaluation of the statements showed their means and standard deviations as 3.4444(SD=1.14275),3.14444 (SD=1000686),3.1000(SD=1.03912),3.3889(SD=1.14847),3.3556(SD=1.02015) & 4.1778(SD=0.96661) respectively which corresponds to the scale value of '4' that stands for 'Agree'.

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

Literacy Level and Access to Credit

Table 4: Literacy Levels Assessment

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

Source: Study Data (2023)

Literacy level showed that Charges and particulars available are not interpreted well in a language that is understandable, this upsets me from borrowing, Financial decisions were supported by the academic qualification acquired, due to trainings, undergone, I have realized increase in enterprise linked results like sales and gains, Most programs introduced in financial facilities credit is connected to health, nutrition education and other non-financial services, education level has significant effect on accessibility on when/how to obtain credit to improve the business, the state of laws and regulations are complex, I do not know the legitimate matter that are necessary to address the accessibility of credit for my business, the time between the SMEs owners link with the financier depends whether to obtain the credit and education provides the knowhow and the art to a greater extent in effective running of enterprises corresponds to the scale value of '4' which stands for 'Agree' with the mean and standard deviation as with the mean and standard deviation as 4.3333(SD= 0.76438), 3.9111 (SD= 0.99034),4.4444(SD=0.73609),3.9667(SD=1.01062),3.92229(SD=1.10390),4.0111(SD=0.905590), 4.2778(DS=0.82145), 4.1111(SD=0.85387), & 4.3556(SD=0.91567).

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

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

On the other hand, training lessons supported in explaining outlays and physical assets, where to trade, setting values of investments and business credit sales respondents both agreed and disagreed on equal measure corresponding to scale value of '2' &'4' respectively.

Finally, most participants really strongly agreed and few participants agreed to disagree on equal measure respectively that literacy level as a variable had a significant influence on accessibility of credit.

Financial Institutions and Access to Credit.

Table 5: Financial Institutions Assessment

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

Source: Study Data (2023)

On the table above revealed that Financial institutions are incorporating mobile money transfer services due to rise in emerging new technology demand for credit services, most financial institutions are focus services that are coming up to attract the interest of donor agencies like NGOs, credit unions, and other financial intermediaries offering credit utilities, credit availability has been enhanced by the personal relationships made with the financier, credit accessibility has been made easy to access due to access to financial institution by most of the small and medium entrepreneurs which has led to enterprise development and expansion, financial institutions had not broken the bulky of the products to fit SMEs wants, and integrating access to financial services effectively has been realized by the most entrepreneurs through financial institutions corresponds to a scale value of '4' which standsfor'Agree'mean&SDof4.4222(SD=0.86086),4.2444 (SD=0.78341),4.2889(SD=0.72274),4.1889(SD=0.84660),4.0667(SD=0.94572), 3.8778(SD= 0.84571).

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

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Factor Affecting Accessibility to Credit

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

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

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

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

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

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

Inferential statistics

The outcome of correlation analysis showed that there was power and link amongst the variables at one percent significance. The Kolmogorov-Smirnov and Shapiro-Wilk test of normality resulted p values > 0.01, the data were normally distributed was not rejected. A test of multicollinearity using the VIF values less than 10 and Tolerance resulted in multicollinearity diagnostics were greater than 0.01, which were considered free of a multicollinearity problem. The Breusch-Pagan test was employed in checking for homoscedasticity. The resulting sig. value = 1.841<p value 0.17. Thus, the dataset had no problem of heteroscedasticity; instead, it was homoscedastic and considered adequate for regression analysis. There was also absence of autocorrelation tested, Durbin-Watson was employed, its statistic showed 2.177 that was between the threshold of 1.5 and 2.5 recommended. Inferential analysis was applied to determine extreme scores with no violation recorded.

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

Table 6: Model Summary

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

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

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

The Regression Coefficient

Table 7: The Regression Coefficient

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

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

Regression coefficient outcome indicated that t-ratio reveals the area that is acceptable for null hypothesis, when t- ratio is not less than + or - 2.41 then it shows a key interconnection amid predictors and dependent variables hence null hypothesis was rejected. On the other hand, the null hypothesis can be tested by p value, that is if p value is not greater than 0.01 then null hypothesis is rejected or otherwise, we accept it. The column indicated by **B** reveals the kind of link which has a positive indication to show that there is a positive interconnection or negative indication to show a negative interconnection. The relationship between the predictors and dependent variables can be displayed by the link of the multivariate regression model as shown below.

$\mathbf{Y= \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \mu}$

β1-β4 =coefficient of independent variable

μ= Error term

The outcome of the regression model:

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

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

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

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

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

Lastly, literacy levels increased by one unit and interest rate, financial institutions and collateral remained constant the accessibility of credit in Migori county, Kenya would increase by 0.238 units. The finding thus indicated that a positive(**β**=0.238) and insignificant (**p** value= 0.000<0.01) relationship existed between literacy levels and the accessibility of credit by business traders in Kenya. Siwale (2019) documented similar findings and found that there was a strong link between literacy skills and accessibility of credit who also coincided with Thein Niigata & Inaba (2023) with similar findings that financial literacy had a significant impact on accessibility of credit. They also recommended that literacy skills support SMEs credit accessibility and decrease security matters in accessing credit from financial institutions. Also,

5. FINDINGS AND CONCLUSIONS

The present findings attached from the awareness that there was a research challenge in spite of several small and medium businesses in Migori county, their appraisals were impeded because of restrained funds. The literature review had shown many variables influencing the accessibility of credit amidst the small and medium enterprises across the nation, but there were restricted findings marking SMEs in Migori county. However, many discoveries demonstrated were constrained by means of descriptive analysis and as a result, the present findings try to amalgamate regression exploratory factor analysis (EFA) to look into the variables influencing the accessibility amidst SMEs in Migori County.

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

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

Correlation analysis together with regression analysis showed a positive and an important link between the interest rate charged, collaterals and accessibility of credit.

Wherefore it's necessary for financial facilities to assess their advance strategies so as to provide support for SMEs to confiscate the credit to boost their enterprises appraisal.

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

Conclusion

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

Even though there is a necessity for SMEs to offer collateral as a security before obtaining funds to minimize the standard of perilous vulnerability, assessing the credit rate on SMEs is personalized to establish that there is maximum profit to both the providers and the receivers. However, financial institutions are obliged to utilize other lending techniques on the applicant's risks and trustworthiness.

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

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

6. RECOMMENDATIONS

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

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

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

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

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APPENDIX - I

Rotated Analysis Matrix

PARTICULARS	**1**	**2**	**3**	**4**	**variable**
Credit operation costs and charges are impractical	0.862				**Interest Rate charged**
Financial institutions give out on a short-term basis with high interest rates and this discourages me from borrowing credit.	0.652				
Most traders ran away taking a loan, financial facilities do not look at the capability to coincide with interest rate set	0.587				
Sometimes interest rate charged on credit depends on the collaterals offered or enterprise category	0.554				
The financial institutions interest rates charged are high thereby discouraging us from taking credit.	0.653				
Financial institutions' interest rates charged are restrictive	0.862				
Financial institutions seize assets that I utilize in daily operations due to decline to repay on time disappointing me from borrowing	0.618				
Financial facilities sometimes figure out to utilize impracticable ways of recuperating for declining to refinance a loan mostly when marketing state is critical.	0.712				
Nowadays, most financial institutions are focused on services that are coming up to attract the interest of donor agencies like NGOs, credit unions, and other financial intermediaries offering credit utilities		0.730			**Financial institutions**
Integrating access to financial services effectively has been realized by the most entrepreneurs via financial institutions		0.702			
At the time of my link with the financier depends if I can obtain the credit		0.602			

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On examining the probability refinancing loans, financial institutions acquire negative attitude regarding small firms instead of looking into savings giving rise to ability of an entity			0.643		**collaterals**
Financial institutions are unwillingly bringing credit, we operate offhandedly finding hard for us to offer admissible approval of our earnings			0.643		
Sometimes we go for a group loans or Chama because we easily pledge each other			0.701		
The essentials that I offer collaterals for my credit has made me search other ways to refinance my enterprise from relatives and refinancing on short term credit.			0.502		
Financial facilities to some extents focus on ability to refund credit rather than on security in our enterprises			0.525		
On many instances, I lack collateral as security to secure a loan to boost my enterprises			0.553		
Requirements insisted by financial institutions and shylocks on provisional needs have discouraged taking credit, most Facilities favor lending to big businesses that have favorable outcomes.			0.652		
Financial institutions stand firm on main lending on conditions that the offer of Collaterals as a security			0.525		
Financial decisions supported by the academic qualification I have acquired				0.562	Literacy levels
I have realized to have raise in sales and gains due to trainings that have made me to operate my enterprises effectively				0.712	
Financial institutions are incorporating mobile money transfer services in emerging new technology demand for credit services				0,563	
Training lessons have supported explaining outlays and physical assets, setting values of investments and business credit sales				0.615	
Financial institutions adjusted providing training lessons that form awareness of products beneficial to enterprises.				0.615	
Credit availability has been enhanced by the personal relationships made with the financier				0.602	
Due to trainings, undergone, I have realized increase in enterprise linked results like sales				0.712	
Education level has significant effect on accessibility obtain credit to improve the business				0.562	
Credit accessibility has been made easy to access due to access to financial institution by most of the SMEs which has led to enterprise development and expansion				0.702	

Extraction Method used Principal Component Analysis

Rotational Method Used Varimax with Kaiser Normalization

A rotation linked up in six repeated on performance.