

ABSTRACT

Globally, credit accessibility is an impetus for economic growth of Micro-Medium and Small Enterprises (MMSEs). In Kenya, Microfinance Institutions (MFIs) have been in the forefront in offering business credit and to a larger extent helped the economic and social growth of MMSEs in rural communities. The rapid growth of MMSEs has helped the country grow economically, with the current growth rate standing at 5% improvement annually. Even though credit accessibility has been merited to MMSEs economic growth in Kenya and with 66 MFIs, 20 commercial banks with branches all over in Kisumu County, the MMSEs are still stunted in growth, MMSEs are performing poorly and this is indicated by the County Government of Kisumu's slow economic growth of 2.8%. Many MMSEs are yet to be active credit seekers. This study therefore sought to examine Influence of credit accessibility on growth of MMSEs in Kisumu County with the following specific objectives; to determine influence of Lending; Interest Rate, Innovation, and Training on the growth of MMSEs. The study used descriptive and inferential research design and was guided by Grameen Model of Yunus (1995) and Microfinance theory of change. A conceptual framework was used to explain the interplay of independents and dependents variables. The study targeted 867 population; 66 MFI Credit managers, 20 banks managers and 781 MMSEs operators from the six sub-counties of Kisumu County; simple random sampling was used to select 30% of target population which brought 260 as sample size. Structured and semi-structured self-administered questionnaires and interviews schedule were used to collect primary data while, annually published statistics by Government, Periodic and business journals on MMSEs was also used to collect data. Validity of the study was determined by performing pre-testing of instruments while reliability was determined by enhanced consistency, dependency, accuracy and adequacy of the research instruments, meanwhile, Trustworthiness of qualitative instruments was ensured by recording the interview process. Quantitative data was descriptively analyzed vide Pearson's correlation coefficient to determine the significance of the variables by the use of percentages, frequency counts and means to help interpret variabilities of the study while Qualitative data was analyzed using thematic analysis. Analysis showed significance correlation to growth when LD₁ sig. $r = 0.258$; IR₂ sig. $r = 0.039$; IN₃ sig. $r = 0.563$; TR₄ sig. $r = 0.274$, found out that mode of lending was very instrumental in credit accessibility with r for growth of MMSEs, interest rate played vital role of determining whether or not MMSEs would be motivated in seeking more loans especially when the interest was low. It was further revealed that Innovation used by MFIs attracted more credit seekers when focused on direct benefit of MMSEs from unsecured loans, meanwhile the Training of MMSEs operators was important in promoting the long-term business relationship with MFIs, which culminate into growth of both MMSEs and MFIs. The study recommends efficiency in MFIs policy and CBK hands on the interest rate regime by offering treasury bills with favorable rates of return and Prior training to MMSEs operators before loaning. These recommendations were of value to investors, loan seekers, and policy makers, both international and local financiers. Suggestions for further study were on transaction costs for the MMSEs and the MFIs, Market power in relation to deposit rates and interest rates and concentration in the banking sector and its impact on deposit and credits accessibility.