

Factors influencing access to credit facilities among small and medium entrepreneurs in Island division, Mombasa County, 2013

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Abstract:

The purpose of this study was to determine the factors influencing credit accessibility among small and medium entrepreneurs in Island Division, Mombasa County. The study was guided by the following four research questions: (i) what are the sources of credit available to men and women SMEs in Island Division, Mombasa County? (ii) What factors influence credit access to men and women SMEs in Island Division, Mombasa County? (iii) What challenges do men and women SMEs face in accessing credit in Island Division, Mombasa County? and (iv) What strategies could be put in place to enhance credit access for men and women SMEs in Island Division, Mombasa County? The study applied women empowerment framework by Sara Hlupekile Longwe. According to this framework, men and women do not have same access or control over productive or benefits accruing from them. The descriptive survey design was used in executing the study. Stratified sampling was utilized in selecting the respondents for the study. Interview schedules and questionnaires were the main data collection instruments for the research. Data were analyzed quantitatively and qualitatively guided by research objectives and research questions. Findings are presented thematically in form of narratives, frequency tables and percentages. The study found that banks and micro finance institutions were some of the institutions that offered credit to SMEs in Island Division. The study findings indicate that loan acquisition is highly influenced by personal savings and business assets and/or stock. However, there were challenges facing SMEs in credit acquisition; these include gender inequalities in control of resources, lack of collateral, high interest rates, Islamic religious practices, lack of information on loan qualification criteria and women being asked to bring their spouses/identification documents. The study found that credit access could be enhanced by improving terms and conditions for SMEs including fair interest leading to empowerment and participation of women in economic development of the country. The study concludes that gender disparities affect credit access between men and women SMEs. The study recommends that there is need for credit officers to sensitize SMEs on the opportunities that are available to secure funding for their business; credit institutions should also review terms and conditions to allow people from different faiths access credit equitably.