

**ASSESSMENT OF CREDIT ACCESIBLITTY FOR MICRO AND
SMALL SCALE BUSINESS ENTERPRISE**

(IN CASE GEDEO ZONE KOCHORE WORED)



**A RESEARCH PAPER SUBMITTED TO THE DEPARTMENT OF
BANKING AND FINANCE IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR B.A DEGREE IN BANKING AND FINANCE**

PREPARED BY: MIHIRET TEFERA

ADVISOR: Mr. YOSEPH W. (MSc)

JIMMA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF BANKING AND FINANCE

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Abstract

The basic aim of this study was to assess credit accessibility for micro and small scale business enterprise of Gedio zone Kochere worda that found in Gedeo zone. So the study was focused on the problems associated with assess credit accessibility and finding appropriate solution may help to contend with development constraints success fully through detailed investigation, because of this, this study would be designed and looked at the problems related with assess credit accessibility To attain the aim the study would use primary sources. The data would collect through questioner and interview. The researcher would use judgmental random sampling to select samples from the population. The data would analyzed by using descriptive data analyze table and percentage. Based on the findings it was concluded that: Absence of assess credit accessibility for micro and small scale business enterprise. Based on the findings and conclusions the following were recommended:

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ACRONYMS

MSSBE- Micro &small scale business enterprise

NGO-None Government Organization

WB-World Bank

GCSI - Gedeo credit and saving institution

CHAPTER ONE

1. Introduction

1.1 Back ground of the study

This study would focus on micro and small scale business enterprise mostly in developing countries are concentrated enterprise mostly in developing countries are concentrated in production of simple customary good and service that are primary used of the need of relatively low income urban and rural house hold

The micro enterprise can cover all range of activity such as manufactory and transportation service (Haile, 2013) in unfavorable economic condition where the majority of the population is still in rural and urban merchants dispersed. Micro and small scale business enterprise are very important in providing of goods and services enterprises are very important providing of goods and services efficiently (Habib 2002).

As a living stone (1991) noted the promotion of MSSBES in developing countries is justified because of their ability to faster economic growth, allerrata poverty and generate employment, more significantly MSSBES, tends to be sector that use labors intensive production techniques which reduce entry cost in the market tolerate less skilled labor force.

Generally an entrepreneur idea is one things but accessing the necessary finance to translate such ideas in reality is another. Many novel entrepreneur ideas have been known to day simply because their origination could not fund them and bank cannot be convinced that were worth investigating it to be able of fund through Personal saving. However as the firms grow its financial requirement may so beyond personal saving. The next source is external fund or finance. There are two notable remnants of external finance

This is debt financing and equity financing. Debt financing involve the procurement of interest bearing instrument. They are secured by asset based collateral and have term structure that is either short or long term. The equity component of external finance given the financier the right

Of ownership in the business and such may not require collateral and have not term structure (Oquijubahcul, and Adenuga 2004) small business lack access to capital and money market.

Investors are unwilling to invest in a proprietor's ship partnership or unlisted company. As a risk perception about small business is high so is the cost of capital institution credit when available require collateral which in turn make the owner of the business even more vulnerable to fore closures. Despite efforts by financial institution and public sectors body to close funding gap (Adenuga 2004).

Micro and small enterprise continue to experience difficulty in obtaining capitals. These fund gaps relate to firms size risk knowledge and flexibility. In addition SME. Borrowing requirements are small entered problem when approaching providing of finance for fund to support fixed capital investment, and to provide working capital for the firms operations (PECC- 2003).

The presence and nature of finance gap for small firms has been debated for decades ever since the Macmillan report (World Bank, 2004). According to (Clarke 2001) obtaining finance is a long journey. The success of which depends on the methodology applied during evaluation and awarding of credit by financiers on the Macmillan report (World Bank 2004)

According to (Clarke 2001) obtaining finance is a long journey the success of which depends on the methodology applied during evaluation and awarding of credit by financiers this journey start from the application for the facility and ends at the time the loan from credit process is fully paid like human journey the credit acquisition process has not got smooth path there are impediment and detours before destination is reached when you in business you cannot avoid business loan seeking when needs arise it is important to know how bank can tend and refuse to lend a business fund.

First and for most bank trade on customer deposit they lend at interest rate high enough to pay their operating overhead and leave balance to pay interest to the customer whose deposit are being loaned out when a bank manager evaluate loan application they want to know whether by lending money can get his amount back and earn profit it evaluate how risk business is the want to see from the balance sheet how much the owners have invested in the business including profit that have not been withdrawn. To the bank manager it is important to know about the management of investment finally he want to see the collateral you are offering as a security for

the loan. It is also important to note that a bank does not lend with a view to selling collateral to recover their money (Rukunga1999) many economists most Notablystiglitz and Weiss (1981) contend that lending institution may ended fail to allocate loan efficiently because of fundamental information problem in the market for small business loan. This information problem may be severe that they lead to credit rationing and constitution the failure of credit market. The prevalence of credit market failure is an important constraint. On growth of MSSBEs, Financing risky. Micro and small scale enterprise also require innovation in lending technology that could reduce a risk to the lenders in ways that does not increase the overall transaction cost to the entrepreneurs.

Even if there is other research that was done before still there are a unfulfilled gap, which relate with assessment of credit accessibility for micro and small scale business enterprise in area. Now the researcher wants to identify and recommend the solution for concerned bodies.

1.2 Statement of the problem

According, to Habib Ahmed (2002), credit accessibility in micro small scale business enterprise in Gedeo Zone Kochore woreda. Many problems are associated with the credit accessibility to this business sector. Such problems are lack of enough collateral, short duration of loan, credit default risk and high cost relation to the term of maturity and, identifying those factors has a great significant for the successful operation of micro and small scale business enterprises. Because of these factors will be a means for measuring weakness and strengthen and to realized the changing business environment (kaskande, and Henry Opondo, 2003).

In addition to this high price to finance and use of primitive technology are considered as a problem for micro and small scale enterprise. This economic factor makes important for traditional financing institutions and modern to offer credit to micro and small scale business enterprise (Habib, 2002).

Moreover, this is researcher also focused that, lack of access to credit is almost universally indicator as a key problem for micro and small enterprise. In most case, even when credit is available, mainly through bank, the lending condition may force, for the purchase of immovable equipment that can serve as collateral for the bank. Credit constraint operates in a variety of

ways, lack of access to long term credit. For micro and small enterprise force them to rely on high cost short term finance (wanjohiand, Mugure, 2009).

According to world bank (2004) micro and small enterprise may needs access to credit service in order to meet their business demand, due uncertain environment, lack of proper legal frame work, high illiteracy and perception towards borrowing credit service providers find it hard and risk to fiancé most of the MSSBEs.

Therefore this study would try to assess credit accessibility for micro and small enterprise in Gedeo Zone Kochore woreda and the researcher would try to find answer for the following basic research question.

1. What are the factors that hinder credit amount available for micro and small scale business enterprise?
2. What are the formalities required by lending institution to give loan to MSSBEs?
3. How the organization solves the problem relate with credit accessibility?
4. What is the procedure that would requires performing by micro and small scale enterprise to assess credit?

1.3 objective of the study

1.3.1. General Objective

The general objective for this study would assess credit accessibility for micro and small scale business enterprise in Gedeo zone kochore woreda.

1.3.2 Specific Objectives

- To identify the factor that limit credit availability for micro and small scale business enterprise to access credit.
- To identify the formalities required by lending institution to give loan to MSSB.
- To examine the way that the organization solves the problem relate with credit accessibility.
- To assess the procedures to be required from micro and small scale business enterprise to access credit.

1.4 Significance of the study

The finding of this study is important to provide information concerning credit accessibility of micro and small scale business enterprise to the public to make awareness about micro and small scale business enterprise. Moreover, this study can provide some recommendation about the finding. Finally, this study can help future researcher by providing a clue when they need to conduct their research on micro and small scale business enterprise.

1.5 Scope of the study

This study was focus on the assessment of credit accessibility for micro and small scale business enterprise specifically in Gedeo zone Kochore woreda. All of this process would use out form the questionnaire distributed to member of micro and small scale business enterprise and interview conducted with head of micro and small scale business enterprise in Gedeo Zone Kochore Woreda.

1.6 organization of the study

The study comprises five chapters: the first chapter includes introduction of the study, statement of the problem, significance of the study, delimitation of the study, limitation of the study, definitions of terms. The second chapter deals with review of related literature. The third chapter deals with research design and methodology. The fourth chapter is the heart of the study that comes with data presentation, analysis and interpretations; and the fifth chapter presents the findings, conclusion and recommendations, lastly references and appendices are attached

1.7. Limitation of the study

It is obvious that research work cannot be totally from limitation. To this and some of the limitation factors include, lack financial constraint and lack availability.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 An overview of micro and small scale business enterprise

According to Hailey Gebretinsay (2006), Specializing standard to define micro and small scale enterprises is arbitrary, because people adopt different standards for different purpose. Business can be described as “small” ones. All over the world, number of employees and but capital investment or both use as the basis for defining micro and small scale business enterprise. Based on the MSSBEs are a business with investment capital up to 50,000 and the number of employees at the enterprises employed is up to 100 workers.

There are two approaches to define micro and small – scale business enterprise an economic (control definition).

- ❖ Based on size measure; for the beginning micro and small enterprise financing are business I supplied by one individual or small group except for its marketing function their operations are geographically localized and the number of
- ❖ Based on economic (control definition; they must be satisfied the following
 - Market share; micro and small scale business enterprises share of the market is not large enough to enable it to influence the price of national quantity of goods sold.
 - Independence; the owner has the ability to control of the business by himself. This implies that the owner actively participates in all aspects of the management of the business and in decision making process. There is little delegation of authority.

2.1.2 How to start the small business

People become small business owner in one of the three ways; by buying an existing business, inheriting an existing and starting a new business (H.N Broom, 1979)

1. Buying an existing Business

According to Timothy S. Hatten (2004), the opportunity to buy a firm already in operation appears attractive for the buyer. If offers a way to avoid some beginner hazards. The existing

firm function proven success. Many serious problems such have difficulty to change the original bad image.

Out dated inventory and inaccurate appraisal should have to be either avoided or corrected by now firm.

2. In hearting an existing business

Inheritance is the least frequently followed route to business ownership. The heir may prefer to sell the business because of other professional or occupational commitment or heir may simply have no desire to manage an inherited business.

Actually, there are few people who can inherit business and will continue to own and operate the business (H.N Broom and J.G Longneker, 1979)

3 Starting a new business

Starting a business from the ground is more difficult than buying an existing business or inheritance because nothing is in place. There is also more risks such risk of failure and difficulty to identifying market needs.

However, to many people the process of taking an idea through all the steps time, money and energy needed to become a viable business is the essence of entrepreneurship (Timothy S. Hatten 1999)

4 success and failure factors for micro and small enterprises

According to Timothy S. Hatten (2004) when large and small business competes directly against each other, it may seems that large business have a better chance of winning However, small business have certain inherent factors that work in their favor you will improve your chance of success in running micro and small scale business enterprises if you identify your competitive advantage and getting.

Therefore, the factors that make micro and small scale business enterprise to be success are its flexibility. Innovation, close relationship to customer market size, gathering (having) sufficient capital and getting accurate information and effective employees

Business failures are business that closed

- Due to actions such as bankruptcy or voluntary withdraw one company from the other the business with a financial loss to creditors.
- Because it is involved in court action such as a receivership (taken over involuntary) or reorganization (receiving protection from creditors). The most common causes of business failure are inadequate management and financing. (RosemayAtino, 2001, P, 30)

Therefore, the factors that make MSSBEs to fail are:

- Types of ownership
- The size of enterprise
- Irregular and unreliable supply of raw material
- In sufficient capital
- Poor supply of infrastructure and others

2.1.4 Economic contribution of micro and small scale enterprises (MSSBEs)

As part of the business community, micro and small scale business enterprises to one nation's economic welfare provide a substantial portion of goods and service to the community (H.N Broom and J.G Logenecker, 1979).

Growth in micro and small scale business enterprises can be important means of employment creation and development of poor countries. Micro and small scale business enterprises play a significant role. Other than generating employment, the advantage of micro and small scale business enterprises is increasing the aggregate output, enabling the efficient use of capital and labor. Initiating indigenou enterprises and management skills, bringing regional balance and improving the distribution of income. (World Bank study, 1978). Thus, their general economic contribution is similar to that of big business.

They make exceptional contribution to one country as they provide new job opportunity, introduce innovations stimulate completion, and big business and produce goods and services efficiently (Timothy S. Hatten 2004).

2.1.5 Source of finance for micro and small business Enterprises

Theoretically, enterprises may use internal and external source of finance the former comprise own savings and retained earnings, while the later includes security financing explicitly borrowing from formal and informal source, implicit borrowing in form of accounts payable, hire purchase and lease to buy contracts. However, micro and small- scale business enterprise cannot resort to primary and secondary money and capital market either because such marketer does not exist all together or the firms are not opposition to access such markets. (Fafechamps, 1997p.9). Source of finance to micro and small- scale business enterprise are institutions such as commercial banks, non- bank financial institutions, credit association as well as non-governmental organizations. These enterprises sometimes could not access to bank loan for many reason. The sample is taken using following formula, which is taken from lend text book of tenth edition of statistical techniques in business and economics of year 1999.

Main accounting records, small size, and firm mobility. And risk of default form the banks point of view and lack of education (GebrehiwotAgeba and WoldyAmaha, 2006, p, 13)

On the other hand, the two crucial sources of funds for working capital for such enterprises are trade credit and bank credit. Trade credit refers to loans that suppliers' extent to their customers up on product purchase. Bank credit finance ongoing operations, seasonal or cyclical cash flow shortages, startup costs for new operations, etc. micro and small business enterprises may receive trade credit as substitutive for or a complement to bank credit. (GebrehiwotSgebaWoldayAmha, 2006,).

2.2 Factors constraining MSSBE access to financial sources

Micro and small scale business enterprise (MSSBE) face a number of constraints which includes the difficulty in employing competent people, financial problem and inability to raise won finance and access financial service from formal source these enterprise usually look to the bank sector and other financial intermediately for instrument to finance their working capital and to maintain their short term liquidity. They often fair to access the financial resource in the required amount because banks evaluate on the basis of a check list like finical statements for the last three years, financial project and credit default risk and project proposal (Habib Ahmed, 2002).

Therefore, the main factors that constraint micro and small scale business enterprise as access to financial resource are insufficient collateral required by bank, high cost in relation to the term of maturity loan, high cost in relation to the term maturity loan, high cost in relation to the term maturity loan, short term duration of loan (less than five years), use of primitive technology and high administration cost for enterprise. These economic factors make it impossible for financial institution to offer credit for micro and small enterprise (Habib Ahmed 2002, 28).

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Research Design

The researcher used descriptive type of research design. Because it provide the strength that off set or display the weakness of qualitative research design .In addition to this research design was important to identify cause and effects phenomena.(Leedey, and Ormond, 2005) .

3.2 Source of data

In order to collect the necessary data, the researcher would use primary source of data. Primary data used for this study the primary data was taken from Gedio zone Kochere woreda MSSBE's and head of micro and small scale business enterprise office of Gedeo zone kochore woreda .

3.3 Method of data collection

In order conduct effective and reliable research data are very important. So the necessary information would collect through questionnaire and interview .Questionnaires designed for the clients ofmicro, and small scale business enterprise. Interview would design for manager of micro and small scale business enterprise office of Gedeo zone kochore for general information.

3.4 Sampling technique

The researcher was use non- probability sampling technique which consists judgmental or purposive sampling is used for this study. Because of this technique would help the researcher to find the concerned micro and small scale business enterprise.

3.5 Sample size

The researchers selected 5% of the total population of 1300 micro and small business enterprise from this the sample size numerically selected is 65 micro and small scale business enterprise of Gedeo zone Kochore Woreda

3.6 Data analysis and Presentation

The researcher used descriptive statistics to analyze the data. Table and percentage used in order to present data and analysis.

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

The chapter deals with the major finding of the study. To simplify the analysis of necessary information were collected through primary source using Questionaries' and interview, with the manager of micro and small business enterprise to collect this study. To know much more the condition of credit accessibility for micro and small scale business enterprise, the researcher used interview, question with the head of micro and small enterprise of Gedeo Zone Kochere Woreda.

4.1 General Characteristics of respondent

The researcher grouped the respondent according to their, age, sex, educational background, work experience and analyzed these response through using the table with number and percentage of respondents.

Table4.1 Demographic characteristics of respondents

No	Item	Response	%
1	Age		
	18-30	28	46.66
	31-50	26	43.33
	51-65	6	10
	>65	-	-
	Total	60	100
2	Sex	-	-
	Male	38	63.33
	Female	22	36.66
	Total	60	100
3	Educational status		
	0-4	-	-
	5-8	16	26.6
	9-10	20	33.3
	11-12	11	18.33

	College diploma and above	13	21.6
	Total	60	100

Source primary data 2017

As the above table shows item one shows group of respondents. From the sample taken whose ages are grouped from 18-30 years are 46.66% from 31-50 years are 43.33% from 51-65 years are 10% this indicate that the large percentage of the people who are engaging in small business are grouped with in the productivity age, because the age of 18 to 50 years is in the stage of adult who can give real information about possible problems of the small business. And can play great role in business development.

Item 2 of the same table shows sex distribution. Accordingly 63.33 % of the owners are male the rest 36.66% of them are female. This result indicates that the male percentage in operating the small business dominated over female. This implies that male are more employee and the female is comparatively less because most of the females in this area are not more educated.

In the same table again item 3 shows educational status of the owners and employees of the business. Accordingly from 5 to 8 26.6 % from 9-10 33.33%, from 11-12, 18.33% and diploma and above are 21.6% this shows that even not more relatively the high percentage of stake holders are educated from 5 grade up to 10th and some of them are diploma and above.

In general this indicates that these sectors are occupied by the people that have middle level of education that can understand the problems and opportunities exist within these sectors. Because the people who attended the higher educational intuitions are only 21.6%.

Table 4.2. Marriage status of the respondent

alternatives	No of Respondent	Percentage (%)
Married	27	45
Un married	33	55
Divorce	0	0
Widowed	0	0
Total	60	100

Source primary data 2017

As the table indicates that 55 % of the respondents are single and 45% are married and there is no divorce and widowed. We can conclude that most of the respondents are single and followed married. That means that most small and micro enterprise are owned and managed by young and productive.

Table 4.3 sectors in which MSSBEs of Gedeo Zone Kochere Woreda are involving.

In which sector of Business your involved?	Frequency	Percentage(%)
Garment	8	13.3
Trade	9	15
Construction	12	20
Rural Agriculture	7	11.6
Service	24	40
Total	60	100

Source: primary data(2017)

The respondents were selected purposely to include the entire sector in which they are involved. Table 4.4 show that the largest portion of MSSBEs in Gedeo Zone Kochere Woreda town evolved in service sector, which account 40% the construction sector 11.7 % trade 15%, Garment 16.6 % and rural agriculture 16.6 % follow it. This implies that most MSSEBs of Gedeo Zone Kochere Woreda town are involved in service sector and constriction sector. These sectors highly demanded sector in the town. For example service sector such as coffee shop, beauty salon, restaurant and Hotel. Regarding the construction sector, this enterprise highly engaged in building different houses and working coble stone.

Therefore, because these two sectors have more customers and profitable, financial institution also easily giving them the loan, since they have potential capital to repay the loan quickly.

Table 4.4 relation with the business

2	The manager of industry?	RESPONDANT	PERSONTAGE
	The owner of industry	57	95%
	Employed	2	3.4%
	Relative of the owner	1	1.6%
	Total	60	100%

Source primary data 2017

Item two of the share table shows the manager of the business. Accordingly 95 of total respondents are business owners while 3.4% and 1.6% are revolved and relative of the of the owner of the business this indirectly shows that the business is running by the people who has no enough managerial skills, because as the data indicated in the ones the educational levers of the business owner is not further to lead the business sector and also it implies there is the owner dependence problem which can result to fatigue.

4.1.4 Work Experience

Table 4.5 Work Experience

No	Item	Alternatives	No	%
5	How much time do you serve in this organization?	<1 year	20	33.3
		1 – 5 year	30	50
		>5 year	10	16.7
		Total	60	100

Source primary data 2017

From table 4.4 it is revealed that most of workers in MSSBEs have working experience from 1-5 year which is 30(50%) and the remaining 20(33.3%) and 10(16.7%)of the respondents are experienced less than 1 year and above 5 year respectively. Therefore, this implies that majority of a respondents have working experience from 1-5 year which is good for them to do their job efficiency.

4.1.5 Accessibility of credit for MSSBEs

Micro and small enterprise in Gedeo Zone Kochere Woreda town use loan to run the small business that focus on manufacturing, trade Construction ruler agriculture and service activity

Table 4.6 Length of time for registration to get loan

No	Question	Response	No	%
6	How long will it take registration to get loan?	Short	10	16.6
		medium	29	48.33
		long	21	35
		total	60	100

Source: primary data 2017

As shown in the table above 4.5 the respondent answer for this question is 16.6 % said short, 48.33% said medium, 35 said the time for registration is long. From table 4.7 it can be shown that time taken for registration to get loan according to most of respondents are medium. This happened due to there are many candidates those are registered and it take time to select qualified micro and small enterprise.

Table 4.7 Length of time to take loan after applying to receive loan

No	Question	Response	No	%
7	Based on question above after you apply to get loan how much time it take?	<3 month	18	30
		3 – 6 month	32	53.3
		>6 month	10	16.7
		total	60	100

Source: primary data 2017

According to the response of respondent, the time required to receive loan after applying to get loan 30% replied <3 month, 53.3%, 3-6 month, and 16.7 %of the respondent said it tacks >6 month, said that it takes short time to get loan. Generally table 4.7 implies that the time to receive loan after applying for loan is long far them because they want to get the loan with one month to start their business.

Table 4.8 Response of micro finance and other finance institution for problem related with loan.

No	Question	Response	No	%
8	Micro finance and other financial institution, are given quick response for problem related with loan?	strongly agree	2	3.3
		agree	15	25
		neutral	10	16.6
		dis agree	33	55
		strongly disagree	-	-
		total	60	100

Source; primary data (2017)

As shown in the table above among the respondents 2(3.3 %) of the respondent strongly Agreed with the question 25% agreed, with that quick response of micro finance organizations answer for the problem, and 16.6 % are Neutral, and 33(55%)of the respondents are Disagree with the quick response of micro finance for the problem related with loan and, no one, is strongly dis agreed with quick response of microfinance for the problem according to most of the respondents, micro finance and other finance institution did not give quick response for the problem related to loan it may discourage the borrowers and it may affect their work productivity directly or indirectly.

Table 4.9 Time to repay the money borrowed.

No	Question	Response	No	%
9	It the time given to repay the money borrowed enough?	yes	20	33.3
		no	40	66.7
		total	60	100

Source; Source primary data 2017

From the above table, 20(33.3%)of the respondents said that the time given to repay the money borrowed is enough. While 40(66.7%)of the respondent said that the time given to repay the money borrowed is not enough. According to most of the respondents that the time given to repay the money borrowed is not enough. This is because the time get return on the investment taken large time and difficult to pay the borrowed money in short period of time.

Table 4.10Restriction on the amount of money borrowed

No	Question	Response	No	%
10	Is there restriction on the amount of money borrowed	yes	45	75
		no	15	25
		total	60	100

Source; primary data (2017)

According to the table 4.8 from the 60 respondents, 45(75%)of them said, yes on the question that there is restriction on the amount of money borrowed and 15(25 %)of the respondent said there is no restriction. Based on this table shown above there is restriction on the amount of money to borrow this show that borrowers cannot get money as they need for their proposed work.

Table 4.11 Magnitude of restriction on money borrowed

No	Question	Response	NO	%
11	If your answer on question above is yes. How can range the reaction ?	high	19	42.2
		medium	21	46.6
		low	5	11.1
		total	45	100

Source primary data 2017

Based on the question above 19(42%) of the respondent said the restriction all money borrowed is high 21(46.6%) said the restriction is medium and the rest 5(11.1%) said that the restriction on the amount of money borrowed is low.

Table 4.12 Collateral is required for granting credit?

No	Question	Response	No	%
12	The collateral required for granting credit it in line with the borrower's ability to provide?	Strongly agree	3	5
		Agree	20	33.3
		Neutral	8	13.3
		Disagree	19	31.6
		Strongly disagree	10	16.6
		Total	60	100

Source; Source primary data 2017

From the table 4.12,3(5%)of the respondents are strongly agreed 20(33.3%)of the respondents agreed for the required collateral fairness and 8(13.3%) are neutral and 19(36.6%) are disagree and the rest 10(16.6%) are strongly disagree. This implies that the situation ask them the collateral is beyond the ability. However, the collateral is not highly consider the borrower’s ability to pay.

Table 4.13 magnitude of positive impact of rule of financial institution of the MSSBEs

No	Question	Response	NO	%
13	How can you range the positive impact of rule of financial institution on the MSSBEs user of credit?	very low	10	16.6
		low	15	25
		medium	30	50
		high	3	5
		very high	2	3.33
		total		

Source primary data 2017

From the respondents 10(16.6%) said that the positive impact of rule of financial institution is very low, 15(25%) of the respondent said the impact is low, 30(50%) said the impact is medium and the rest 3(5%) and 2(3.33%) respectively the impact of rule of financial institution is high and very high.

As most of these respondents said the positive impact of financial institution rule on micro and small enterprise credit user is medium. This positive impact encourage borrowers attitude towards borrowing and job creation.

Table 4.14 sufficiency of borrowed money for proposed work

No	Question	Response	No	%
14	The money gained from loan is enough for the proposed work?	Strongly agree	3	5
		Agree	17	28.3
		Neutral	4	6.6
		Disagree	26	43.3
		Strongly disagree	10	16.6
		Total	60	100

Source; Sample survey and own computation (2017)

As indicated in the table 4.11, 3(5%) of respondents are strongly agreed with the sufficiency of the amount of money and 17(28%)of the respondent agree, 4(6.6%) are neutral 26(43.3%) disagree and the rest 10(16.6%) are strongly disagree with the sufficiency of the amount of money. To start and run the business there is amount of money that the business to require begins operation and yield the expected return. From this table the researcher concludes that the amount of money gained from loan is not enough for the proposed business activities.

Table 4.15 availability of credit at the time needed

No	Question	Alternatives	No	%
	MSSBEs get credit at the time they needed?	strongly agree	2	3.33
		agree	22	36.6
		neutral	4	6.6
		disagree	22	36.6
		strongly disagree	10	16.6

		total	60	100
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Source primary data 2017

This table shows that from the total Respondents.2(3.33%) answered, that they strongly agree with time to credit, 22(36.6%) are agree, 4(6.6%)are neutral and the rest 22(36.6%)and 10(16.6%) of the respondent disagree and strongly disagree up on the questions. This implies that those MSSBEs of Gedeo Zone Kochere Woreda. Are not getting credit at the time they need. Especially for activities which need quick finance to continue operation? Such conditions occurred when MSSBEs lacks collateral, capital, conditions, characteristics and capacity.

Table 4.16 Problem that happened when credit respectively needed

No	Question	Response	No	%
16	Is there any problem on MSSBEs which happen when there is repetitive need for credit?	yes	34	56.6
		no	26	43.4
		total	60	100

Source primary data 2017

As shown in the above table, 34(56.6 %) of the respondents confirmed that there are problems that happened when there is repetitive need for credit, where as 26(43.4%)of respondent are reject those questions. This implies that additional need for loan repetitively is difficult to get unless the initial loan repaid. As a result their business decline. Some of their members have the enterprise and finally they would terminate.

Table 4.17 the effort to solve the problem on the side of credit giving organization

Question	Response	No	%
How do you express the effort to solve problem on the side of credit giving organization?	Very high	-	-
	High	3	5
	Medium	27	45
	Low	20	33.4
	Very low	10	16.6
	Total	60	100

Source primary data 2017

As indicated in the above table 3(5%) of respondent believe that the effort to solve problem on the side of credit giving organization is high, 27(45%) said that the effort is medium and 20(33.4%)are said that low effort and the rest, 10(16.6%) of them said the effort to solve the problem is very low.

From this the researcher concluded that the effort to solve problem on the side of credit giving organization is medium and if this effort continue the relationship between lenders and borrowers would be fine. In addition to the question discussed above there are also opened question to support the above interpretation.

- ❖ The good side of credit accessibility for MSSBEs includes fairness of the collateral asked by microfinance encouraging saving priorities are given to woman in the provision of financial service encouraged job creativities increased all members of micro and small enterprise and provide guidance for the borrower how to use the money and what do you know about saving.
- ❖ The problem that are the case for improving credit acceptability is to do not know or identify the personality of borrowing it has not giving enough collateral for the amount to the borrow have not the experience to rapid the borrowed money timely. The money that borrowed is that not apply for the proposed work etc.

- ❖ The financial institutions that are provide credit for micro and small sector business enterprise of Gedeo Zone Kochere Woreda.

Interview Analysis

In order to collect a primary data about the nature of credit acceptability for MSSBEs in Gedeo zone kochore worda, the researcher used some interview question in addition to questionnaire. So through the interview researcher has got the information which answers the basic research question.

The interview was concerned with the head of micro and small sector enterprise Gedeo zone kochore worda. The information collected through the interview were discussed below.

The first question was about the use fullness of credit accessibility for MSSBEs. The head of MSSBEs answer for the question that credit encourage team development, in encourage working culture, encourage saving habit of individual and it appreciate all part of the society.

Next, the researcher asked the head of MSSBEs that are there formalities required by lending institution to give loan to MSSBEs, The head responded that there are two main criteria that required by this institution. They are business proposal (business plan) that enterprise and collateral. These formalities may create positive or negative influence on the borrower. Similarly, to get loan for the establishment of business if they asked for five person and more to get loan one individual cannot be able to acquire credit to establish MSSBEs.

The other question raised were factor that hinder credit amount available for MSSBEs in his response the head of MSSBEs said that the credit amount available for MSSBEs hindered due to the factor such ad lack of enough collateral, unqualified business plan as well as suspicions of financial institution regarding repayment of their lending.

Firstly, the researcher asked the head of MSSBEs about the financial institution regulation and policies that limit credit accessibility for MSSBEs. The head responded that financial institution regulation policies that limit credit access for MSSBEs are, first each enterprise should have to initial saving of 20% to get 80% capital required to start their business, second interest rate given for MSSBEs is similar to the interest is given for other borrower and finally given for MSSBEs in short term loan.

CHAPTER FIVE

5. SUMMERY AND CONCLUTION RECOMEDETION

5.1. Summary of findings

This part revealed the major findings from the study on accessibility of credit MSSBEs of Gedeo Zone Kochere Woreda. To conduct this research quaternaries were used; in addition unstructured interview was conducted to come up with the following findings

The survey indicates that the large percentage of the people who are engaging in small business are grouped with in the productivity age. from the respondent 63.33 % of the owners are male the rest 36.66% of them are female. This result indicates that the male percentage in operating the small business dominated over female. This implies that male are more employee and the female is comparatively less because most of the females in this area are not more educated. And from the study the researcher find that almost all of the small business in the study area is running by the people who has no enough managerial skills and From the sample respondent majority of a respondents have working experience from 1-5 year

The time that taken for registration to get loan according to most of respondents are medium. However Time to receive loan after applying for loan is long for them because they want to get the loan with one month to start their business. And most of the respondents, said that micro finance and other finance institution did not give quick response for the problem related to loan. And that the time given to repay the money borrowed is not enough. This is because according to the respondent the time to get return on the investment taken large time and difficult to pay the borrowed money in short period of time.

From the respondents of MSSBEs of Gedeo Zone Kochere Woreda. the amount of money gained from loan is not enough for the proposed business activities additional need for loan repetitively is difficult to get unless the initial loan repaid.

5.2 Conclusion

According to Haile Gebretensae (2007) micro and small scale enterprise (MSSBEs) contribute great role for the development of economy. As they grow in their capacity and increase in their production, their contribution to the economy also will increase. So as to start and increase their production capacity they need to get sufficient financing. The financing may come from bank, microfinance institutions, non-governmental organization(NGOs)etc.

However, there are many problems that hinder the credit accessibility for MSSBEs such as in adequate loan amount and loan duration that did not match with the planed work and cash flow pattern of MSSBEs activities, interest calculated on the borrowed money is not satisfied MSSBEs and financial institution that supply loan for MSSBEs are few, for example, Gedo as credit and saving institution (GCSI) is the principals source of loan or MSSBs in NGOs are rare.

Credit accessibility for MSSEBs has several advantage as of the researcher finding such as it encourages saving, it includes all me members of the MSSEBs and it motivates team work

To achieve the development of loan collateral maintained by financial institutions because sometimes the borrowed money is sensitive to theft and not paid when repayment time reached.

In the process of credit accessibility for MSSBEs of Gedo zone kochoreworda micro and small enterprise office support this enterprise by preparing business plan for them.

The study shows that there is restriction on the amount of money borrowed for MSSBEs. To get loan each MSSBEs is required to have initial saving covered by GCSI as loan. This means the loan payment made by GCSI is limited only up to 80% of capital required to establish the enterprise.

The principal source of credit for MSSBEs in Gedeo zone kochoreworeda in Gedeo credit Saving institution. GCSI is work with Gedeo zone

Micro and small business enterprise to give loan for these enterprises. It gives the loan for MSSBEs after evaluating their business plan with appropriate interest rate and collateral requirement than any other financial institutions.

According to analysis the time for registration and after that to get loan how much that long which waits from three up to six months. This happen because there are large numbers of enterprise registered to establish MSSBEs. Therefore, to asses and select qualified MSSBEs financial institution waits for three up to six month to give loan.

5.3 Recommendation

The following recommendations have to give for appropriate to improve weak side of credit accessibility for MSSBEs. Therefore, the researcher tries to recommend the following points.

Financial institution most of the time give short term loan which is three years for MSSBEs. However, the operation these enterprises are ongoing operation. Thus, it is preferable if financial institution would provide differentiated long term loan.

MSSBEs asked to have initial saving of 20% to get the rest 80% as credit from financial institution to establish MSSBEs ,nevertheless, most of them are youth who have no the required saving .

Therefore, it is preferable if government rule that regards to loan for MSSBEs is improved by providing long term lo

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1. How long time will it take to get loan?
 A. Short B. medium C. long
2. Based on question number two after you apply to get loan how much time will it take to receive on average?
 A < 3 month B. 3-6 month C. long
3. Micro finance and other financial institution give quick response for problems related with loan?
 A. Agree B. strongly agree C. neutral D. disagree
 E. Strongly disagree
4. Is the time given to repay the borrowed money enough?
 A. yes B. No
5. is there restriction on the amount of money borrowed?
 A. Yes B. No
6. If you answer on question numbers 5 is yes how you can range the amount or borrow?
 A. high B. medium C. low
7. The collateral is required for granting credit in line with the borrow ability to provide?
 A. Agree B. very good C. neutral D. disagree E. very disagree
8. Do you scale the rule of financial institution have positive impact on micro and small scale business enterprise user of credit service?
 A. High B. very high C. Medium D. low E. Very low
9. The money obtained from loan is enough for the proposed work?
 A. agree B. strongly agree C. disagree D. strongly disagree
10. Micro and small business unions are in loan, at the time when they need?
 A. agree B. strongly agree C. disagree D. strongly disagree

11. Is there any problem in MSSBEs which happened when there is repetitive need for credit by the same household business?

A. yes B. No

12. The procedure of MSSBES' for everybody four to assess credit?

A. High B. medium C. poor/low

12. How did you express the effort to solve problems on the side of credit giving organization?

A. high B. very high C. medium D. low E. very low

13. What are poor sides or hinder of the credit granting

Process?.....
.....

14. What are the problems to be improved regarding to credit

Accessibility?.....
.....

15. What are credits giving organization of you company.....

Interview OF Manager

1. Do you think that the credit accessibility is suitable for MSSBES'?
2. What formalities are required to be performing by MSSBES to access credit?
3. What are the factor that hinders credit amount availability for micro and small scale business enterprise?
4. What are financial institution regulations and policies that limit credit accessibility for micro and small scale business
5. Is there any opportunity for solve the factor that hinders credit accessibility