Effect of Financial Limitation on Promotion and Development of Small and Medium-Scale Enterprises in Ado-Ekiti.

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Abstract

This study examined how financial shortages affected growing and promoting SMEs in Ado-Ekiti, Nigeria. Ado-Ekiti business owners were surveyed with 200 questionnaires. Hypotheses were evaluated via regression. According to the study findings, there is a statistical association between access to funding and SMEs' promotion and development; financial limits strongly affect SMEs' growth. Further results show that proper financing helps SMEs grow. The study suggested that financial institutions prioritize raising awareness and charging SMEs owners a fair interest rate on loans, that the government should develop policies to ensure SMEs have unrestricted access to adequate finance, and that SME owners work to increase their creditworthiness to increase their chances of getting finance from financial institutions.

Keywords: Development policies, Finance, Financial Institutions, Small and Medium-Scale Enterprises, Promotion and Development

Introduction

SMEs play a crucial role in developing countries since they are frequently the only realistic options for increasing employment, reducing poverty, and improving quality of life (Shokan *et al*, 2019). Peterhoff *et al* (2014) report that 90% of enterprises worldwide are SMEs. They contribute significantly to domestic savings and regional resource utilization, employing 60% of the global workforce and 80% of industrialized nations' workforce. SMEs are essential for creativity, innovation, entrepreneurship, competitiveness, and developing nations' effective creative system. Definitions vary by country, but are typically measured by personnel, investment, turnover, relative size, ownership, industry type, and operational environment.

SMEs face numerous obstacles, including poor transit, unpredictable power supply, excessive taxes, an undereducated workforce, violence, corruption, a shortage of managers, and limited access to modern technology (Ekwochi, 2020). Limited funding has hindered SME growth and promotion, preventing many enterprises from contributing to sustained economic growth. Factors such as the financial sector structure, high interest rates, lack of collateral, unawareness of funding opportunities, limited lending institutions, poor business plans, management skills, high inflation, and poor government policies limit SMEs' access to finance. Many SMEs use their own money to finance projects due to financing issues. Most nations have formal and informal financial institutions, with formal institutions being licensed by a bank regulator and supervised by the government (Fenoll, 2015).

Finance firms meet demands by buying fixed assets and financing net working capital. Financing enables small enterprises to make profitable investments, contributing to growth and poverty reduction in Sub-Saharan African states. The study seeks to examine the influence of financial limitations on small and medium-sized enterprises (SMEs) in the Ado-Ekiti Metropolis of Nigeria. Although money plays a crucial role in the promotion and growth of small and medium-sized enterprises (SMEs), a significant number of Nigerian SMEs have a shortage of adequate funding. This scarcity of financial resources poses challenges for entrepreneurs in their efforts to promote and expand their businesses. Capital investment is essential for the growth and development of a business. The objectives of the study are to determine the factors that influence the availability of finance for small and medium-sized enterprises (SMEs) and evaluate the consequences of financial limitations on the growth and expansion of SMEs.

Listed hypotheses are formulated for the study:
Ho_1: Factors influencing finance have no significant relationship with the promotion and development of SMEs

Ho_2: Financial constraints have no significant relationship with the growth of SMEs

Conceptual Clarifications

Finance

Finance is essential for promising enterprises to survive and grow. In the economic world, organizations need funds to run their activities and fulfill their goals. Thus, business relies on finance. Financial resource management includes budgeting, forecasting, borrowing, lending, and investing, according to (CFI Team, 2023). It entails raising finance for any spending. It manages an organization's money flows and claims. Financial management includes budgeting, saving, borrowing, and investing. Integration of concepts, applications, and systems affects company value or wealth. Organizational management relies on finance. Company operations like marketing, production, and purchasing require money. These operations are necessary, but insufficient funding could lead to insolvency, debt, and missed goals. Business activities need financing to buy everything for manufacturing. Finance allows businesses to buy goods and services for efficient operations. When these units lack sufficient financing, productivity drops, lowering company revenue. Finance is important since it boosts an organization's performance. It boosts organization efficiency. Different factors contribute to business growth and productivity, but finance drives growth over time. Finance helps financial managers plan, use, and make good financial decisions to boost corporate profitability. Reinvestment grows with accessible funding, which boosts corporate output. Finance helps capitalize on opportunity. Opportunities to grow require financial investment in additional capital, staff, or inventory. Adequate funding helps firms seize these possibilities and succeed. Financial access and business characteristics impact firm performance regardless of degree and direction, according to (Mia & Islam, 2016). Finance is crucial to corporate management.

Finance Relevance for SMEs

Finance is crucial for SMEs' growth and performance, as it leads strategy creation, decision-making, and organizational transformation. The OECD report (2019) states that money is important to businesses:

1. Generate profit

Shokan *et al* (2019) in their work said that SMEs need finance to generate high returns. A new firm requires financial investment to succeed. However, firms need finance throughout their existence. Well-established companies need investment too. Material purchases, hiring, business marketing, and product growth require investment money and competent financial management. The company will struggle to operate without funds, preventing profit. Finance helps businesses maximize returns on investment.

2. Enable Operations: SMEs generate a lot of turnovers every day to pay bills, invest in business, and pay workers. Without funding, the company can't do those things or function. If the business does not carefully manage its income and expenses and monitor its money, it will be hard to allocate funds and operate. Finance is vital to prevent disruptions in operations, which could affect the company's viability (Hoang *et al*, 2019).

3. Facilitate business expansion

MIC (2007) explained in his work that for a business to be successful, it must continuously grow and expand. This includes the development of new products and expansion into new markets. However, this growth and expansion requires capital to purchase new materials and fund marketing activities. Without an effective financial structure in place, a business will be unable to grow, leaving the business confined to offering the same products and services to the same markets. Businesses which are unable to expand are at risk of being left behind by competitors and eventually failing. Therefore, adequate finance gives SMEs opportunity to carry out expansion that invariably increases the firm's profit and market share.

4**. Sustainability under economic downturn**

Global economic conditions might hinder any firm. Every organization must be prepared for sudden recessions and depressions. Since some products succeed and others fail, business fluctuates. Being prepared for tough times and economic downturns is the best way for SMEs to succeed. SMEs need enough finance to see them through tough times. In addition, strict financial management will be needed to ensure the organization has enough backup plans.

Financial stability is needed for corporate growth. Every organization's business cycle, especially its finance cycle, begins with its financing sources, which are many. Ndala (2019) outlines many SME finance methods:

i. Most small businesses are funded by personal savings and family and friend loans. They can be cash balances that the entrepreneur can accumulate, or they can be individual contributions like village banking, a traditional group contribution scheme in which people get together and decide on a sum of money to be contributed on a regular basis and distributed to one member at a time until the last person contributes. Other fundraising opportunities include friends and family.

ii. Bank loans: Businesses often borrow from banks. A lender lends money to a firm, which must repay it with interest over time.

iii. Trade credit: Involves giving goods, services, or money in exchange for payment later. It relies on trust. An open-account, brief (30–90 days) deferred payment agreement is offered by a seller to a buyer as a business practice or to boost sales.

Access to capital is crucial for businesses to have cost-effective financial services, ethical transactions, and sustainable transactions. According to Demirgüç-Kunt, Asli, Thorsten Beck and Patrick Honohan (2008) access to finance is defined as the absence of price and non-price restraints on financial services. However, many businesses struggle to finance capital and operating expenses, despite the importance of business engagement in boosting GDP, creating jobs, and expanding tax bases. The World Bank Enterprise Survey (2020) shows that 67% of African businesses lack sufficient finance (Ganbold, 2018).

Sub heading: Financial Access Factors for SMEs

Academics and politicians worldwide have long studied SME finance. To increase company credit and formalize their economic contributions, seminars and debates have been held on access to finance. The following variables affect credit access, according to (Osano & Languitone, 2016):

1. Collateral needs

Debtors pledge assets as collateral for debt charges, often real estate. Loan security must be sellable and fair, and banks typically require collateral of 100% or more of the credit extension or finance product. This reduces the risk of SMEs misusing cash and prevents lender discrimination and refusal due to high risk and lack of collateral.

2. Financial sector organization

The banking industry faces increased competition, impacting prices and product prices, and small business finance. Regulations can raise barriers to entry, and competitiveness is influenced by the regulatory environment. Legal restrictions can reduce efficiency and informational advantages. Financial business ownership structure impacts access, market dominance, and external funding costs.

3. High-interest rate

Financial services interest rates significantly impact finance access, affecting the annualized cost of credit or debt-capital. High interest rates hinder financing, as providers set their own rates. Rising rates during inflation, credit demand, money supply shortages, and financial institution reserve requirements exacerbate the issue.

4. Financial Illiteracy

SME owners struggle with financial literacy and understanding of various financial instruments, hindering their access to financial services and assistance from official financial institutions. This lack of skills also widens the gap between SMEs and investors, despite their ability to provide clear business plans.

Ways to improve SMEs access to finance

There are many ways through which SMEs can have access finance. According to 2015 G20/OECD report, the following methods are suggested in order to improve SME finance:

1. Find SME financing shortages and increase the evidence base.

To increase SMEs' access to capital, relevant institutions should evaluate their financing needs and pinpoint coverage gaps in partnership with central banks, financial supervisory authorities, financial and research institutions, and representatives of SMEs.

2. Facilitate typical bank SME funding.

Because banks provide most SMEs' external finance, efforts must be made to expand their lending capability. Additional measures include deposit insurance, securitization, savings insurance, and mortgage loss provisioning. Risk mitigation must be increased while using modern technologies and hazard underwriting techniques.

3. Establish regulations that allow many SME finance sources.

Policymakers and regulators must create and implement regulations that provide SMEs multiple financial choices. Businesses and investors need regulatory confidence to operate safely. Regulations' multifaceted effects must be considered. Regulations must reflect financing mechanism concerns.

4. Encourage fast business payments.

To increase small company supplier cash flow, SMEs should return loans on schedule. SMEs are more vulnerable to late or non-payment, thus policymakers and regulators should provide clear payment terms. To deter SME owners from late loan payments, laws should be passed and enforced.

Small & Medium Enterprise

Small and medium-sized enterprises (SMEs) are the backbone of the global economy, accounting for over 95% of businesses and employing over 50% in low- and middle-income countries. They drive economic growth, employment creation, and GDP, with SMEs making up 90% of firms, 60-70% of employment, and 55% of GDP in industrialized nations. SMEs drive global innovation and growth, accounting for over 60% of GDP and 70% of jobs in low-income countries. Definitions of SMEs vary across countries, with some using quantitative criteria and others using qualitative criteria. The European Commission defines SMEs as companies with less than 250 employees, while the OECD defines them as micro, small, and medium firms with up to 249 employees. In Nigeria, SMEs have an asset base of $5 million to $500 million and a labor force of 11 to 300 workers. At the individual level, SMEs play a vital role in providing employment, improving individual sources of income, an improvement of the standard of living, forging of innovation, new ideas, training ground for new entrepreneurs, self-employment, and building job satisfaction. It also encourages acquisition entrepreneurial skills and knowledge, reduces dependency on family and government, income redistribution, stabilizes family income and helps to bring reduction in the level of poverty.

Nigerian SMEs and Economic Development

SMEs have mobilized and used restricted resources in Nigeria, making them a significant economic stimulus. SMEs can reduce poverty and improve lives. SMEs play these functions in economic development (Uddin, 2014).

1. Progress in industry

Small and medium-sized businesses (SMEs) boost manufacturing and industrial growth. They develop technology to improve the manufacturing of semi-processed raw materials for larger companies.

2. Job Creation

The population of Nigeria is large. Job prospects are scarce, and the unemployment rate is 33%. Thus, creating jobs and money is the nation's primary concern. SMEs have created many productive jobs.

3. Innovation as technology advances

SMEs in Nigeria have driven technology and innovation. It has supported relevant technology and fostered original thought. It allows new ideas to boost a nation's economy.

SME contributions vary across society; they create jobs, improve technology, value internal resources, and stimulate product development. Even though SMEs have grown in importance, certain inhibiting obstacles prevent them from performing at their best. Some issues mentioned by Buba and Muhammad (2022) are:

i. Lack of funds
ii. Poor technology access
iii. Poor market support
iv. Poor business conditions and conflicting policies
v. Research and development funds are scarce.
vi. Poor information access

Nigerian SME assistance agencies

Different Nigerian institutions and policies promote SMEs' development and promotion. Some institutions are:

1. Central Bank of Nigeria

The CBN ordered commercial banks to give SMEs a certain percentage of their credit facilities at a preferential interest rate. Banks that don't comply face penalties. The Central Bank mandated rural banking locations to solve the credit shortage faced by rural SME operators (Okafor *et al*, 2014).

2. SMEDAN, Nigeria's SME Development Agency

To promote SME growth, the agency was founded, intended to improve SMEs investors' access to all development resources (Baumol, 2002). Creating organized, successful SMEs to promote Nigeria's long-term growth is its purpose.

3. Small and Medium Enterprise Credit Guarantee Scheme

The central bank started the programme to help Nigerian SMEs access financing. The scheme provides working capital, lease refinancing, loan refinancing, and long-term loans for plant and machinery (Bartoli *et al*, 2013).

4. Small and Medium Industries Equal Investment Scheme (SMIEIS)

Under this programme, all Nigerian banks must set aside 10% of their PAT to support SMEs and invest in equity. The goal is to attract investment to boost economic growth (Baumol, 2002).

Empirical Review

Previous research has shown a correlation and relationship between limited financial resources and the growth of small and medium-sized enterprises (SMEs). Nizaeva and Coskun's (2021) study investigates the factors contributing to financial restrictions and their impact on SMEs in Central Asia. The study uses primary and secondary data sources and the Environment Enterprise Survey (BEEPS) to analyze 16,600 firms in 32 Asian countries between 2012 and 2016. The research also explores factors influencing financing accessibility for SMEs and suggests that sound economic policies could improve this accessibility.

Nizaeva and Coskun (2019) conducted a study on the correlation between financial limitations and the growth of small and medium-sized enterprises (SMEs) in South Eastern Europe. They used secondary cross-sectional data from the Business Environment and Enterprise Survey (BEEPS) to analyze data from 16,600 SMEs across 32 countries. The study found a significant correlation between the concentration of financial institutions and the extent to which SMEs have limitations in accessing funding.

Michal and Rezoakova (2021) investigated variables associated with financial restrictions in the context of SME default. They used the Cox semi-parametric proportional model to examine variables such as financial intermediaries, corruption, and creditworthiness. The study suggested that financial institutions should use a comprehensive perspective when assessing default risk, rather than discouraging potential borrowers from accessing financial services. Sadia (2019) examined the impact of financial constraints on the performance of SMEs using both qualitative and quantitative research designs. The study found that the imposition of collateral requirements, high borrowing prices, and lengthy loan application procedures negatively influenced SMEs' growth and development. The study proposed the establishment of additional lgspecialized financial institutions to address financing requirements. Prakash and Charanjit (2019) studied unorganized manufacturing firms in India, focusing on financial constraints encountered by SMEs. The study used stratified random sampling and a structured questionnaire to collect data. The findings showed that factors such as business size, ownership structure, owner education level, account management practices, and operational status affected SMEs' ability to obtain financial resources.

Jesca and Leodger (2019) investigated factors affecting the growth of SMEs in Tanzania, using a mixed-methods strategy. The study found that access to capital is one of the four primary elements influencing SMEs' growth and development. The researchers recommend that institutions enhance their borrowing practices through measures such as reducing interest rates and collateral requirements. Ngonisa *et al* (2023) analyzed the influence of bank market structure on the accessibility of credit for SMEs in South Africa. The study found a significant positive association between the growth of SMEs and the presence of financial institutions. Based on the findings, it is recommended that SMEs allocate greater attention to informal channels of financing, including credit obtained from family members, friends, and business associates.

Okafor *et al* (2022) study reveals that financial inclusion positively impacts the operational and developmental aspects of small and medium-sized enterprises (SMEs) in Nigeria. The study used data from the CBN Statistics Bulletin from 1981 to 2019, using multiple linear regression and statistical methods. The findings suggest that expanding access points in rural areas and enhancing infrastructure can enhance financial inclusion for SMEs. The study proposes a comprehensive policy roadmap to leverage the financial services geospatial map to improve the availability of financial services in underserved areas lacking access to traditional banking services. This would help protect SMEs from potential exploitation by financial institutions.

Theoretical framework

Robert Merton's credit risk theory, introduced in 1974, is foundational in understanding the risk of financial loss due to a borrower's failure to meet debt obligations. The theory emphasizes that access to finance depends significantly on a firm's creditworthiness and the associated risk perceived by financial providers, particularly affecting SMEs in unstable economic environments. It highlights that financial institutions manage this risk through credit assessments, often imposing stringent requirements that can limit SMEs' access to necessary funding, thereby impacting their growth and development (Adegbie & Otitolaiye, 2020; OECD report, 2015).

Conceptual Framework

Credit risk concept predicts and explains the probability of defunct of potential borrower. This theory emphasizes that the accessibility of finance to business firms including SMEs depends largely on firm's credit rating. Moreover, the theory posited that firms will have access to finance based on their timely ability to repay loans and other financial assistance. As a result, financial institutions are much more interested in credit management because they want to reduce the percentage of irrecoverable debts as well get adequate returns on investment. Credit risk is greatly considered by financial institutions before they provide financial assistance to SMEs. Given the significance of credit risk on SMEs access to finance, this study will therefore be anchored on credit risk concept. This study explores the relationship between financial constraints and the promotion and development of small and medium-sized enterprises (SMEs), using a theoretical framework for understanding and analyzing subject matter.

The framework is visually represented in the diagram below:

Independent Variable		**Dependent Variable**
Financial Limitation Collateral Requirements Awareness of Funding Opportunities High Interest Rate Structure of Financial Sector Financial Illiteracy	⇨	**Promotion and Development of SMEs** Expansion Diversification Employment Profit Generation Enable Operations

Fig. 1. Conceptual Framework on the effect of Limited Finance on the Promotion and Development of SMEs.

Source: Research Author (2024).

Methodology

This section described the research process. It focused on data collection, analysis, and empirical exploration of the studied factor. Study population, sample plan, data sources, fact collection, research design, and data analysis. The study sampled 200 of Ado metropolis' 700 SMEs utilizing Taro Yamane sampling methods. Questionnaires were given to Ado metropolis SMEs owners to collect primary data.

Population and Sampling Procedure

Considering the fact that the number of SMEs in Ado-Ekiti Metropolis is unknown, 700 SME owners will be consulted from different areas in the metropolis in order to get a balanced and objective view about SMEs performance in relation to financial adequacy. Besides, these SME owners will be from different line of businesses which include catering business, fashion designing, rental services, farming, barbing and hair salon, mobile phone sales and repairs, photography business, bakery, transport business, real estate and electronic repair business whose financial base is not more than ₦1,500, 000. This will help to have a holistic view about how finance plays a crucial role in SMEs performance. Therefore, two hundred will constitute the sample size of the study.

Sample and Sampling Technique

Considering the fact that the number of SMEs in Ado-Ekiti Metropolis is unknown, Slovin formula (1960) will be used to get our sample.

$$n = \frac{N}{1+N(e)^2}$$

Where n = sample size, N = Population (700), e = desired margin of error (0.05).

$$n = \frac{700}{1+1000(0.05)^2} = 200$$

Data Type and Collection Mode

The study will make use of primary data. This is a type of data that is collected directly, that is, from main sources of origination which may be through interviews, surveys, experiments, etc. The data needed will be sourced through a well-developed questionnaire.

Research Instrument and Its Measurement

The research instrument that will be adopted in this study is the questionnaire. It will be used in drawing responses from the identified respondents. The questionnaire consists of a number of questions printed in a definite order on a form or set of forms distributed to the respondents.

Data Presentation, Interpretation and Discussion of Findings

This chapter analyses questionnaire data from a field survey. Out of 200 surveys sent to SME owners in Ado-Ekiti, 190 were returned with all the relevant information. SPSS was used to categorize, arrange, and analyze questionnaire responses, as indicated below:

Hypotheses Testing

This section tests research hypotheses using regression and correlation analysis to draw conclusions.

Research Hypothesis One

Ho_1: Factors influencing finance have no significant relationship with the promotion and development of SMEs

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.972[a]	.944	.943	.364

Source: Output from SPSS (2024)

a. Predictors: (Constant), Factors influencing access to finance
b. Dependent variable: Promotion and development of SMEs

Table 1 displays the correlation coefficient (r=0.972) between the characteristics that influence SMEs' ability to obtain financing and their growth and development. This indicates a strong positive association between the two variables. According to the coefficient of determination

(r^2=0.944), the independent variable accounts for 94.4% of the variation in the dependent variable, whereas other factors account for 5.6% of the variation.

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Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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c. Predictors: (Constant), Factors influencing access to finance
d. Dependent variable: Promotion and development of SMEs

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Table 2 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	410.735	5	82.147	62.019	.000[b]
	Residual	24.339	184	.132		
	Total	435.074	189			

Source: Output from SPSS (2024)

a. Dependent Variable: Promotion and development of SMEs
b. Predictors: (Constant), Factors influencing access to finance

Table 2 shows a significant relationship between variables, with a p-value of less than 0.05 and an F-critical value of 62.019, rejecting hypothesis one. This indicates that factors influencing finance significantly contribute to the promotion and development of SMEs in Ado Metropolis.

Research Hypothesis Two

H_o: Financial constraints have no significant relationship with the growth of SMEs

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.883[a]	.780	.774	.721

Source: Output from SPSS (2024)

a. Predictors: (Constant), Financial constraints
b. Outcome variable: Promotion and development of SMEs

Table 3 shows a strong positive correlation between financial limitations and SMEs' growth, with a coefficient of determination of r^2= 0.780, indicating that 78% of the dependent variable's variability can be accounted for by the independent variable, and the remaining 22% is due to other factors.

Table 4 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	339.327	5	67.865	30.419	.000[b]
1	Residual	95.747	184	.520		
	Total	435.074	189			

Source: Output from SPSS 20 (2024)

a. Dependent Variable: Promotion and development of SMEs

b. Predictors: (Constant), financial constraints

Table 4 clearly illustrates that the model correctly explains the association between the variables with a significant value of less than 0.05 (p value = 0.000) and F crucial value of 30.419. The investigation rejected hypothesis two. This suggests that financial restrictions affect Ado Metropolis SME growth. As a result, we make a conclusion that there is no significant relationship between the item “Inadequacy of finance has not allowed your business to grow and expand” and promotion and development of SMEs in Ado-Ekiti.

Discussion of Findings

Findings from the study when the first hypothesis showed that there is no statistical relationship between factors influencing access to finance and promotion and development of SMEs shows that there is a statistical relationship between the factors influencing access to finance and promotion and development of SMEs. Besides, in a study conducted by Ndala (2019) on assessing the access to finance by small and medium-sized enterprises, the study revealed that high interest rate and collateral requirements required by financial institutions serve as major factors that inhibits SMEs access to finance and this consequently slows down the growth of SMEs. The study also made use of regression analysis to test the second hypothesis which states that financial constraints do not have significant relationship with the growth of SMEs. However, Adeyemo and Olateju (2022) emphasized the importance of access to finance on the growth of small and medium scale enterprises in Nigeria. The researchers stated that finance is one of the key factors that affect SMEs growth and therefore recommended that SMEs should have adequate fund to run their businesses with little collateral to pledge for the loan and easy procedure of getting it. In the same way, findings by Igwe, Amaugo, Ogundana, Egere and Anigbo (2018) on the factors affecting the investment climate, SMEs productivity and entrepreneurship in Nigeria showed that among all the factors affecting SMEs, access to finance is ranked as a major factor that impedes the growth of SMEs with a percentage of 33.1% while access to electricity and level of corruption followed with 27.2% and 12.7% respectively. The findings of this study further clarify that financial constraints have significant relationship with the growth of SMEs.

Conclusion

The research explores the influence of financial constraints on the growth and promotion of SMEs in Ado-Ekiti. Factors like collateral requirements; high interest rates, financial sector structure, financial illiteracy, and funding awareness significantly affect SMEs' promotion and development.

The study rejects the hypothesis that financial constraints do not significantly impact SMEs' growth, indicating a relationship between these variables.

In addition, the study further reveals that a significant number of small and medium-sized enterprises (SMEs) lack reliable access to financial resources, hindering their growth and development. To address this, the government should enforce rules mandating financial institutions to lower lending criteria and reduce fees. Financial institutions should also promote loan uptake by disseminating information about available resources. Additionally, lenders should impose fair interest rates on loans to SMEs. These measures aim to encourage SMEs' growth and success.

Recommendations

From the study, many of the SMEs do not have steady and stable access to finance and this evidently affects their promotion and development. Therefore, the following are recommended to ensure the promotion and development of SMEs:

i. Government should formulate and strictly implement policies that will require financial institutions to lessen their loan requirements and costs placed on financial services to discourage SMEs.
ii. Financial institutions should prioritize creation of awareness about available financial resources so as to promote a strong uptake of loans by SME owners.
iii. Financial institutions should charge a fair and economical interest rate on loans accessed by SME owners.
iv. SME owners should endeavour to improve their creditworthiness so that financial institutions will stop the stringent requirements that hinder them from accessing finance.

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