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Finance Access and Performance of Small and Medium Enterprises in Ntahangwa –Division, Bujumbura Capital City, Burundi. A cross-sectional study.

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Abstract.

Background.
SMEs contribute significantly to economic development, yet their growth is often constrained by limited financial access. This study investigates the influence of access to finance on the performance of Small and Medium Enterprises (SMEs) in Ntahangwa Division, Bujumbura Capital City, Burundi.

Methodology.
The study employed a descriptive study design, and a cross-sectional design was also used. The study used a respondent sample of 338 SMEs operating in Ntahangwa Division. Quantitative data are presented using descriptive statistical methods, including tables, charts, and graphs, depending on the data obtained. Qualitative techniques were used to analyze qualitative data from the views of respondents.

Results
Most respondents were female (55.71%), aged between 40 and 59 years (37.9%), and predominantly operated family-owned businesses (62.6%). Pearson correlation analysis showed significant positive relationships between SME performance and cost of credit ($r = .40$, $p < .01$), collateral security ($r = .636$, $p < .01$), access to financial information ($r = .551$, $p < .01$), and accessibility of financial institutions ($r = .860$, $p < .05$). Regression analysis indicates that each of the four financial access variables had a statistically significant predictive effect on SME performance, with accessibility of financial institutions emerging as the strongest predictor ($\beta = .860$).

Conclusion.
Improved financial access strongly enhances SME performance. High interest rates, stringent collateral requirements, limited financial information, and poor institutional outreach hinder business growth and profitability.

Recommendation.
Financial institutions should reduce credit costs, relax collateral conditions, increase information dissemination, and expand outreach through community-based mechanisms. Policymakers should also strengthen financial inclusion strategies to promote SME sustainability and competitiveness in Ntahangwa Division.

Keywords: *Access to finance, Small and Medium Enterprises, financial information, financial institutions, Ntahangwa-Division, Burundi.*
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Background.

In Burundi, SME contribute 20% to Gross Domestic Product and employ over 1.5 million people, which accounts for 90% of total non-farming private sector workers (UIA, 2008). The benefits of the SMEs in the Ugandan economy cannot be overemphasized. Small and medium enterprises play a significant role in employment and income generation, producing import-substituting products, mitigating rural-urban drift, and mobilizing local resources (Ernst &Young, 2011). Profit maximization and business growth are the components of business performance that are considered the major goals of business enterprises. Profits are desirable for the business to ensure long-term survival, and that is why there are many business startups in Burundi. Whereas Burundi has the highest rate of business start-ups, it is also among the countries with the highest number of SMEs that perform poorly and close businesses before the end of the first year (Ernst &Young, 2011). Enterprise survey data shows that small firms are more likely to be negatively impacted by financial constraints than large firms, which are 150 per cent more likely to use bank finance for new investment (International Finance Corporation, 2021). Poor business performance of (SMEs) has for long remained unexplained most especially in the

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third-world countries, Burundi inclusive, perspective where the Small and Medium Enterprises occupy the large part of the economy and the growth of youth owned and operated small enterprises tend to perform poorly, particularly in Bujumbura capital city majorly due to challenges of accessing business finance (City Council Report, 2022). However, various studies from developed nations have been conducted, such as Nguyen (2024), who cited that inefficient financial management practices contribute immensely to SMEs' poor business performance. In a study by Kira and He (2012) on the impact of firm characteristic in access to finance by looking on the SMEs; and in a study on factors influencing growth of small-scale businesses in Bomet Constituency, Bett (2012) reported that small business entrepreneurs faced challenges of accessing funds to be put to their enterprises, since there are just few facilities to offer the products. Despite the fact that various studies have been conducted, they were concerned with other variables, and none of them specifically targeted access to finance and performance of small and medium enterprises in Burundi.

Methodology

Research Design

This study employed a descriptive study design. A cross-sectional design can also be used. Therefore, qualitative and quantitative research methods will be used to collect primary data about the problem under investigation. In addition, the qualitative research method was used to complement the quantitative one.

Study Population.

The target population for this research was 2,800 respondents from the members of small and medium-sized enterprises, financial officials, and the customers of SMEs in the study area.

Sampling Procedures

Sampling is a procedure, process, or technique of choosing a sub-group from a population to participate in the study, and the sample size was determined based on a table for determining sample size as suggested by Krejcie and Morgan (1970), and the use of proportional allocation of stratification which was got by getting the population size over total population times the sample size.

Sample Size

Table 1: Category of respondents Bujumbura capital city.

Respondents	Population	Sample	Sampling method
Trade and other business services	1980	240	Simple random
Hotels and restaurants	300	36	Simple random
Transport	500	60	Simple random
Financial services	20	2	Purposive sampling
Total	**2,800**	**338**	

Source: Uganda Business Directory.

Research procedures.

An introductory letter was obtained from the Team University school of Graduate Studies and Research to research Access to finance and performance of small and medium-sized enterprises in Bujumbura. A copy of this letter was presented to respondents who will be approached during data collection; questionnaires will be distributed to the selected respondents, observation, and interviews will be used.

Data Measurement*.*

Qualitative data measurement was done by objectivity and was time-consuming; therefore, data will be collected from a smaller sample than would be the case for quantitative approaches in investigating strategy implementation in SMEs in Bujumbura capital city.

Sampling Techniques.

Purposive sampling.

Purposive sampling techniques and simple random sampling were used.

Simple random sampling

The study used both qualitative and quantitative procedures; the researcher employed a simple random sampling to target the owners of SMEs and their customers in order to obtain a representative sample. Simple random sampling was used to select respondents from trade and other business services, hotels and restaurants, and transport to reduce bias in sampling.

Data Source

The data for the study were gathered from a primary source that was generated from the field in order to drive a meaningful interpretation of findings. Data on Access to finance and performance of small-scale enterprises in Bujumbura were collected in order to achieve the objectives of the study.

Primary Data.

The primary data was gathered from the respondents who were selected for the study. The study used questionnaires and interview guides to gather data from respondents.

Secondary Data.

This helped the study to have better and reliable information.

Data Collection Methods and Instruments.

The study used questionnaires and interview guides that helped to get data from both primary and secondary sources. Primary data was collected through the use of questionnaires and an interview guide.

Questionnaires Technique

The study used a standardized questionnaire that involved a set of written questions, which was presented to the survey population of Bujumbura, Burundi, and answers were written down by the respondents. Instructions were clearly indicated to guide the respondents on how to answer the questions. This method was composed of open-ended and closed-ended questions. These questions were in English so as to make the concepts understood by the respondents. This method helped the researcher to get information in depth from informants since they possess a lot of information about the study.

Interview Technique.

This technique helped in getting valid and reliable information from the respondents. This study employed a structured interview guide during face-to-face interviews with the SMEs and their customers from Bujumbura city.

Testing of Data Quality Control.

Validity of the Instruments.

Validity is the degree to which the sample of test items represents the content the test is designed to measure.

Reliability of the Instruments.

The study used a test-retest method, in which case the same instrument(s) were administered twice to the same group of sampled subjects, with a time lapse between the first test and the second test of 3 weeks. Scores were correlated, and if a correlation coefficient of 0.856, which was greater than 0.8, was obtained, then it was considered high enough to judge the instruments as reliable for the study.

Data Management and Processing.

Data Analysis.

After the collection of data from the study site, Questionnaires were sorted to establish whether they were correctly filled. Only questionnaires that were correctly filled were considered. Data was coded using SPSS software to generate information.
Quantitative data were analyzed using descriptive and inferential statistics, which include frequency, distributions, means, correlations, and regressions. This method was important in determining trends and interpreting research findings.
Qualitative data were analyzed using content analysis and narrative analysis methods. All information from ten interviewees was collected, recorded down on a piece of paper according to the stated objectives, and interpretation and analysis were done using words. This means that the data that was obtained was not only expressed in numerical terms and figures, but description was also used.

Ethical Considerations

The major aim of observing ethics during the research study is to ensure that the welfare and rights of the respondents are observed. The researcher ensured that she sought consent from the respondents of the study population by assuring them that the information that was given to her was kept confidential, not revealed to third parties, and was used for academic purposes only.

Results.

Response rate.

The responses from the interviews and questionnaires were used to analyze the data and write the report for this study.

Table 2: Response rate

Response	Frequency	Percentage
Response	219	65
None- response	119	35
Total	**338**	**100**

Out of the sample size of 338 respondents, 219 filled in and returned the questionnaires and gave information in the interviews; whereas 119 respondents never gave the required information, resulting in a response rate of 65% which was enough to represent the entire population. According to Mugenda and Mugenda (2003), a response rate

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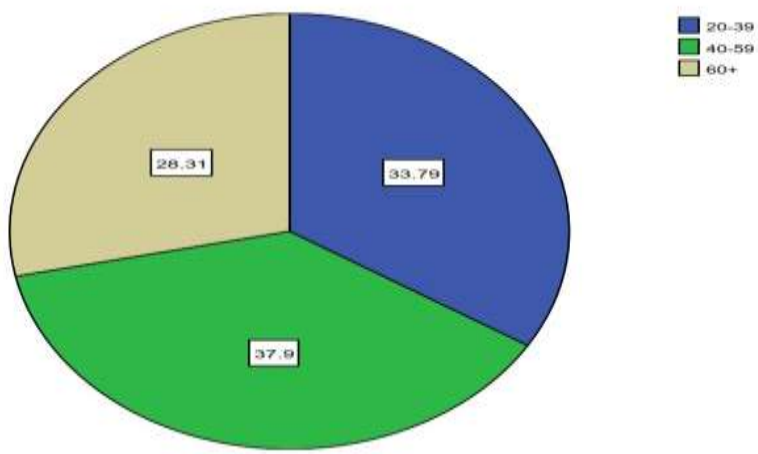
of 50% is adequate for analysis and reporting, a rate of 60% is good, and a response rate of 70% or over is excellent. This response rate, therefore, was satisfactory enough to make conclusions on the study.

Demographic characteristics of respondents

A total of two hundred nineteen (219) respondents were able to give adequate information for the study. The categories of respondents were trade and other business services, hotels and restaurants, Transport, and financial services.

Age of respondents

Figure 1: Age of respondents

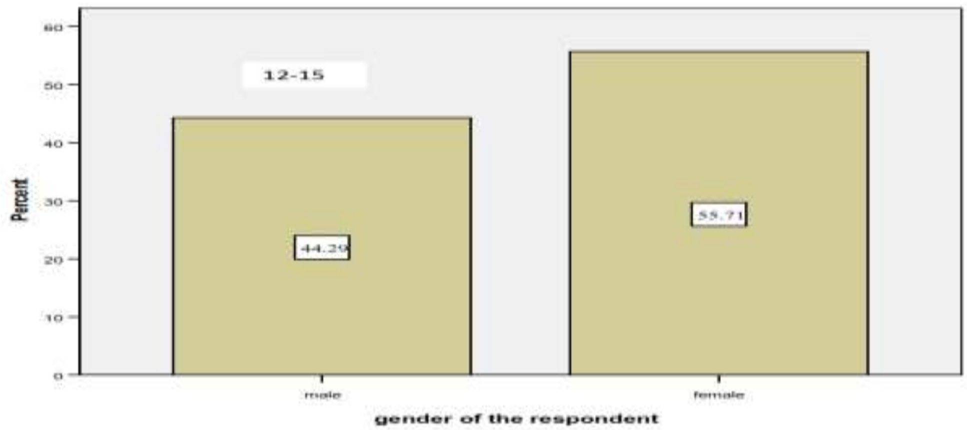


Source: Primary data, 2020

Figure 1 indicates that 37.9%, the highest proportion of respondents, were between 40 and 59 years, whereas 28.31% were 60 years and above of age. The remaining 33.79% of the respondents were between 20 and 39 years of age.

Gender of respondents

Figure 2: Showing the gender of the respondents

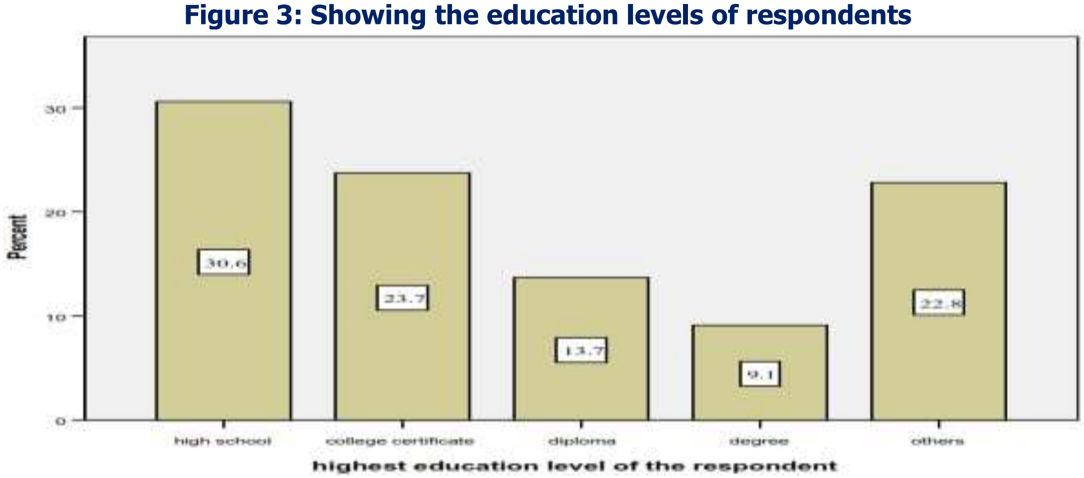


Source: Primary data, 2024

Figure 2 indicates that 55.71% (the majority of the respondents) were females compared to their male counterparts in the study, who composed 44.29% of the respondents.

Education levels of respondents.

Figure 3: Showing the education levels of respondents



Source: Primary data, 2024

Figure 3 indicates that 30.6% the largest number of respondents had a high school education, whereas 9.1% (the least number of respondents) had a degree level, 23.7% had a college certificate, 13.7% had a diploma level, and respondents with 22.8% had other levels of education.

Legal form of business

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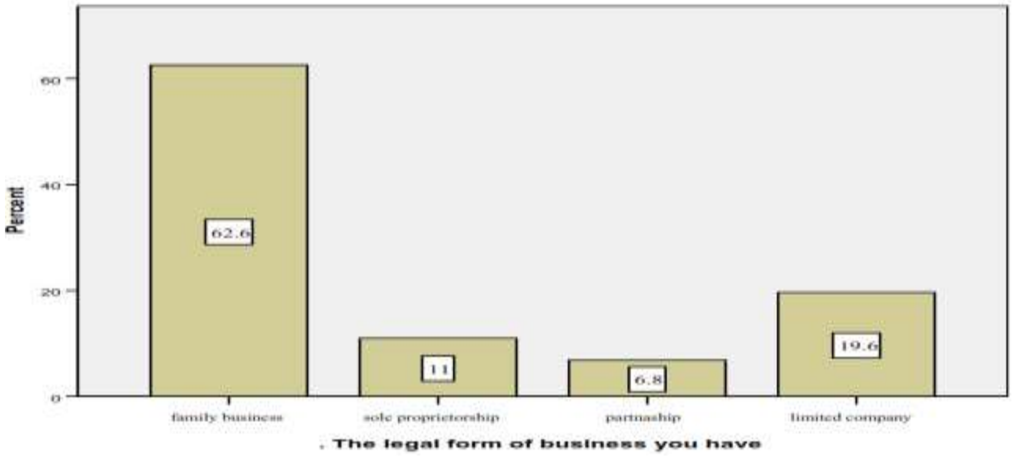
Figure 4: Showing the legal form of business.

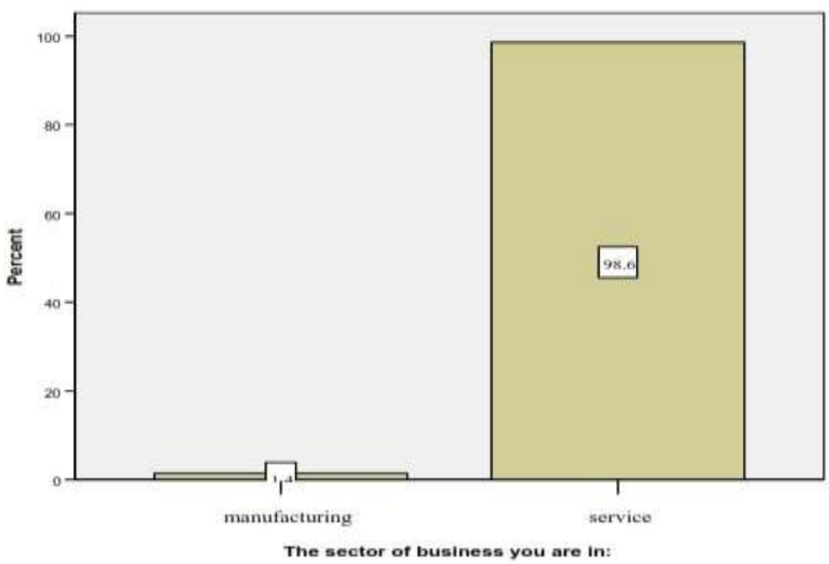


Source: Primary data, 2024

Figure 4 where 62.6% mentioned that they had family businesses, while 11% (the lower number of respondents) mentioned that they were sole proprietorship businesses, 6.8% of the respondents mentioned that they were partnerships, and the remaining 19.6% of the respondents mentioned that they had limited companies.

Sector of business.

Figure 5: Showing the sector of business.



Source: Primary data, 2024

Figure 5, where 98.6% mentioned that they were in the service sector of business because these were somehow easy to start compared to the manufacturing businesses, where 1.4% of the respondents were in manufacturing businesses.

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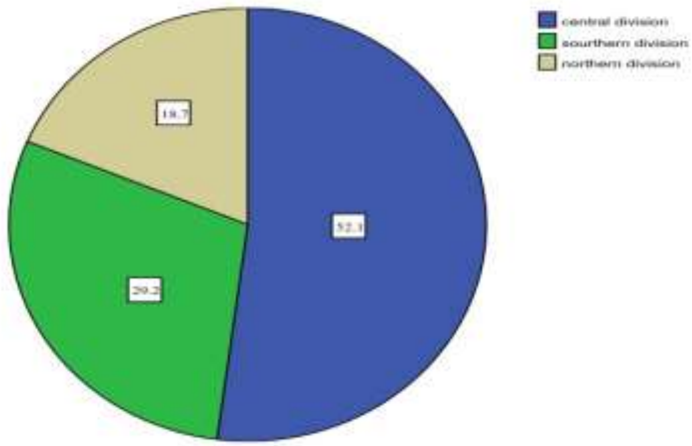
Location of business

Figure 6: Showing the location of the business.



Source: Primary data, 2024

From the study findings on the location of business, it was found that most of the businesses were of the central division, represented by 52.1%, followed by 29.2% of the respondents of the southern division, and lastly 18.7% of the respondents of the northern division.

Access to information about the financial services.

How respondents normally accessed information about the financial services.

Table 3: Showing how the respondents normally accessed information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Local dailies	10	4.6	4.6	4.6
	Company newsletters	30	13.7	13.7	18.3
	Convened meetings	60	27.4	27.4	45.7
	From other clients	119	54.3	54.3	100.0
	Total	219	100.0	100.0	

Source: Primary data,

Table 3 indicate that, 54.3% the higher number of respondents stated that they accessed information from other clients while 4.6% of the respondents stated that they accessed information from local dailies, 13.7% of the respondents stated that they accessed information from company newsletters and the remaining number of respondents with 27.4% of the respondents stated that they normally accessed information from convened meetings.

Financial institutions that the respondents commonly accessed.

Table 4: Respondents' views on financial institutions that the respondents commonly accessed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Banks	71	32.4	32.4	32.4
	SACCOS	66	30.1	30.1	62.6
	Group savings	82	37.4	37.4	100.0
	Total	219	100.0	100.0	

Source: Primary data, 2024

Table 4 revealed that 37.4% the largest number of respondents revealed that the commonly accessed financial institutions by the respondents were group savings, whereas 30.1% (the least number of respondents) mentioned that they accessed SACCOs, and 32.4% of the respondents revealed that they accessed banks for financial services.

The highest credit amount disbursed is for the business owners.

Table 5: Respondents' opinions on the highest credit amount disbursed for the business owners

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10,000-50,000	10	4.6	4.6	4.6
	50,000-90,000	12	5.5	5.5	10.0
	90,000-130,000	19	8.7	8.7	18.7
	Above130,000	178	81.3	81.3	100.0
	Total	219	100.0	100.0	

Source: Primary data, 2024.

Table 5 indicates that respondents with 81.3% mentioned that they were eligible to borrow above 130,000=, and the least number of respondents with 4.6% mentioned that they were eligible to borrow 10,000-50,000, 5.5% of the respondents mentioned that they were eligible to borrow 50,000 - 90,000=, and 8.7% of the respondents mentioned that they were eligible to borrow 90,000-130,000=.

Distribution channels are the financial institutions used to reach the customers.

Table 6: Distribution channels the financial institutions used to reach the customers in the study area.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agency banking	58	26.5	26.5	26.5
	Staff visit	63	28.8	28.8	55.3
	Customer visits	98	44.7	44.7	100.0
	Total	219	100.0	100.0	

Source: Primary data, 2024

Table 6: Respondents represented by 44.7% mentioned customer visits, while 28.8% of the respondents mentioned staff visits, and 26.5% of the respondents mentioned agency banking.

The extent to which the respondents agreed or disagreed that interest rates influence how much one can borrow.

Table 7: Respondents' opinions on the extent to which the respondents agreed or disagreed that interest rates influence how much one can borrow

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	170	77.6	77.6	77.6
	Disagreed	49	22.4	22.4	100.0
	Total	219	100.0	100.0	

Source: Primary data, 2024

Table 7 revealed that most of the respondents (77.6%) agreed that interest rates influence how much one can borrow, while the smallest number of respondents (22.4%) disagreed with the statement that interest rates influence how much one can borrow.

How often the respondents borrowed for their business to progress.

Table 8: How often the respondents borrowed for their business to progress in the study area.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below one year	89	40.6	40.6	40.6
	2-3	73	33.3	33.3	74.0
	4-5	42	19.2	19.2	93.2
	Above5	15	6.8	6.8	100.0
	Total				

	219	100.0	100.0	

Source: Primary data, 2024

Table 8, shows that the biggest proportion of respondents (40.6%) stated that they often borrowed below one year for their businesses to progress, 6.8% of the respondents stated that they borrowed for above five years, 19.2% of the respondents stated that they borrowed for 4-5 years, and 33.3% of the respondents stated that they borrowed for 2-3 years. This implies that the business owners often borrowed on different terms for their business progress in the study area.

Conditions under which the respondents normally obtained financial services

The respondents were asked about the conditions under which they normally obtained financial services in the study area in order to get the respondents' views.

Table 9: Conditions upon which the respondents normally obtained financial services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Savings	97	44.3	44.3	44.3
	Assets	39	17.8	17.8	62.1
	Liquidity	21	9.6	9.6	71.7
	Credit history	62	28.3	28.3	100.0
	Total	219	100.0	100.0	

Source: Primary data, 2024

The table shows that over twenty-eight per cent (28.3%) of the respondents stated credit history, 9.6% mentioned liquidity,17.8% mentioned assets, and 44.3% mentioned savings.

How suitable were the conditions for business financial needs

The respondents were asked about how suitable the conditions were for business financial needs in the study area in order to get the respondents' views.

Table 10: How suitable were the conditions for business financial needs?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extreme suitable	38	17.4	17.4	17.4
	Suitable	42	19.2	19.2	36.5
	Neutral	48	21.9	21.9	58.4
	Less suitable	91	41.6	41.6	100.0
	Total	219	100.0	100.0	

Source: Primary data, 2024

Table 10 revealed that the biggest proportion of the respondents (41.6%) stated that the conditions were less suitable, 19.2% of the respondents mentioned that the conditions were suitable, 17.4% of the respondents stated that the conditions were extremely suitable, and 21.9% of the respondents stated that the conditions were neutral. This implied that most business owners found that the bank lending conditions were less suitable, hence they were unlikely to access the financial products.

From the study findings on how collateral influences access to finance services from financial institutions of Ntahangwa Division, Bujumbura Capital City, Burundi, it was revealed that business owners with collateral securities got more services compared to those without collateral securities.

The extent the respondents agreed or disagreed that they easily accessed financial services from financial institutions.

Table 11: Respondents' opinions on the extent to which they agreed or disagreed that they easily accessed financial services from financial institutions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	34	15.5	15.5	15.5
	Agree	41	18.7	18.7	34.2
	Neutral	34	15.5	15.5	49.8
	Disagree	85	38.8	38.8	88.6
	Strong disagree	25	11.4	11.4	100.0
	Total	219	100.0	100.0	

Source: Primary data, 2024

Table 11 shows, the biggest proportion of respondents (38.8%) mentioned that they disagreed with the statement, 11.4% of the respondents mentioned that they strongly disagreed,15.5% of the respondents mentioned that they were neutral to the statement, 18.7% of the respondents stated that they agreed and 15.5% of the respondents stated that they strongly agreed that they easily accessed financial services from financial institutions.

Determine the level of business performance.

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Table 12: Showing the level of business performance.

Statements	N	Minimum	Maximum	Mean	Std. Deviation
The business is profitable	219	3	4	3.42	.495
The business objective is sales maximization	219	3	4	3.40	.490
Other objective is cost minimization	219	2	4	3.09	.727
Current selling price is greater than cost price	219	2	4	3.13	.714
Income from sales always exceeds the expenses	219	3	4	3.31	.462
Rent costs are always lower as compared to sales	219	3	4	3.22	.415

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Utility bills, salaries, wages and finance costs are lower	219	2	4	3.19	.668
Pays tax on profits	219	3	4	3.43	.496
Return on sales is always above 25%	219	2	4	2.65	.783
Return on assets is above 25%	219	2	4	2.71	.799
Return on equity is above 25%	219	2	4	2.20	.512
Has more than 25% of the market share	219	2	4	2.55	.761
Expects profits to increase by more than 40% this year	219	2	4	2.24	.517
Anticipates to have a sales increase by more than 40% this year	219	2	4	2.35	.619
Has clear key performance indicators	219	2	4	3.08	.696
Key performance indicators are reviewed regularly	219	2	4	2.74	.704
Has a sales team in place	219	2	4	2.63	.782
Has a mission statement	219	1	4	2.73	.770
Has opened up new sales outlets	219	1	4	1.93	.757
Has motivated staff	219	2	4	2.96	.641
Has full market information	219	2	4	2.02	.655
Has exports products to neighboring countries	219	2	4	2.05	.291
Prepares a business plan	219	2	4	2.82	.510
Carries out marketing research	219	2	4	2.63	.695
Prepares forecast statements	219	2	4	2.77	.744
Assets have grown by more than 30% this year	219	2	4	2.63	.721
The number of employees have grown this year	219	1	4	2.06	.032
The customers are satisfied with our services/products	219	3	4	3.33	.472

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The customers are retained	219	2	4	2.96	.712
The Customers prefer your products to those of competitors	219	2	4	3.05	.630
Valid N (listwise)	219				

Source: Primary data, 2020

Table 12 shows that, the responses agreed that the business is profitable (mean=3.42 and Std=0.495), the business objective is sales maximization (mean=3.40 and Std=0.490), other objective is cost minimization (mean=3.09 and Std=0.727), current selling price is greater than cost price (mean=3.13 and Std=0.714), income from sales always exceeds the expenses (mean=3.31 and Std=0.462), rent costs are always lower as compared to sales (mean=3.22 and Std=0.415), utility bills, salaries, wages and finance costs are lower (mean=3.19 and Std=0.668), pays tax on profits (mean=3.43 and Std=0.496), return on sales is always above 25% (mean=2.65 and Std=0.783).

The respondents agreed that return on assets is above 25% (mean=2.71 and Std=0.799), return on equity is above 25% (mean=2.20 and Std=0.512), has more than 25% of the market share (mean=2.55 and Std=0.761), expects profits to increase by more than 40% this year (mean=2.24 and Std=0.517), anticipates to have a sales increase by more than 40% this year (mean=2.35 and Std=0.619), has clear key performance indicators (mean=3.08 and Std=0.696), key performance indicators are reviewed regularly (mean=2.74 and Std=0.704), has a sales team in place (mean=2.63 and Std=0.782), has a mission statement (mean=2.73 and Std=0.770), has opened up new sales outlets (mean=1.93 and Std=0.757), has motivated staff (mean=2.96 and Std=0.641).

The respondents agreed with has full market information (mean=2.68 and Std=0.655), has exports products to neighboring countries (mean=2.05 and Std=0.291), prepares a business plan (mean=2.82 and Std=0.510), carries out marketing research (mean=2.63 and Std=0.695), prepares forecast statements (mean=2.77 and Std=0.744), assets have grown by more than 30% this year (mean=2.63 and Std=0.721).

The respondents agreed that the number of employees has grown this year (mean=2.06 and Std=0.032), the customers are satisfied with our services/products (mean=3.33 and Std=0.472), the customers are retained (mean=2.96 and Std=0.712), and the customers prefer your products to those of competitors (mean=3.05 and Std=0.630).

The standard deviation represented the variation of responses from the mean, with the highest variation being 0.799, an indication that the variations in responses were acceptable since the standard deviations were less than 1.

Zero order correlation between access to finance and performance of SMEs in Ntahangwa Division, Bujumbura Capital City, Burundi.

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Table 13: Zero-order correlation between access to finance and performance of SME in Ntahangwa Division, Bujumbura Capital City, Burundi

		Mean	Std. Dev	Access	Cost of credit	Collateral security	Information access	Accessibility of financial institutions	Performance
Access	Pearson Correlation	23.5753	2.91273	1					
	Sig. (2-tailed)								
	N			219					
Cost of credit	Pearson Correlation	7.8128	1.26948	.400(**)	1				
	Sig. (2-tailed)			.000					
	N			219	219				
Collateral security	Pearson Correlation	5.0959	1.63531	.636(**)	.121	1			
	Sig. (2-tailed)			.000	.073				
	N			219	219	219			
Information access	Pearson Correlation	7.5479	1.63147	.551(**)	-.134(*)	.099	1		
	Sig. (2-tailed)			.000	.048	.145			
	N			219	219	219	219		
Accessibility of financial institutions	Pearson Correlation	12.4475	2.33457	.860(**)	-.021	.686(**)	.516(**)	1	
	Sig. (2-tailed)			.000	.756	.000	.000		
	N			219	219	219	219	219	
Performance	Pearson Correlation	83.9174	3.81394	-.051	.099	-.084	-.078	-.144(*)	1
	Sig. (2-tailed)			.456	.144	.215	.249	.033	
	N			219	219	219	219	219	219

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Cost of credit and performance are positively related in SMEs

(H1): It is evident from Table 13 that there is a positive and significant correlation between the cost of credit and performance (r=0.40, p<0.01). This finding means that a favorable cost of credit is associated with greater chances of access to finance. In effect, this finding supports hypothesis (H1).

Collateral security and performance are positively related in SMEs (H2)

From the correlation matrix in Table 13, the results indicate that the relationship between collateral security and performance is significant (r=.636, p<0.01. This finding supports hypothesis (H2).

Information access and performance are positively related in SMEs (H3)

It is evident from Table 12 that a positive and significant relationship between information access and performance exists (r .551, p< 0.01). This implies that the higher the accessibility of information, the stronger the accessibility of finance, which leads to performance. The hypothesis (H3), which establishes the relationship between information access and performance, is thus supported.

Accessibility of financial institutions and performance are positively related in SMEs (H4)

From the correlation matrix in Table 13, the results indicate that the relationship between accessibility of financial institutions and performance is significant (r=.860, p<0.05). This finding supports hypothesis (H4).

Regression analysis.

Testing predictive power of study variables

One of the objectives of this study was to find out the influence of the cost of credit on access to finance and performance of SMEs in Ntahangwa Division, Bujumbura Capital City, Burundi. Specifically, the tested hypotheses were:

Table 14: Testing predictive power of study variables

H1: **H2**:	The cost of credit on access to finance positively influences the performance of SMEs Collateral security on access to finance and performance of SMEs
H3: **H4**:	Information access to finance negatively influences the performance of SMEs. Accessibility of financial institutions on access to finance positively influences the performance of SMEs.

The study deemed it fit to test these hypotheses by carrying out multiple regression analysis to establish the predictive power of each variable. Though there are many methods of regression, including the enter method, step-wise method, the researcher preferred the hierarchical regression method because of its clarity in pointing out the contribution of each predictor at different stages in the regression model. By doing so, the relative importance of a predictor is judged based on how much it adds to the prediction of a criterion variable.

Table 14a, b, and c: Showing hierarchical regression with access to finance and performance of SMEs

14a

Model		Sum of Squares	Df		Mean Square	F	Sig.
1	Regression	62.082		2	31.041	2.157	.118(a)
	Residual	3094.432		215	14.393		
	Total	3156.514		217			
2	Regression	68.053		3	22.684	1.572	.197(b)
	Residual	3088.461		214	14.432		
	Total	3156.514		217			
3	Regression	70.582		4	17.646	1.218	.304(c)
	Residual	3085.932		213	14.488		
	Total	3156.514		217			
4	Regression	159.316		5	31.863	2.254	.050(d)
	Residual	2997.198		212	14.138		
	Total	3156.514		217			

14b

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Model	R	R Squa re	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.140(a)	.020	.011	3.79377	.020	2.157	2	215	.118
2	.147(b)	.022	.008	3.79896	.002	.414	1	214	.521
3	.150(c)	.022	.004	3.80630	.001	.175	1	213	.677
4	.225(d)	.050	.028	3.76002	.028	6.276	1	212	.013

a Predictors: (Constant), cost, Access,
b Predictors: (Constant), cost, Access, collateral
c Predictors: (Constant), cost, Access, collateral, information
d Predictors: (Constant), cost, Access, collateral, information, accessibility

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14c

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	83.911	2.252		37.261	.000
	Access Cost					
	(Constant)	-.141	.096	-.108	-1.466	.144
	Access					
2	Cost	.428	.221	.143	1.936	.054
3	Collateral					
	(Constant)	83.568	2.317		36.060	.000
4	Access			-.068		
	Cost	-.089	.126		-.703	.483
	Collateral			.134		
	Information	.401	.225		1.778	.077
	(Constant)			-.057		
	Access	-.134	.208		-.643	.521
	Cost					
	Collateral	83.662	2.333	-.018	35.862	.000
	Information					
	accessibility	-.023	.202	.110	-.114	.909
		.331	.281	-.082	1.176	.241
		-.191	.249	-.046	-.766	.445
		-.107	.256		-.418	.677
				.663		
		83.598	2.305		36.273	.000
				-.193		
		.868	.408		2.128	.035
				-.056		
		-.579	.457		-1.266	.207
				-.154		
		-.130	.248		-.525	.600
				-.600		
		-.360	.273		-1.321	.188
		-.984	.393		-2.505	.013

a Dependent Variable: Performance.

These models in Table 14a and b above are defined by the following regression equations:

Model 1: $P = a + b_1A_1 + c$ Model 2: $P = a + b_1A_1 + b_2C_1 + c_2$

Model3:	$P = a + b_1A_1 + b_2C_1 + b_3C_2 + b_4 + i$
Model4: $P = a + b_1A + b_2C_1 + b_3C_2 + b_4I + a$	
Model5: Where:	$P = a + b_1A_1 + b_2C_1 + b_3C_2 + b_4I + a_2$ P – Performance a - is a constant

b_1, b_2, b_3, b_4 & b_5 are coefficient values

A_1, C_1 & C_2, I & A_2 represent A_1, Access, C_1, Cost, C_2 Collateral, I, information and A_1 accessibility

In Mode 1, it is evidenced that the sample characteristics (access and cost) did not significantly affect the performance of SMEs, and none of the variables were statistically significant (beta coefficients: -.108 and.143) and Exchange of 0.042. The combined control variables in Model 1 explain up to 42% of the variance in the SMEs' performance.

In Model 2, cost accounted for 20% of the variance in performance (F-Change = 2.157, $P < .01$) and caused a statistically-significant standardized coefficient (B =.401, $P <0.01$); this finding supports hypothesis (H1).

In Model 3, the introduction of collateral security in the equation yielded 0.22 to the explanatory power of the model. This implies that information accounted for 22% of the variance in performance (Fchange .175, $p< .01$), and caused a statistically-significant coefficient (B =-.191, $p<0.01$); this finding supports hypothesis (H2).

In Model 4, the introduction of information in the equation yielded 0.050 to the explanatory power of the model. This means that information explained 5% of the variance in performance of SMEs (Fchange = 6.276, $P < .01$), and caused a statistically-significant coefficient (B =-.360, $p<0.01$); this finding supports hypothesis (H3).

From the interviews the researcher held with the respondents on the influence of cost of credit on access to finance and performance of selected SMEs in Ntahangwa –Division, Bujumbura Capital City, Burundi, it was revealed that the cost of credit determined how one could mind to ensure that he/she accessed the financial institution for financial services so that their businesses could be boosted and perform well.

However, one of the respondents stated that, “when the cost of credit is high, it discourages one to borrow as compared to when the cost of credit is low, which encourages some of the business owners to borrow and invest in their businesses for better performance”.

The study findings from the interviews the researcher held with the respondents on the influence of collateral on access to finance and performance of selected SMEs in Ntahangwa Division, Bujumbura Capital City, Burundi revealed that most of the business owners who had enough collateral securities were able to access financial services and get high loans, which enabled them to boost their businesses.

However, one of the respondents stated that “the business owners who had fewer collateral securities even though they accessed financial services, but they were limited to certain amounts of loans that did not allow their businesses to progress well, and this hindered their business performance”.

From the study findings on the influence of information access to finance on performance of selected SMEs in Ntahangwa-Division, Bujumbura Capital City, Burundi, most of the respondents mentioned that “many of the business owners from the study area had information on how they would get financial services because the financial institutions were many in the area and were available to provide and give the services to their clients which the business owners were among”.

The study findings from the interviews the researcher held with the respondents on influence of accessibility of financial institutions on access to finance and performance of selected SMEs in Ntahangwa-Division, Bujumbura Capital City, Burundi, it was stated by most of the respondents that “business owners had accessibility to the banking institutions which facilitated them with loans that enabled them to boost their businesses hence performance”.

Discussion of findings.

The study findings on how the respondents normally accessed information, where 54.3% (the higher number of respondents) stated that they accessed information from other clients, while 4.6% of the respondents stated that they accessed information from local dailies,13.7% of the respondents stated that they accessed information from company newsletters, and the remaining number of

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respondents (27.4%) of the respondents stated that they normally accessed information from convened meetings.

The stusdy investigated on the extent to which the respondents agreed or disagreed that interest rates influence how much one can borrow and the results revealed that most of the respondents (77.6%) agreed that interest rates influence how much one can borrow as agreed by Charitonenko and Rahman (2002) who in their classical analysis ``undermining rural development with cheap credit", when poor people obtain business funds, they often rely on relatives or a local moneylender, whose interest rates can be very high and these influence how much one can borrow while the least number of respondents (22.4%) disagreed with the statement that interest rates influence how much one can borrow.

The study findings on the conditions upon which the respondents normally obtained financial services in the study area, respondents (28.3%) stated credit history, 9.6% of the respondents mentioned liquidity, and 17.8% of the respondents mentioned assets. Even if the business owner has land or a building, they cannot use these assets as collateral if they do not have title deeds to the properties. In most setups in Kenya, the entrepreneurs tend to seek finance from their own resources, and then from families and friends, and then from sources like banks, and 44.3% of the respondents mentioned savings.

The study findings on how suitable the conditions were for business financial needs in the study area, respondents (41.6%) stated that the conditions were less suitable, as in line with Tore (2013), who stated that lack of income or collateral is the most common obstacle faced by SMEs in accessing finance. In some cases, the entrepreneurs are unable to provide sufficient collateral because it is not firmly established, in some cases the lender may deem the collateral insufficient in view of the loan size requested, 19.2% of the respondents mentioned that the conditions were suitable, 17.4% of the respondents stated that the conditions were extremely suitable and 21.9% of the respondents stated that the conditions were neutral.

The study investigated the extent to which the respondents agreed or disagreed that they easily accessed financial services from financial institutions. Respondents (38.8%) mentioned that they disagreed with the statement, as Oeno (2012) stated that there are various other financial challenges that face small enterprises. They include the high cost of credit, high bank charges as the scenario witnessed in Kenya particularly during the climax of the year 2008 testifies the need for credit among the common and low earning entrepreneurs, 11.4% of the respondents mentioned that they strongly disagreed, 15.5% of the respondents mentioned that they were neutral regarding the statement, 18.7% of the respondents stated that they agreed and 15.5% of the respondents stated that they strongly agreed that they easily accessed financial services from financial institutions.

The study findings on determining the level of business performance, the respondents agreed that the business is profitable (mean=3.42 and Std=0.495) as in line with Doni (2012) who stated that cost of credit is measured by all charges and levies on the amount of loan borrowed from a commercial lending institution and given that these institutions are also in business, their major goal is to make as much profit as possible, the business objective is sales maximization (mean=3.40 and Std=0.490). The other objective is cost minimization (mean=3.09 and Std=0.727) as Jamal (2013) stated, every business needs financing, even though at first glance it might appear that funding is unnecessary. It is important that financing be as efficient as possible; the current selling price is greater than the cost price (mean=3.13 and Std=0.714). Income from sales always exceeds the expenses (mean=3.31 and Std=0.462), as in line with Challo (2012), who stated that although more businesses have become the customers of banks, the overall volume of credit has not necessarily increased.

Conclusions.

The credit history of an individual to the lender was a pointer to how far one can access other banking facilities. This variable was viewed against such factors as lending conditions, suitability of lending conditions, and collateral, each of which had an influence on access to financial services. Since most of the respondents identified with assets that they hardly possessed, they were unlikely to access financial products from these financial institutions.

Savings were therefore noted to influence access to financial products on the basis that the amount of credit borrowed, prevailing interest rates, frequency of borrowing, and the type of financial products commonly obtained by the clients were found to considerably influence access to financial services.

As people gain knowledge when they are able to access information on issues relevant to whatever field of business enterprise, the researcher found that various financial products were on offer in the market. However, clients failed to obtain credible information on the most attractive packages in the market. It was assumed that a lot of the time, business owners wished to go for loaning facilities from financial institutions that were locally available.

In view of this, the study revealed that access to lending institutions, the type of lending institutions, distribution channels, and the number of lending institutions drastically influenced access to financial institutions among small and medium-sized businesses.

The study also indicated that there is a significant relationship between access to finance and the performance of small-scale enterprises.

Recommendations.

Financial institutions should also modify their products to suit the financial requirements of small business entrepreneurs.

The entire financial sector should develop in-house training policies geared towards equipping the beneficiaries with credit management skills.

The government should strengthen fiscal policies promoting the growth of small business entrepreneurs, both for those nursing business ideas and those already in different engagements.

Financial institutions should provide information to people in different areas using the available local channels, like radios, so that people can quickly get to know about the services rendered.

Various branches of financial institutions should be opened up so that people from different corners can easily access financial services to improve their business performance.

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"To God be the Glory

List of abbreviations

BDS Business Development Services
GDP Gross Domestic Product
IFC International Finance Corporation
MFIs Microfinance Institutions
OECD Organisation for Co-operation and Development
SIDP Sustainable Industrial Development Policy
SMEs Small and Medium Enterprises
USA United States of America

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Data used in this study are available upon request from the corresponding author.

The author's contribution.

NN designed the study, conducted data collection, cleaned and analyzed data, drafted the manuscript, and HM supervised all stages of the study from conceptualization of the topic to manuscript writing and submission.

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