INFLUENCE OF FINANCIAL ADVISORY SERVICES ON ACCESS TO CREDIT BY MICRO ENTERPRISES IN THE FORMAL SECTOR IN KENYA

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`DECLARATION

I hereby declare that this thesis is my original work and has not been presented in any university for a degree.

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RECOMMENDATION

We confirm that the work reported in this thesis was carried out by the candidate under our supervision.

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DEDICATION

This study is dedicated to my beloved husband Paul Thece and our two beautiful children Jayden Munene and Nia Wangui whom I love dearly and completely. To my mother Susan Karimi, a true confidant, friend and a true pillar of strength. My sincere gratitude to Pst Elijah Wanje of Ridgeways Baptist Church for his prayers, Dr. Peter Gaiku for his encouragement and Eric Karimi for your deliberate care. I am forever grateful to my entire support system without which, this journey would have never been.

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ABSTRACT

Access to credit from financial institutions for the purpose of financing state-regulated micro-enterprises in Kenya has been largely based on personal judgement, resulting in a lack of available credit from banks and other financial institutions due to the high rate of credit default. This has severely restricted the prospects of entrepreneurs funding their enterprises. In order to address this issue, this study was conducted to investigate the influence of financial advisory services on access to credit by micro-enterprises in the formal sector in Kenya. The independent variables examined included financial market awareness, financial planning services, credit risk education and credit counseling services. The dependent variable of the study was access to credit, while the moderating variable was borrowing behavior. The study was guided by various theories, including rational expectation theory, agency theory, behavioral theory, collective risk theory, and theory of reason action to hypothesize the interconnection between the chosen variables. To accurately capture the insights of the research, a correlational research design was employed, with the study population being 50,043 micro-enterprises licensed by the 47 county governments within the universe of 1,215,184 Kenyan regulated enterprise. A sample size of 384 micro enterprises was determined using the Cochran formula and a probability sampling technique was employed to obtain the sample from the population. Data from the 47 counties within the 8 former administrative regions of Kenya was collected proportionately. Primary data was gathered and analyzed using structured questionnaires. The measures of dispersion were used to compute means, frequencies, and standard deviation from grouped data obtained from the overall Likert scale while inductive statistics such as logistic regression, were applied to investigate the relationship between the study variables using advanced SPSS computer software version 23. The results of the logistic regression analysis indicated that financial market awareness, financial planning services, credit risk education, and credit counseling services had a significant and positive influence on access to credit. The analysis also suggested that borrowing behavior had a significant effect on financial advisory services and access to credit. The findings suggested an important role of financial advisory services in facilitating access to credit for micro-enterprises in the formal sector. However, the low levels of financial market awareness, financial planning services, credit risk education and credit counseling services have hindered access to credit for financing the regulated micro-enterprises, thereby affecting the overall performance of the MSMEs sector. The study advises that the Government develops strategies for active engagements to promote financial market awareness, financial planning services, credit risk education, and credit counseling services to enhance access to credit. Further, licensing of more certified financial planners and inclusion of a credit counselling certification program with certified counselors in the capital markets will be beneficial. The enhancement of the MSEA's mandate to include technical assistance and incentives to credit counseling and financial planning firms' professionals as well as support to the micro-enterprises to offer competitive interest rates and reduce lending limitations like lengthy paperwork and high collateral requirements will be positive for access to credit. Further studies are needed to comprehend the role of gender and digital financial services in access to credit and the potential impact of the current regulatory environment on financial access and the effectiveness of government policies in increasing access to credit.

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ABBREVIATIONS

AFP	Association for Financial Professionals
BRS	Business Registry Services
CBK	Central Bank of Kenya
CFP	Certified Financial Planners
CMA	Capital Market Authority
ECLA	Economic Commission for Latin America
FPA	Financial Planning Association
GDP	Gross Domestic Product
IRA	Insurance Regulatory Authority
ICPAK	Institute of Certified Public Accountant of Kenya
KAM	Kenya Association of Manufacturers
KNBS	Kenya National Bureau of Statistics
KIPPRA	Kenya Institute for Public Policy Research and Analysis
MSEA	Micro and Small Enterprises Authority
MSMEs	Micro, Small and Medium-sized Enterprises
MVA	Market value added
NACOSTI	National Commission For Science, Technology & Innovation
NFCCS	National Foundation for Credit Counseling Service
PCA	Principal Component Analysis
RBA	Retirement Benefit Authority
SACCO	Savings and Credit Cooperative Organization
VAR	Value at Risk

CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The primary goal of access to credit is to provide low-income self-employed and poor households with high-quality financial services, including savings and investment opportunities, as well as payment options. By creating a favorable environment for these groups, access to credit can help improve their overall financial well-being (Maher et al., 2017). Businesses financial access is very important for a nation because it is one good pillar that support development. Among the benefits of this pillar are business development, economic growth and development, employment, increased in government revenue, social wellbeing, security and political stability and international reach.

The economy is categorized into formal and informal sectors regarding business regulations. Those businesses licensed by the government are said to be in the formal sector. Meaning they are under the control of the state. The enterprises in this category carry out business registration and pay taxes because they are regulated. On the other hand, when they not under government control, they are in the informal sector (Kenya National Bureau of Statistics [KNBS], 2016; Kenya Association of Manufacturers [KAM], 2022).

Increasing access to credit influences business development in many sectors because funds borrowed are expected to improve operations and thereby influencing revenue generation. However, in developed countries where there is high access to credit by MSMEs owners, these enterprises have the highest impact on growth contributed to over 90% of employment opportunities, significant revenue to government and make maximum use of locally available resources (Mascu & Muresan, 2019).

Nations economic growth and development is an outcome of production activities and among the key factors of production is capital or credit. Therefore, there would be no production and consequently no economic growth and development without access to credit by economic agents, which include individuals and entities. Sectoral allocation of commercial bank credit along with other means of financial access positively enhances economic development. Entrepreneurs' activities involving high credit access using only commercial banks loans explain significant variation in economic growth within countries (Abdi, 2017; Adusei, 2018).

Many countries are battling with high rates of unemployment especially among graduates' youths. The rate of job opportunities creation in many countries is slower compared to graduates seeking employment. Credit access facilitates youth employment since the population of most countries is skewed toward the youths. Access to finance is a significant factor in predicting youth economic development. Credit facilities should be made accessible to youths in developing countries like Kenya to help reduce poverty, create employment and improve standards of living (Alang'o, 2017; Nachiappan, et al., 2018). Another aspect that benefits greatly from access to credit is increase government revenue. Governments across the world require revenue in order to provide the necessary environment for growth and development. Increasing access to credit is synonymous to increasing capital to economic agents, which is a major factor of production. Increased production within a nation leads to increase in government revenue (Sekyi, et al., 2017). Besides economic benefits, ensuring access to finance has significant social benefits. Some include reduced crime rates, reduced depression among people, increased investment in social activities and amenities among others. Microfinance organizations have increasingly put emphasis on understanding the causal mechanisms and channels through which credit impacts household and individual well-being. For instance, Maîtrot and Niño-Zarazúa (2017) argue that a greater understanding of these mechanisms can help microfinance institutions more effectively target their services.

Merriott (2016), established that increase in farmer suicide crisis in India was associated with increased indebtedness rather than mental health problems and that access to credit could be an important way of reducing farmers distress that resulted to their suicide. Countries that have poor access to finance can also experience insecurity because of high unemployment, poverty and lack of opportunities. Radicalization of youths into terrorism in countries such as Kenya, Somalia, Nigeria and many others provide case studies of how lack of credit access have a negative impact on security of nations (Fadun, 2018).

A major consideration for investors in establishing a business concern is the choice of the appropriate source of financing that would help their business to grow and expand (Pticar, 2020). They seek to understand the risks involved in every type of financing they adopt, and as well determine the credit risk of their business. As a strategic business issue, access to credit has implications for the business long-term health and the decision should be undertaken by weighing all the options by the business owners and managers. In Kenya micro and small enterprises have faced a myriad of challenges when it comes to financing, including determining the appropriate type of credit to use and how to access the same (Kenya Agribusiness and Agroindustry Alliance [KAAA], 2019; Mbuva & Wachira, 2019).

Meanwhile, scholars have contributed to addressing the enterprise access to credit debate and expanded the literature. One of the outstanding contributors is theorist Lysander Spooner, who between 1810 and 1830 pioneered the idea of business access to credit. Spooner developed the theory of extending credit to entrepreneurs and farmers as a way of getting the people of America out of poverty. He focused on the access to credit for MSMEs but did not mention the necessary types or forms of credit and how they would be selected. The idea also expanded to the development of corporate finance and the concept of financial inclusion in consumer finance. The concept of access to credit gained prominence among individual researchers and research institutions when financial inclusion was introduced (Kagan, 2023; Khidirov, 2020; Pticar, 2020).

Because of its significance to inclusion, researchers put forward several definitions (Claessens, 2016). For instance, access to credit is a way of empowering individuals, households, and enterprises to participate in economic development by obtaining credit. It enables people and businesses to make payments and insure against risks as well as other uncertainties. Further, it is a nutrient for enterprises because it is essential for the maintenance of investment and for growth (Sukumaran, 2015). On the other hand, the World Bank Group,(2017) spells out credit access as the possibility to obtain credit to facilitate savings, investing, payments, insurance and other risk management products for sustained growth and productivity.

Access to credit is defined as the ability to borrow money from a particular source. An individual, household, or business has access to finance if they are able to borrow from a distinct source, although they may choose not to for a variety of reasons. The extent of financial access is measured by the maximum amount an individual, household, or enterprise can borrow (their credit limit). If this amount is positive, the individual or enterprise is said to have access to credit (Agba et al., 2018; Chenaa et al., 2018; Diagne & Zeller, 2017). Sukumara (2015) definition was adopted for this study. When funds are available from credit there is possibility to speed up economic development by investing.

The final economic benefit for nations and institutions to finance businesses is poverty reduction. Poverty alleviation is one of the major UN sustainable goals and it is a dream for a country to ensure its citizens are detached from the realms of poverty by financing businesses and institution development (Economic Commission for Latin America [ECLA], 2018; Leal- Filho, et al., 2022). Access to credit is good but the lenders should not insist to impose their choices of financing on the borrowers. In addition, the lenders should not influence the borrower's financing options.

Global Perspective

The type of access to credit can be chosen for adoption with the help of financial advisors. Policy framework can facilitate the process of managing and use of the forms of access to credit. Micro enterprises in parts of the globe are seeking the financial knowledge of financial advisors for choosing the right type of access to credit. For instance, in Canada, micro-enterprises have access to credit using the "business growth stage approach". This procedure is superior because it looks at the stages of growth, a mechanism introduced by financial advisors based on a number of factors, and among them are business reports showing the level of stability, the number of customers, sales, and competitors' information. The main purpose for which businesses are in favor of this form is operational effectiveness and efficiency that is based on continuous assessments from proper supervision and constant monitoring of every aspect of the enterprise using technology and other measures (Fouejieu et al., 2020; Snider & Davies, 2018; VanSong, et al., 2022). Because of the growth stage procedures, micro enterprises mostly use personal financing with less bank financing.

Some use personal financing alone while others use both. Internal financing involves the use of personal savings and family savings or borrowing from relatives. For external source, bank financing products are considered but at a minimum level (Pierre, 2021).

For Finland, micro businesses choice of access to credit mostly involved the use of venture capital and external business partner framework. The venture capitalist's strategy allows external financing for a percentage of ownership of the firm. This is an alternative financing approach. Alternative finance is good and has so many types like blended financing, crowdfunding, and among others sources of funds. The external business partner option begins with engaging your neighbors to invest by providing funds. These are people in your country. This access to credit strategy also allows entrepreneurs to engage people outside their borders for the business to access the international markets for the firm products to be marketed in other countries. Licensed firms in Finland mostly have this opportunity and are very successful. Two of the most successful MSMEs are Finish Born International and Born Global. (Gabrielsson, et al., 2014).

Salazar-Rebaza et al. (2022) established that in Latin America micro enterprises have difficulties with access to credit causing bottlenecks for many of the enterprises. Of recent, most of them specifically in Peru have adopted the market value type of access to credit. It involves using the securities markets alternative financing measures and one of such measures is the MVA. There are different kinds of market value added financing frameworks and are mostly adopted using financial indicators. Among them are growth rate, liquidity, solvency, stability, and profitability. The MVA when computed will show the difference between the firm market value and the contributed capital of every investor like the bondholders and stockholders. On the other hand, some adopted internal financing and other forms of alternative financing that are not securities market related.

In the Middle East, micro enterprises in Oman are moving to an interest-free kind of access to credit to curtail business failure from commercial bank loan interest burden. This type of credit access allows for the sharing of risk between the lender and borrower and investment proceeds. The process begins with proper financial awareness to the firms by financial institutions over a protracted period for investors to have adequate knowledge of the framework. The growth and continuation of enterprises with this classification depend on the form of access to finance adopted. The Islamic bank loan allows the banks and businesses to share the credit risk, proceeds and losses. The banks observe their operations and constantly perform assessments using its monitoring procedures (Al Balushi et al., 2019).

According to Shripria et al. (2020), Indian micro enterprises mostly adopted bootstrapping type of access to credit that is closely associated with financially distress firms due to its flexibility and very low-cost of borrowing. Previously, the enterprises adopted external credit access approach using the stock markets and banks loans. These patterns of access to credit failed majority of the business from indebtedness caused by huge interest burden. Today, the financial advisory industry is aiding micro enterprises with better credit knowledge enabling them to adopt other borrowing approaches. Besides bootstrapping, some adopted the use of private equity and venture capital. Bootstrapping is a type of credit access developed through creativity and involves obtaining funds from stockholders of other enterprises. It also involves using personal funds, family funds and other innovative means that are not detrimental to the firm survival.

African Perspective

For South Africa, both old and new micro enterprises main types of access to credit are external financing and informal financing. The external comprised of bank loans and the informal is the trade credit. Newly organized enterprises have constraints in obtaining loans caused by several factors among them are collateral, management competencies, proper business data, legal, crime, following ethical principles and networking. The challenges of access to credit have led other businesses to seek other forms of alternative financing (Fatoki & Smit, 2017). In South Africa, financial access is enhanced by the individual or household head’s age, race, level of education, gender, employment status, and geographical location (Biyase & Fisher, 2017).

In Swaziland, MSME’s bottle-neck in accessing credit is related to having no collateral, lackluster presentation and absent management structures that have rendered their survival uncertain. Trade based lending has been suggested to support credit access. (Mumin, 2018).

Though 98.6% of Mozambique's enterprises are MSME's, only 5% are funded by banking institutions as the rest grapple with access to credit complications. The balance of the firms have resulted to alternative funding from family and friends. (Osano & Languitone 2016).

Access to finance in Benin can increase by being literate in using the local language, member of big and reputable organizations, and having a reputable guarantor (Perceval, et al., 2017).

Fufa (2016) established that in Ethiopia businesses have favored access to finance based on the firm size, good business premises, effective and efficient business information, firm capital, and involvement in corruption in seeking credit. In addition, Kedir (2018) pointed out the value of borrowers' assets, family size, marital status, and debt outstanding. Kenya banking institutions mostly considered collateral including things mentioned by other studies to grant credit access to SMEs and other organizations (Mwangi & Sichei (2017)**.**

The common things among factors mentioned by investigators in developing countries that grant access to credit to individuals, households, businesses, and organizations by financial institutions are interest rate, age, collateral, education, location, income, and, firm size. This study wants to include financial advisory services or financial literacy as one of the determinants of financial access in developing countries. The new factor has been overlooked by researchers on the subject of access to credit in studying financial inclusion in developing economies.

Local Perspective

In Kenya, the main type of credit for micro enterprises is bank lending. Majority of the firms in this category are financed by loans mostly from commercial banks in the country. Using only one source of access to credit posed threats to many of them. About five percent used other sources of financing like personal, equity and informal financing such as trade credit. In addition, some seek mobile credit but due to limited financial literacy, they have little success from the mobile loans. In fact, mobile credit is negatively related to the financial performance of micro enterprises (Alumasa & Muathe, 2021).

Another type of credit access surfaced in the financial market for micro-enterprises, individuals, and households is termed as fuliza. This type of credit, which is overdraft ranges from 100-70,000 shillings. Repayment of the overdraft is between 1-30 days. The average interest is 1.083% but increases per day for default. Those who borrow more worry a lot about default as the interest will increase. In addition, the lender cannot allow another overdraft when the borrower has outstanding liability from previous overdraft. The fund is intended to buttress the effort of those with insufficient cash balance at the time of purchase to enable them complete the transaction (Alumasa & Muathe, 2021).

Micro enterprises took the overdrafts and invested them but were constrained by the daily repayment, which affected their operations like bank loans. These challenging sources of credit increased the debt burden of firms and resulted to the closure of some. The government intervene to remedy the situation but the intervention is still at a slow pace. The government drafted a policy to enable micro enterprises to participate in government procurement process that will allow owners get funds to invest in their financially distress firms (Alumasa & Muathe, 2021; Central Bank of Kenya [CBK], 2021; Financial Sector Deepening [FSD], 2015; Muturi & Njeru, 2019).

1.1.1 Evolution of Micro Enterprises in Kenya

The Europeans were the ones that mostly explored Africa. The exploration induced the implementation of a colonization policy called the scramble of Africa. They colonized territories and occupied them for economic, political and security gains. For instance, in the east, Kenya was occupied and control by the British people along with Uganda, Zambia and Zimbabwe (Gjersø, 2020). Before the European came to Kenya, the natives were involved in borrowing from one another culture as well as trading (Ndeda, 2019). The first and oldest form of trading to exist in Kenya before independence was the barter system and later the classical and mercantilism doctrines were adopted. This resulted in the exportation of agricultural produce and the importation of inexpensive durable and nondurable goods. Micro enterprises were established from this form of trading. Several of them were service organizations operated across the country. They were mostly sole proprietorships owned by the Europeans and the natives. Among the durable and nondurable goods, were salt, livestock, soap and small household utensils like cooking pots, spoons, and dishes (Majune, & Mwania, 2021).

Most of the natives were pastoralists involved in animal farming and crop production by cultivating the land. The arrival of the Europeans increased the population in places conducive for living. They occupied the urban areas and the convenient part of the hinterland. As the result, the indigenous chiefs and others were forced to reside in rural areas living under poor and unbearable conditions. As the indigenous population grew in the countryside, land for farming and for business purposes like raising cattle became a challenge. This development affected micro enterprises ("Colonization of Kenya," 2022; Majune, & Mwania, 2021; Ndeda, 2019). Today, the operation of micro-enterprises have continued throughout Kenya. It is seen in every sector of the economy. Meanwhile, Micro and Small enterprises (MSMEs) are defined in the Micro and Small Enterprises Act of 2012 as businesses with less than 10 and 49 employees respectively. Medium enterprises are those with between 50 and 99 employees (Kamuti, 2018). In line with this threshold, the micro-enterprises used for the study were those registered under the BRS in Kenya.

1.1.2 Financial Advisory Services and Access to Credit

Financial advisory services are offered by independent financial advisors, as well as those who have been employed by banks to offer loans/credit to customers. It is guidance provided by licensed practitioners called financial advisors to individuals, households, or businesses seeking help in understanding financial concepts for informed decision-making. Credit can be for asset acquisition or to lease among other things. The practitioners are individuals with requisite training and expertise to provide independent expert opinion or financial knowledge on a fee basis. They are financial advisors also termed as financial planners, investment advisors or analysts, auditors, and financial consultants. Others are stockbrokers, financial coaches and financial therapists. The services provided are timely and of quality to meet the client satisfaction (Bedford, et al., 2021; Silic & Ruf, 2018).

The services are distinct and among them are portfolio management, business management, tax planning, estate planning, and risk management for SMEs and other enterprises. The advisory process begins with an understanding of the client financial characteristics. To do this, the professional will begin to build relationship by asking questions that will enable him/her to understand the financial circumstances of the client. The discussions can be face-to-face, by telephone, or through other media.

The client can provide responses to the inquiry either through writing or verbal. When the responses are verbal, the advisor will take notes. From the interactions, the advisor will give the necessary directions to the client on how, where, and when to invest. The direction involves tutoring the individual with financial knowledge on what to do and how to do it the best way to achieve success. If it is a credit access issue, the practitioner will provide proper guidance on how to remedy the challenge and obtain the funds to finance the investment (Baeckström, et al., 2021; Brown & Brown, 2018; Shao, et al., 2021; Söderberg, 2019).

On the other hand, the practitioners can take responsibility to manage the client's investment without the person's direct involvement. When this happens, the professional will take complete control of the investment process from the beginning to the end. Financial advisors usually engage in multitasks with clients (Shao, et al., 2021). Further, financial advisory services as the largest delivery channels for financial literacy contains four integral parts; financial planning, counseling, coaching, and therapy (Boldar et al., 2022). The four sub-delivery channels have distinct functions for financial literacy advancement to the population to alleviate difficulties that may derive in understanding individual financial situations (Boldar et al., 2022).

1.2 Statement of the Problem

Business entities having full knowledge of the variety of loans offered by the lenders and full knowledge for their selection is an important issue to SMEs. Because the selection of loans offered by lenders can have a significant impact on the success or failure of a small business enterprise, as the associated risks can limit the availability of resources. Lenders usually offer various types of loan products with the cost of borrowing for debtors to decide on a choice from the available options. The decision in choosing a suitable kind of loans rests on whether the borrower is financially literate or seeks financial advice from the lender providing the product or advice from financial consultants outside the lending institution **(**Pozzolo, et al., 2020).

Seeking monetary advice directly from the creditors in borrowing arrangements could indicate a conflict of interest since the lenders have inside information of the borrowers, they will ensure to protect their investment to avoid losses from default, and therefore, focus on the enterprise credit risk management strategies of the organization as a basis for lending. Such strategy does not fully protect the interest of the borrowers. Evidence is insufficient on how borrowers' credit risks are fully managed by lenders for their benefit. What is available is the financial institutions' credit risk management techniques to avoid borrowers' default.

This has been experienced in Kenya as more than 50% of the over 65% of SMEs who borrowed from financial firms faced credit default difficulties and some resulted in closing down operations. For instance, in 2017/2018, financial year 435 enterprises closed down. Further, 992, 1,255 and 2,540 shut down in 2018/2019, 2019/2020 and 2020/2021 respectively The MSMEs affected were estimated at 75%, 84%, 91% and 96% (CBK, 2021; Faria, 2022; Mungai, 2016). Seeking financial advisory services to understand the types of loans offered by lenders and suitable ways for their selection by micro-enterprises and other SMEs to finance their investment might have been ignored in Kenya, and it could be the solution to the many credit risk challenges being experienced by micro-enterprises resulting to the closure of 70% in the first three years of operations in the various regions of the Country (Douglas et al., 2017; Packalen & Dyer, 2021).

No specific study has yet been carried out to probe the influence of financial advisory services on access to credit by regulated micro-enterprises in Kenya. However, previous studies have focused on other areas in this topic. For instance, Mbiti, et al. (2019) examined the benefits of financial access on enterprise advancement and its application being limited to loans of women-owned SMEs in the hinterland of Kenya. Additionally, Mutinda, (2020) evaluated the significance of factors that affect financial access in Kenya with its applicability being restricted to loan collateral requirements, cost of credit, and monetary information asymmetry to SMEs. These observations clearly showed that there exists a contextual and conceptual knowledge gap from a country and variable perspective and justifies the need for further research. This study will investigate the effect of financial advisory services on access to credit by micro-enterprises in the government-regulated sector in the 47 Counties of Kenya. The focus is on determining how these services can help improve access to credit for these businesses. Small businesses contribute 33.8% of Kenya's GDP yet 46.3% close in the first year of operations. Of the those that close, 26.9% attribute it to lack of operating funds (KNBS, 2022). The gravity of the matter has resulted to the formation of the Ministry of Co-operatives and Micro, Small and Medium Enterprise and other efforts are echoed in the implementation of the Bottom Up Transformation Agenda and the fulfillment of the Sustainable Development Goal 1 on poverty reduction.

1.3 Purpose of the Study

The investigation provided awareness about financial advisory services controlled by borrowing behavior towards access to finance by government regulated micro enterprises in Kenya. The decreasing trend of micro enterprises caused by the owners and managers limited understanding in dealing with credit access to finance this category of SMEs is of great concern that needs urgent attention for a remedy. The effectiveness of the financial inclusion revolution made Kenya to be considered globally as a country in which people can do business with ease (Karanja, 2020). This implies that inclusion opens the corridor for businesses to have easy access to credit from financial organizations.

Access to credit can be easy only if the borrower understands in detail the mechanisms involved. The borrowers need financial knowledge to understand risks associated with the forms of access to credit. This has been overlooked in the financial inclusion revolution, and therefore borrowers have no freedom in choosing suitable types of credit. They are glued mostly to one form that is commercial banks' lending, which is loan or overdraft. Commercial banks as the largest lender in the economy offered only loans to SMEs. Because of this challenge, poverty is increasing as the number of poorest counties increases from the closure of more SMEs due to credit default mainly from loans and overdrafts (Mungai, 2016; Faria, 2022).

1.4 Objective of the study

The foremost objective of this study was to determine the influence of financial advisory services on access to credit by micro enterprises in the formal sector in Kenya.

1.4.1 Specific Objectives

The study aims to answer the following specific objectives:

i. To assess the influence of financial market awareness on access to credit by micro enterprises in the formal sector of Kenya.

ii. To analyze the influence of financial planning services on access to credit by micro enterprises in the formal sector in Kenya.

iii. To examine the influence of credit risk education on access to credit by micro enterprises in the formal sector in Kenya.

iv. To evaluate the influence of credit counseling services on access to credit by micro enterprises in the formal sector in Kenya.

v. To analyze borrowing behavior as a control variable to determine its influence on financial advisory services and access to credit.

1.4.2 Research Hypotheses

The study addressed the following null and alternative research hypotheses. The null was represented by H_0.

$H0_1$: Financial market awareness has no significant influence access to credit by micro enterprises in the formal sector in Kenya.

$H0_2$: Financial planning services have no significant influence access to credit by micro enterprises in the formal sector in Kenya.

$H0_3$: Credit risk education has no significant influence access to credit by micro enterprises in the formal sector in Kenya.

$H0_4$: Credit counseling services have no significant influence access to credit by micro enterprises in the formal sector in Kenya.

$H0_5$: Borrowing behavior has no significant moderating effect of access to credit

1.5 Limitation of the research

The study focused on small regulated business in Kenya and evaluated only four sub variables of financial advisory services and a moderating variable in the study of access to credit. There could be other parameters that affect access to credit other than the ones studied. Data collection across the country proved to be very challenging as sources of data in the SME sector are scarce and often inconsistent. The number of small businesses is also very large and scattered across Kenya therefore the study utilized a sample of micro-enterprises in the country. Data was collected from owners of the businesses. It is possible that employees could provide different responses from owners. The respondents were also fearful of information getting to competitors or the county governments and tax authorities.

1.6 Delimitation of the Study

The study mitigated against the mentioned limitations by ensuring that the sampled micro enterprises were licensed by each particular county government where data was sourced and was in proportion with those who participated in a KNBS Micro Enterprise Sector Report that covered Forty-Seven Counties in Kenya. The owners of the small businesses were deemed to interact better with the financial health of the businesses as such were the respondents in the study. They were assured that data collected was for academic purposes and were put at rest by the research permit issued by the NACOSTI.

1.7 Justification

The formal sector of Kenya contains businesses that are licensed and regulated by the government. Among these enterprises, micro enterprises have the smallest startup capital, making them the majority among the businesses in the economy. Unfortunately, their access to credit is limited, meaning that many of these enterprises are unable to finance their investments and, consequently, remain in poverty. Seeking financial advisory services is the key to helping these micro enterprises survive and, in turn, provide employment for millions of Kenyans and income for the government through taxes. Therefore, this study aimed was to understand the selection of credit access for financing investments in the formal sector of Kenya, in order to provide solutions to constraints faced by micro enterprises in this regard.

This research explored the different types of access to credit available in other countries, mechanisms involved in their adoption that make their enterprises successful, and how their products reach international markets. The output of this study will be useful to policymakers, such as the MSME Authority, the Ministry of Micro, Small and Medium size Enterprise Ministry and the entire government as well as MSMEs and their respective associations. Other stakeholders include lending institutions, entrepreneurs and researchers worldwide. The resultant output can be a catalyst for further research, such as into providing compulsory financial advisory services for micro enterprises. Filling this knowledge gap could enable small firms to grow and reduce poverty, instead of closing down.

1.8 Significance of the study

This study is significant as it investigated access to credit and its lack which causes micro-enterprises to fail, leading to an increase in unemployment, and ultimately affects financial inclusion. The research is important not just for the government and country development partners, who can use the findings to review business financing measures, but also for academics who can use the results to understand micro-enterprise financing approaches and conduct research in other areas affecting firms in this category. The findings of this study are crucial for the formulation and implementation of new policies for the growth potential of micro businesses, in order to achieve the vision of making Kenya a middle-income country by 2030 and optimize financial inclusion.

1.9 Assumptions of the study

Three assumptions are considered for this study. Firstly, micro-enterprises are organized and operated in Kenya. Secondly, these businesses rely heavily on financial institutions for access to credit. Lastly, the government has established rules, regulations, and a framework to provide awareness and support to entrepreneurs in this sector to help the sector improve.

1.10 Scope of the study

The investigation covered access to credit and its various types adopted for micro-enterprises' sustainability, and how these forms of credit access influence the level of development. Specifically, the study focused on businesses licensed by their respective county governments. Five variables of financial advisory services were studied: financial market awareness, financial planning services, credit counseling services, and credit risk education as well as borrowing behavior as the moderator. Data for these variables was collected from county licensed micro-enterprises in Kenya within the eight former administrative regions. To support appropriate data collection for the study, micro-enterprises within the forty-seven counties in Kenya was used to ensure nationwide representation in the various sectors of the economy. County governments are now in charge of licensing of businesses since the Kenyan Constitution was Promogulated. The population mirrored that of a Nation-wide KNBS study in collaboration with the MSEA on the MSME sector. The sample itself was derived from the Cochran’s formula. The study was conducted over a period of one year and two months, including pilot testing of the data collection instrument, analysis of the data, and reporting of the results. The unit of analysis in the study is micro-enterprises.

1.11 Operational definitions

Financial advisory services are financial knowledge provided to individuals, households, and businesses to navigate through important financial decisions by licensed financial advisors called financial counselors, investment advisors, financial consultants and financial planners on the three categories of the monetary services; lending, investing, and asset management, and on monetary products like loans debentures, and hedge funds for investment purposes (Richards & Morton, 2019). Borrowing behavior is defined as the social, psychological and economic factors that influence an individual’s attitude and behavior in making credit arrangements and repayment of debt (Davies, et al., 2019)

Access to credit is a concept in financial inclusion adopted for empowering individuals, households, and enterprises to participate in economic development by obtaining credit in the financial markets to invest (Sukumaran, 2015). Micro enterprises are defined as businesses with common goals and objectives grouped according to government employment policy and amount of investment ceiling for the realization of national development agenda for poverty alleviation (Owino & Maina, 2020). Finally, the next chapter elaborated on the theoretical and empirical evidence supporting the study.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This section of the research work contains a review of the relevant and related literature. The activities in the section are twofold. First, the supporting theories of the study will be assessed. Secondly, the empirical works performed by previous scholars connected to this study will be evaluated. The examination of the literature and the study gaps for the hypothesis will be formulated.

2.1 Theoretical Literature review

Theoretical frameworks provide direction for studies by specifying which key variables influence a phenomenon of interest and highlighting the need to examine how those key variables might differ and under what circumstances. This helps researchers identify the limits of generalizations of concepts in previous studies. Furthermore, theoretical frameworks give studies a well-defined and proven basis of argument, explaining the study's significance and validity. They also show where investigators intend to fill in gaps in knowledge and practice (Reeves et al., 2018; Desai, 2022). Therefore, the main theory underpinning this study is the rational expectation theory. This theory explained how investors are rational in making decisions involving situations that will affect them or benefit them.

One of such witty decisions according to the postulate is investing in stock. They observed the price movement of stock in the stock market to make investing decisions. They are aware that stock is a risk asset so rational decision is needed for the safety of their investment. The investors based their rational decisions on judgment of previous information of accessible stock data. Therefore, based on the premise of this proposition, micro enterprises owners and managers are investors who seek financial advisory services as a rational decision to obtain the best credit from credit access available to invest based on past experience of data showing the types of credit access adopted that were unfavorable. Such rational decision could be taken because of losses experienced after avoiding financial advice of financial experts. The other supporting theories are agency theory, behavioral theory, collective risk theory, contingency theory of management and the Theory of Reason Action.

2.1.1 Rational Expectation Theory

John F. Muth developed the rational expectation theory to explain price movement in the stock market based on the previous judgment from accessible data. His research work was promulgated in the Journal of Econometrica in 1961. Muth hypothesis is mostly used to explain economics and finance concepts. The theory guided the development of the efficient market hypothesis by Eugene Fama in 1963. The main idea of the theory is that decisions of past outcomes can influence the decisions for future outcomes. Investors make current decisions about the future of their investments based on past decisions using information regarding the same or similar investment. The information is used to seek other alternatives to improve the business for better outcomes in the future (Muth, 1961). The theory was adopted to explain the link between financial market awareness and access to credit of the government regulated micro enterprises in Kenya.

The entrepreneurs of micro enterprises seek financial market awareness as a rational decision to gain adequate knowledge of financial literacy for understanding monetary concepts such as interest rate, saving, borrowing, spending, compound interest, inflation, financial product cost, and risk, for effective use of monetary services as well as making informed monetary and investment decisions. This financial education is significant for micro businesses entrepreneurs in making informed judgments for making thoughtful budgeting, saving, spending, and credit decisions.

It provides the financial skills necessary for identifying a suitable type of credit access to obtain from financial organizations for starting the enterprise or for expansion **(**Estrada-Mejía, 2019**)**. Because the theory is relevant, many researchers have adopted it for solving social problems. For instance, Herzog (2019) developed a model to explain changes in the expectations of market participants, which is useful in artificial intelligence for the promotion of products and services involving human behavior Sent (2021), how to influence people from a political economy standpoint.

According to the theory, there is positive connection between financial market awareness and business growth because it incorporates financial literacy for proper management of the enterprises' resources to sustain competitive advantage for better financial performance. Nevertheless, it does not determine the intention of entrepreneurs but it improves their financial attitude and saving behavior (Ahmad, et al., 2019; Alshebami, & Al Marri, 2022; Lusardi, 2019; Usama &Yusoff, 2019). It is a framework for small business growth trajectory and a cornerstone for survival. Such awareness provides an understanding for owners and managers digital financial knowledge, risk management, and for continuous improvement (Erhomosele & Obi, 2022; Jati, et al., 2021).

Although the proposition is empirical it is difficult to quantify the investor's rational expectation after making future decisions based on previous experiences because the theory did not satisfy some statistical tests including the Chow test. Further, the hypothesis maintains that investors' rational expectations are essentially the same no matter the size and the type of investment, the enterprise being managed, and the associated risk. There is no analysis of what attitudes and behavior investors will portray if their investment expectations are met or not a reality **(**Agarwal, 2022; Yildiz & Günsoy (2022). The criticisms of the theory mentioned could pose a challenge to micro enterprises in using the theory to predict their expectations before or after making future investment decisions using past occurrences.

The assumption of rational expectation is better for predicting future economic reality. Every investment comes with an expectation. Because of this reckoning, investors take risky decisions like downsizing employees, increasing sales volume, increasing prices, and reducing recurrent and capital expenditure. These adjustments are made for return expectations for increasing the wealth of the owners (Sivarajan, 2018; Yildiz & Günsoy, 2022).

The Rational Expectation Theory was used in the study to explain the relationship between financial market awareness and access to credit by micro enterprises in the formal sector in Kenya.

2.1.2 Agency Theory

Agency theory was first proposed by Ross and Mitnick in 1973 and later expounded on by Jensen and Meckling in 1976. Different scholars have different views on the formulation of agency theory. Some scholars believe that it is the economic theory of agency, while others believe that it is the institutional theory of agency (Mitnick, 2019). Nevertheless, most researchers simply called it agency theory. Intellectual Jensen and Meckling (1976) narratives of the proposition is from the finance perspective focusing on the ownership structure of an enterprise and how it can effectively be used to resolve crisis between the owner and the caretaker or the manager. There is a theory that financial planning services and access to credit of micro firms are interconnected. This theory elaborates on how these two things are related and how they affect each other.

Financial planning improves organizations and is essential to avoid conflict of interest. It is an instrument used by agents or managers to achieve the enterprise owner's objectives. Managers' financial decisions are based on financial planning as the pillar for better operating, investing, and financing of micro enterprises. It is called a financial blueprint and is dynamic; serves as a cornerstone for investing, and involves constant and systematic analysis, review, and actions (Hani- Bani, 2021). Planning financially is very helpful in choosing suitable types of credits in the firm financial access. Financing comes in two forms; debt and equity—personal cash.

There are a few factors to consider when accessing credit, including repayment terms, total cost of capital, and requirements of the lender, according to Beniwal (2019). Micro businesses financial plan is an essential strategy for fulfilling the needs and desires of the enterprise. Among the focus of financial plan are business development for growth and expansion, meeting the customers' satisfaction, making a profit, increasing the owner's wealth, and undertaking social responsibility to help improve the economy and society (Kapadia, 2020). Numerous academics have adopted this theory in resolving challenging in the organizations and among them are Mishra (2004) who used the proposition and explicated the appropriate governance procedure in the delivery of quality services. Zsidisin and Ellram (2013) established the connection between the sources of risk in supply management and techniques in managing the risks.

A limitation of agency theory is that it is difficult to understand the intention of organization managers to avoid conflict of interest. The theory did not provide the analytical framework for intention. Statistical models have limitations in that they do not enable employers to fully understand the intention of employees before their employment because human behavior is unpredictable. The intention is positively correlated to behavior. Changes in intention have an effect on human behavior change. When intention changes in a negative direction, it somehow affects good behavior (Scott, 2020). An organization's recruitment process is critical to its success. Selection is one of the key aspects of recruitment.

Many important analytical measures in selecting the best applicant for employment are used but they are mostly based on probability. Probabilistic models are not one hundred percent reliable to analyze intention. Employers usually considered past employment history to select the best applicant for the new job but this does not show how the new employee's intention can be predicted to understand whether it will positively or negatively affect the organization. Because the individual intention is difficult to predict, it is the major causes of conflict between the owner and managers of the enterprise **(**Webb & Sheeran, 2016). The theory emphasizes the significance of the alliance between the business owner or investor and the manager or caretaker. It establishes common ground and explains the functions of the parties in the business relationship. The owner of the property terms assigns responsibilities to the caretaker and relies on him to make appropriate financial decisions using the concepts of financial planning services to increase the value of his/her investment (Corporate Finance Institute, 2017).
The study employed the Agency theory to explain the relationship between financial planning services and access to credit by micro enterprises.

2.1.3 Collective risk theory

Filip Lundberg is the father of risk theory or collective risk theory. He advanced the theory and published it in 1946 as an extended version of his doctoral thesis in 1903. It is a finance theory. The theory was developed to provide risk education in actuary science, in insurance. Lundberg's proposition lays the foundation for teaching risk in insurance mathematics, which deals with stochastic models for the flow of settlements in an insurance business (Englund & Martin-Löf, 2001; Cramér, 1969). The development of the proposition provided a new paradigm of knowledge for understanding the enterprise risk, and finding solutions. This can be viewed from the research works of numerous researchers including Blanco-Mesa et al. (2019) who studied the determinants of business enterprise risk identification. Etges, et al. (2018) who analyzed various scenarios involving healthcare inventory risk management. The theory is employed to explain the link connection between credit risk education and access to credit of micro enterprises. There are varieties of risks and adequate education is needed for business owners and managers to understand for the firm survival. Credit risk education will enable entrepreneurs of micro businesses to perform necessary analysis of the various forms of risks associated with financing an organization before deciding the type of credit to obtain from the available and different kinds of credit access in seeking funding for their enterprises **(**Dvorský, et al., 2018**).** Some of the risks critical to the organization are business risks, environmental risks, and country risks. Business risk comprised a sub-form of risks because of asymmetric information in the financial markets. Among them are financial risk, diversification risk, compliance risk, and fraud risk. Financial risks are cardinal to consider in the firm financial decision-making for investing. The associated financial risks can broadly be categorized into five categories: credit risk, market risk, operational risk, liquidity risk, and legal risk (Dankiewicz, et. al., 2020; Verma, 2022).

Credit risk, a type of financial risk occurs from borrowers' default to repay loans as scheduled. This risk includes credit spread risk, default risk, industry risk, institutional risk, and downgrade risk. The consequences of credit risk to the borrower mostly involve legal action and seizure of personal property termed collateral during the borrowing arrangement. According to the theory, the investor needs proper guidance from the financial advisor on risk knowledge before financing investment-using debt (Ali & Oudat, 2020; Caraiman & Mates, 2020; Fiorillo**,** 2018). Critically, collective risk model has been criticized for its failure to meet the Gaussian distribution, raising questions about its validity.

Consequently, the investors who will use the Filip Lundberg risk model to make investment decisions regarding borrowing, purchasing stock, bonds, or financial products for trading will encounter threats in fully understanding the accuracy of the data due to the lack of normality. Lundberg risk analysis is purely statistical therefore; investors with no or limited statistics knowledge will be unsuccessful in correctly applying the idea to their enterprise risk management framework. The concept was introduced to critically analyzed risks related to insurance as compared to other kinds of risks. Its usage for risk education is good but the idea is limited in scope **(**Arfwedson, 2021)

Additionally, the risk equation split the analysis of risk into commercial and insurance risks. The model is complex and deals with two types of risks; collective and individual risk, their analysis is also differentiated. These are challenges that micro enterprise owners and investors could come across when they decide to use the theory for risk education to analyze risk for selecting the types of credit access to adopt when seeking funding opportunities for from financial institution to invest **(**Yang & Zhao, 2018).

The analysis of Borch (1967) and DeLee (2022) acknowledged that Lundberg risk theory endeavors to elaborate on how risk education is used to make decisions when people are faced with uncertainty about their future. The utility method, proposed by Daniel Bernoulli, provides basic education on how to assess and manage risk based on three fundamental risk concepts: utility, regression, and diversification. Harry Markowitz used statistical methods such as variance and regression to provide risk education in diversifying investment portfolios (Borch, 1967; Corporate Finance Institute, 2022; DeLee, 2022).

Ajupov et al. (2019) posited that risk is found in the environment, be it terrestrial, atmospheric, or the business environment. For the business environment, the risk is associated with all business activities, from investment planning to wealth maximization. It lives in and through every living being and is connected to daily living decisions. Risk education aims to reach the greatest possible number of individuals and households with potentially life-saving information on how to recognize, avoid, report threats and manage them in every undertaking. This proposition provides the appropriate measure to assess risk before researching a decision as to whether to take the risk or not (Ajupov et al., 2019).

The study adopted the Collective Risk Theory to explain the relationship between credit risk education and access to credit by micro enterprises.

2.1.4 Behavioral Theory

John Watson proposed and published Behavioral theory in 1924. Other researchers like B.F. Skinner, Jacob Kantor, and J.E. R. Staddon improved on Watson idea from the late 1920s to 1950. The theme of the proposition is learning behavior. The purpose of this study was to comprehend how behavior is learned. The research began with dogs, apes, and onto humans. Watson found that human behavior is learned from human learning principles found in their unique learning ability. Staddon reported that human behavior is reflected in their histories and such is passed on from one member of the same family to another (Angell, 2013). Researchers in understanding how and why behavior is learned and impact organization have applied this proposition. For instance, Gordon (2022) explained that behavior is learnt based on experience and exposure. Without behavior impact, the organizational goal is not achievable (Nwosu, 2016).

The theory is borrowed to explicate the connection between credit counseling services and access to credit of micro businesses. In relation to Bradly (2022) assertions, humans learn from one another using learning principles such as knowledge connection to others. Knowledge connection means gaining knowledge through guidance that comes from the interaction that directs an individual to do something. A part of knowledge connection is reflection and acquaintance (Bradly, 2022). Credit counseling is guiding knowledge connection from experience to another human. It is part of the financial advisory services offered to micro enterprises **(**Porto & Xiao, 2020).

An experienced financial advisor commonly known as a financial counselor or credit counselor can provide this service. The service helps micro entrepreneurs avoid indebtedness or bankruptcy. The service can be face-to-face discussions or using a cellphone and other communication mediums convenient to the firm owners and managers. The process begins with an interview to enable the advisor to understand the financial situation of the enterprise. The circumstances or situation include the firm insolvency, credit report of loans borrowed, credit access framework used to obtain the loans, credit card, and other things (Fay, 2021).

In Kagan et al. (2021) arguments, understanding the entrepreneurs' financial situations can enable the counselor to take a position. The consumer or business loan interest rates can be renegotiated with the creditor on the borrower's behalf in order to reduce the amount owed and waive late fees. The service improves the owners and managers financial literacy and provides solutions to managing money, debt management and payment plan, financial budgeting, and debt burdens. A credit counselor can also discuss debt repayment strategies to help the borrower understand and select the appropriate credit available from the access to credit options to uplift the enterprise operations. The counselors can talk with the entrepreneurs to help them develop a personalized plan for their credit issues (Kagan et al., 2021).

The critique of the theory showed that environmental conditions influence behaviors and human behave in many different ways. The proposition did not mention what type of behavior will be experienced from one environment to another or from one country to the next. There is insufficient evidence to show how humans will behave before birth and how behavior affects the five phases of human life. Humans learn in different ways and behave in different ways. No justification is provided to show how the different behaviors will affect the different forms of learning **(**Hart, et al., 2016**)**.

Only behavior is studied through observations and not human thinking. Social thinking has influenced on attitude and behavior. Individuals think freely about internal factors and among them are thoughts and feelings. Human freethinking should enable them to behave freely but the proposition has no room for free will. The theory did not show when the various types of behavior will change and how they will change. In addition, there is no human race factor considered in the change of behavior in humans **(**Hart, et al., 2016)**.** The entrepreneurs of micro enterprises could encounter problems if they focus on behavior for credit counseling and not social thinking since the proposition ignored the importance of thinking.

The theory highlights the importance of credit counseling as an effective vehicle for micro businesses to navigate the financial market and succeed. With credit counseling, the type of access to credit can unequivocally be understood for borrowing to improve investment. Further, the owners and managers can deal with mortgage problems and other types of loan challenges using the concept of credit counseling.

The Behavioural Theory was employed in this study to relate credit counseling services to access to credit by micro enterprises.

2.1.5 Theory of Reason Action

Researchers Martin Fishbein and Icek Ajzen formulated the reason action proposition and published it in 1975. The theory was advanced from their earlier academic work in information and integration theory in 1967. In developing the theory, the authors adopted the persuasion model whose development is linked to Carl Hovland of Yale University in 1945. Hovland initiated the concept to understand why changes exist in individual attitudes. Fishbein and Ajzen applied the same concept to find out why people exhibit certain behaviors and actions and their conclusion produced the reasoned action postulation (Hagger, 2019; Hale, et al., 2002; Yzer, 2013). The proposition is also termed Fishbein theory, and is associated with social psychology but has been adopted by investigators to elaborate concepts in other fields of study (Trafimow, 2009).

In this study, borrowing behavior can be linked to access to credit using the theory. According to the proposition, every behavior has an outcome and it is for this outcome that an action is performed. Both the behavior and outcome are pre-determined by the intention or belief that executing the action will achieve a specific objective. Intention motivates the behavior to be applied (Hagger, 2019). The behavior is foretold by the attitude and the action is influenced by social background and the surroundings, which are considered as subjective norms. Further, behavior influences decision-making. Value, character, risk, and disagreement or conflict are personal determinants that impact behavior in making decisions (Hagger, 2019).

A determinant of access to credit is borrowing behavior. This behavior controls decisions that influence credit access and is associated with socio-demographics and psychological and economic determinants. Among the socio-demographic characteristics that shape borrowing behavior are individual education, income, marital status, migration, and background. For instance, those with high incomes tend to borrow less while low-income earners borrow more (Davies et al. 2019). Traits like honesty, Loyalty, and openness portray favorable behavior for debt payment. Include too are **i**ndividual prestige and family connection.

Others are control of spending, good financial experience, and the use of a mental accounting framework. Borrowing behavior can also be shaped by conditions of rising prices, interest rates, exchange rates, and digital advancement (Davies et al. 2019). Lotto noted that in East Africa, household heads who are males borrowed more than female household heads, and young people in the working population are willing to borrow more to obtain non-financial assets based on the decision that age is still in their favor with the anticipation that their income will rise. In addition, a shift from traditional loans to digital loans because of changes in borrowers' behavior and decisions increased indebtedness, which result in households selling their assets to repay loans (Wamalwa, et al., 2019). According to Goel and Rastogi (2021) investigation into borrowing behavior established that the granting of loans for access to credit should be based on the borrower's purpose, occupation, earnings, credit history, and financial literacy to avoid loan default which is connected to the unwillingness to pay that is unfavorable to the lender.
The Reason Action Theory was adopted in this study to relate Borrowing Behavior to access to credit by micro enterprises in the formal sector in Kenya.

2.2 Empirical Literature Review

The review of empirical studies covered what other investigators have reported on the subject. Their reports contained facts from the research experiment carried out. The research method used, analysis of data gathered, variables investigated and findings derived are reported in this section (Begun, 2022). This study conducted a systematic literature review of academic journals, books, and other materials relevant to the study in order to determine research gaps.

2.2.1 Influence of Financial Market Awareness on Access to Credit

Innumerable studies have been carried out on financial market awareness, and among them are Kuruvilla and Harikumar (2018) who conducted a survey in India on monetary awareness among women entrepreneurs. The aim was to establish the level of awareness of female entrepreneurs' money management practices regarding monetary decision-making involving credit access, trading, leasing, and taking risks in investing. Among the variables, the investigation covered were women entrepreneurs, education and knowledge of personal finance control. The survey was conducted on 50 women entrepreneurs.

The researcher obtained the outcomes by testing a hypothesis on the women's education status and their financial management skills. The data were analyzed descriptively to obtain frequency, mean and standard deviation. Correlation analysis was espoused to determine whether the variables were related. From all the statistical operations, it was revealed that the entrepreneurs had financial awareness for basic financial matters but the knowledge was not sufficient for making difficult financial decisions. The promotion of women entrepreneurs' financial awareness in India is also practiced in Kenya.

In addition, Maroor et al. (2019), surveyed financial awareness for credit access decisions of bank customers in India. The study investigated whether banks provided the necessary awareness to their customers who were investors in other sectors of the economy. In their study, awareness and money preferences were the predictor variable, while inclusion was chosen for the outcome variable. The participants' were100 bank customers and frequencies, and percentages were computed from responses gathered. The outcomes of the analysis showed that customers obtained money management knowledge from five distinct financial inclusion awareness programs. Further, the knowledge gained enables them to understand credit access and other issues related to investment. In Kenya, banks often performed financial awareness to the users of monetary services through their digital platforms.

In a related study, Kumar and Pathak (2022) investigated financial awareness for access to financial services in India. The effect of monetary awareness for better credit access, bank payment services, insurance, and other risky assets decisions for inclusion was the focused on the investigation. The variables examined were monetary awareness, branch, and deposit and credit penetration. 1.2 million households were considered for the investigation but 200 was sample as respondents using the simple random sampling technique. Analyzing the study data began with computing frequency and regression was embraced to evaluate the linkage between selected variables. The study pointed out that financial awareness is statistically significant to access to credit and the effective use of financial services. The results also indicated that increase in monetary awareness favored optimal financial inclusion. The study uses raw data and secondary data.

Prakash, et al. (2022) in India used linear regression with a sample of 100 respondents and reported that financial awareness by microfinance banks is an important vehicle for achieving customer satisfaction objectives. This implies that monetary awareness has greater influence to credit access from microfinance enterprises. To obtain the findings the investigators tested four alternative hypotheses. The first stated that banks engaged in microfinance activities had qualified human resources to conduct effective awareness to satisfy the users of monetary services.

Secondly, a statistical difference from monetary awareness exists in terms of satisfaction between male and female users of banks products and services. Thirdly, there is statistical difference between individual occupation and satisfaction from using microfinance firms' services. Lastly, a difference exists statistically between age groups and the satisfaction of customers from the use of micro banks services. From the analysis of the data, it was concluded that financial awareness was unavoidable because it is an important tool in increasing monetary services and expanding financial organizations operations to other parts of the country for the unbanked population.

The investigation by Marak and Pillai (2021) found the use of financial and other forms of business awareness play a significant role in increasing the adoption of supply chain finance by SMEs that is still low across the globe for smaller enterprises. Additionally, limited knowledge, skills, and information symmetry were part of the challenges facing the adoption of SCF innovative instruments for expanding SME investment. The study in India focused on the alternative access to credit framework using a sample of 31 SMEs. The survey data was gathered using semi-structured interview questions. Non-parametric statistics involving Mann-Whitney U Test were adopted for results obtained and bar and pie charts for presentation.

In Jordan, the outcomes of Al-Okaily, et al. (2022) investigation revealed that behavioral intention is positively associated digital monetary services usage. Further, it was reported that financial awareness strongly influenced behavioral intention to enhance inclusion. The results were gathered by examining whether individuals and households' behavior intentions could increase inclusion through financial awareness. Seven hypotheses while monetary awareness moderated the connection between the predictor and response variables of the survey. The decision was to collected data from all 600 public employees identified from certain segment of the economy but 222 was later sample to respond to the questionnaires.

A survey conducted by Alam and Chen in Malaysia (2021) on financial awareness established that it produces effective knowledge for credit access and understanding of other financial variables including savings, investing and to prepare for retirement. The results were based on a sample of 384 individuals selected by applying the Krejcie and Morgan 1970 model from 1,000,000. The measures of dispersion and correlation analysis were applied to derive the results obtained. This empirical study tested six hypotheses. In conclusion, the authors indicated that a strong connection exists between financial awareness and adequate understanding of monetary instruments for inclusion.

A qualitative survey by Ismail et al. (2017) in Malaysia adopted the case study framework to inquire about the level of financial awareness in micro enterprises', if it positively affects the usage of risk sharing monetary products from a credit access perspective for the growth of the enterprise. The investigators interviewed seven micro-enterprises using unstructured questions focusing on insurance coverage. The results showed that financial awareness enabled the entrepreneurs seek risk-sharing monetary products for their protection in their credit access transaction to enhance inclusion. This micro-insurance is obtained through cooperation from individual micro-enterprise contributions to fund the micro-insurance. Malaysia is making insurance coverage for SMEs protection a priority, for Kenya is on a lower scale.

Ghosh (2018) investigated the effect of financial awareness in alleviating exclusion from credit access and usage in Vietnam. To derive the findings the author tested a hypothesis, that financial literacy awareness improves economic conditions and increases inclusion. The results showed that awareness by demographic and socio-economic profile, people's expectations, and keenness enhances financial inclusion. The study used secondary data and PCA and probit regression for the results obtained.

In Hungary, a study by Sagi, et al. (2020) on financial awareness found that awareness by cluster groups like students, SMEs group, and corporate and public servant groups using financial and non-profit institutions' financial literacy programs would speed up access to monetary services through increases in financial knowledge to enhance inclusion among the young generation. This quantitative study results were obtained using raw data, a sample of 16,000 students in higher education, and ward analysis and regression for the hypothesis tested.

Moreover, Panos, et al. (2019) study in Greece on financial awareness found that the fastest way to promote access and use of monetary services is with an online financial awareness platform. Additionally, the results pointed out that the awareness platform provides individual financial training and advice for improving financial behavior, learning how to search for needed information, understanding changes in financial data, and building platforms for profit. The findings were based on the use of linear and probit regression with a sample of 494 respondents from six EU countries. .

Dalkilic and Kirkbesoglu (2017) study the influence of financial literacy awareness for understanding insurance firms' monetary services for successful operations in terms of clients, access to credit, and expansion in Turkey. The analysis of the collected data from 400 participants using t-statistics and correlation analysis enabled the researchers reported a statistical difference in insurance services awareness among students in higher education. The study concluded that more financial awareness was needed in various communities to enable families to understand insurance products for investing.

In the Philippines, Villegas, et al. (2020) found the effectiveness of financial, legal, and managerial awareness to enable MSMEs administrators to practically understand rules, laws, and regulations governing registration and other aspects of SMEs' smooth operations in the various provinces of the country. The study assessed whether financial awareness could enable SME owners and managers understand the use of government Acts, rules, and regulations effectively for operation success. The results were derived using a sample of 340 enterprises and analysis of the mean from grouped data.

In Egypt, macroeconomic policies effectiveness in SMEs' inclusion was examined based on financial awareness by ElDeeb et al. (2021). The policies were critically analyzed to see their contribution in promoting the inclusion of micro-small and medium-sized business. Banking services usage, tools for marketing awareness and macroeconomic risk were the main variables statistically analyzed. The survey anticipated on gathering data from all 432 SMEs but 355 was sampled from random sampling methodology. Raw data was assembled from structured questionnaires developed by the investigators and issued to the respondents. Because the survey was quantitative, mean and frequency were computed. Additionally, the PCA and logistic regression were utilized to determine whether the variables could increase financial inclusion of SMEs. The outcomes revealed that access to finance is statistically increased by macroeconomic policies that promotes access and use of banking services and marketing awareness and this enhances financial inclusion.

Meanwhile, in South Africa, Msomi and Olarewaju (2021) conducted a study on SMEs financial awareness to test its effect on sustainability involving the use of budget of the firms' financial activities. The investigation was carried out in an environment of 700 SMEs but 321 was randomly sampled. The sector sampled were retail, construction, and manufacturing. Dual-process theory elaborated the variables and supported the testing of the hypothesis. The study utilized primary data gathered from self-developed structured questionnaires. Mean and standard deviation were computed using the descriptive technique and correlation and linear regression methods were adopted to find out the connection between the selected variables. The findings reported that monetary awareness has a significant influence on sustainability. In addition, awareness influenced adequate budgeting of SMEs.

A scholarly work by Msomi (2021) used correlation and regression and reported a positive linking of financial awareness and access to credit for SMEs' sustainability in South Africa. The study aimed to determine whether monetary awareness could drive sustainable SMEs using a sample of 310. The guiding principles for this quantitative survey conducted were agency, stewardship, resource dependence, general systems, and pecking order theories.

Relatedly, Oseifuah and Manda (2017) study the importance of financial awareness to owners and managers of micro enterprises funded by the government of South Africa. The results revealed that administrators of micro business firms sponsored by the state have limited knowledge of financial access of these enterprises. The results were based on raw data collected from 50 enterprises and analyzed using pie charts and bar graphs. In conclusion, the author noted that this form of awareness was good to help businesses in rural communities to understand access to credit for inclusion.

Mashizha and Sibanda (2017) found that a lack of financial awareness can negatively impact a small business's ability to use financial products and services, as well as access credit. The study's findings were based on a survey of SMEs in Zimbabwe. The variables tested for the results obtained were savings accounts, investments, shares, term deposits, loans, and insurance. Additionally, the investigators endorsed and used field survey method. Data for the results reported were gathered from 400 of 800 SMEs randomly sampled. The analysis of data involved the use of descriptive and Chi-square statistics.

Closely, Sindambiwe (2019) established that in Rwanda, financial awareness contributes significantly to increases in financial literacy among investors on the stock market but low stock market participation was found to exist among organizations in the country. The survey sought to measure the level of monetary awareness, functioning of the stock market, and institution participation in terms of investing in this segment of the financial market of Rwanda. The findings were based on two hypotheses tested, a sample of 91 randomly selected organizations, ANOVA, and correlation analysis. A recent study in Kenya by Mwenda et al. (2021) found that credit awareness is one aspect of financial awareness that can have a significant positive effect on the performance of MSMEs. The study's sample size was 120 MSMEs, and data analysis was done through linear regression and descriptive/inferential statistics. The study concluded that continuous monetary awareness in the business sector was important to increase credit access of banking services.

In Uganda, a financial awareness study by Khan (2018) reported a strong and positive connection between monetary awareness and investment preference of women in the working population and it contributes to increases in financial access of banking products and services. The study used a sample of 200 women, tested two hypotheses, and adopted correlation analysis for the results presented. The author concluded that Uganda has a long way to complete access to finance by individuals and businesses for use of banking services and financial awareness can achieve this objective.

In Kenya, a financial awareness or literacy study by Owen (2020) utilized the Kenya FinAccess national survey as undertaken in 2013 and 2016 across the counties in Kenya. The study adopted an exploratory research design and included variables like age, income, religion, proximity to financial institutions, education and work experiences and data was analyzed using a multinomial logit model. The research concluded that increase in financial literacy or awareness increases the credit access.

2.2.2 Influence of Financial Planning Services on Access to Credit

Globally, surveys had been conducted to explain the significance of financial planning and this includes in Sweden, Samuelsson (2018) research the contributions of financial planning services in family businesses and found a positive connection between monetary planning and entrepreneurial orientation. Additionally, accounting planning was found to have a lesser extent in the short term than in the long term. Further, planning contributes significantly to family SMEs' managerial practices. The survey outcomes were obtained by testing four alternative hypotheses using a sample of 156 families SMEs firms from 939, and regression analysis was applied to the data.

Rahadi (2020) found that failure to seek financial planning services for proper control of monetary activities decreased the profit margin of Moringa Culinary MSMEs in Indonesia. The survey was conducted to evaluate the appropriate actions necessary for access to credit and to improve the performance of this fast-growing enterprise. The basis of the study outcomes was qualitative data collected from three interviews conducted and analyzed. In Djamalov (2021) study on monetary planning reported that the adoption and use of a risk-based framework of enterprise financial planning services would take into consideration the measures of risk analysis and management to mitigate risk which is the main factor associated the with internal and external access to finance for MSMEs growth and survival.

Research by Pardo et al. (2018) found that limited utilization of financial planning practices affected the training of SME owners and managers in understanding financial concepts for the effective management of SMEs in the Indian city of Barranquilla. The study demonstrated whether monetary planning services as a financial tool for performance could influence the level of SMEs' sustainability. Arithmetic mean was applied to obtain the outcomes reported from data analyzed from a sample of 40 entrepreneurs. Biwott (2017) established that growth in SME operations in Kenya was strengthened by the adoption of financial planning methods that positively influenced cash flow management, credit, and debt analysis, savings and investment analysis, and sourcing of finance for expansion. The survey aims to analyze how strategies in financial planning services can improve SMEs' activities for growth. The outcome was based on multivariate regression using a sample of 70 MSMEs respondents.

The research of Agarwal, et al. (2020) in India found a low correlation between financially literate individuals' understanding and application of financial concepts and their financial planning behavior. This implies that the various levels of monetary literacy contribute to planning financially but pieces of training were required to improve the financial planning of monetary literate individuals for effective decisions relating to complex transactions involving the various forms credit access and other forms of investments. The results were gathered from secondary data analyzed from 1694 respondents to understand their financial and investment planning behaviors.

A survey by Amankwah (2019) established that financial planning enhanced the monetary literacy of SME entrepreneurs for understanding family savings, equity, overdraft, and debt sources of financing in Ghana. The result was based on data collected from 94 entrepreneurs and analyzed descriptively. The study concluded that more training was required to understand other aspects of credit access. Likewise, Ismanto et al. (2022) in Indonesia found that financial innovation in SME firms in Indonesia was not influenced by financial planning services but by the education of the entrepreneurs. The study was carried out to examine whether credit access, individual competencies, and financial planning could provide a better explanation for innovativeness in MSMEs. The basis of the investigation outcomes was regression analysis from raw data gathered from a sample of 285 of 8,695 SMEs.

The study by Ariyo, et al. (2020) found that financial planning services had limited influence on the management of risk and monetary performance of SMEs in Nigeria. Additionally, credit access components of savings, cash budget, payments, and cash control had a positive effect on SMEs' performance when using financial planning. The Measures of dispersion, correlation, and regression were adopted to analyze data gathered from 150 employees of 15 SMEs using the investigators-developed questionnaires for results reported. The findings of the study by Vera-Colina, et al. (2019) in Colombia found the link between financial planning characteristics and access to credit levels to be weak in SME firms with low, average, and medium-high credit access from the suppliers of goods and services. The result was obtained from a sample of 67 firms and descriptive and correlation analyses were accepted and applied to the raw data.

Mutanda (2019) study in South Africa revealed that MSMEs entrepreneurs had limited knowledge of monetary planning and had little interest in seeking financial planning services from experts. Additionally, those who sought advice had challenges with proper implementation and as a result, some deviations affected their understanding of the financial activities of their enterprises. The survey examined the perceptions of entrepreneurs regarding the use of financial planning for the effective management of their enterprises. The data obtained from 100 entrepreneurs and analyzed using the measure of central tendency influenced the study results. In Malaysia, Boon (2017) use descriptive statistics involving a sample of 160 MSMEs and found that financial literacy improves the financial planning behavior of owners and managers, enables them to seek financial advice, and acquired knowledge of financial planning for proper understanding of monetary activities relating to investment.

Kaiyuni (2017) who investigation in Kenya found financial planning services as an enabler of MSMEs' profit margin from access to credit, the firm asset, and risk management. The study outcomes were derived from the raw data gathered from a sample of 48 SMEs and descriptively analyzed and presented using pie and bar charts.

In Kenya, Omboga and Okibo (2016) reported that making use of financial planning services enables MSMEs to achieve access to credit and control objectives. The study aims to examine how the aspect of credit access including cash control, payment, and budgeting influenced the development of MSMEs, specifically the manufacturing companies in Kenya. The outcomes were presented from a sample of 142 manufacturing MSMEs analyzed using measures of dispersion and Pearson correlation. In addition, Awang, et al. (2019) in Malaysia found a connection between MSMEs' financial planning services and Islamic finance and that such a relationship significantly contributed to the growth in demand and supply of Halal goods and services in Muslim countries since credit access using Islamic principles excludes the payment of interest and other forms of gains for lenders. The investigators derived the outcomes from correlation analysis involving a sample of 200 SMEs. The investigators concluded that hosting workshops, seminars, and conferences for training are important to provide a better understanding to SMEs in the Halal industry for the holistic practice of Islamic financial planning.

2.2.3 Influence of Credit Counseling Services on Access to Credit

In America, Staten et al. (2018) empirical evidence suggest that effective methodology design by counseling agencies for credit counseling would improve borrowers, individuals, households, and businesses' behavior toward debt for use of credit facilities significantly and positively. In addition, for individuals, owners, and managers financial counseling can positively influence their type of access to credit for inclusion. Credit counseling agencies use regression analysis to examine secondary data. This data is then used to help predict future trends and behavior. The data showed 880,000 individuals who were provided credit counseling for making better financial decisions. The outcomes of the research by Harianti et al. (2021) in Indonesia revealed that micro enterprises need to take actions involving the use of financial literacy and credit counseling programs to improve their ability in making better monetary decisions to alleviate financial difficulties. Further, the programs can improve the enterprises' ability in selecting the appropriate kind of financial access for financing their investments in Bandung.

An investigation by Staten and Barron (2019) examined the impact of three delivery channels of credit counseling services provided by 10 counseling agencies to 59972 clients. The clients were sampled from 70000 individuals that attended the counseling programs in America. The three delivery channels were the use of telephone, face-to-face, and the combination of telephone and face-to-face counseling services. The results of the study showed that debtors who received financial counseling were less likely to experience delinquencies in debt payments, less likely to declare bankruptcy, and more likely to be seen as creditworthy by lenders. The findings of the study increase the chances that the client will be included in financial opportunities, such as access to credit. This is important because it allows the client to participate in the financial system and provides them with the opportunity to build a better future. Further, the results showed the three channels had client education and identification in common. These were part of the causes of the client's financial challenges. The data to derive the outcomes were analyzed by use of arithmetic mean and linear regression.

Kim et al. (2019), credit counseling using path analysis can improve financial behaviors, health, and well-being of businesses, individuals, and households in America. The study also found that it is an effective way to improve financial habits and reduce stress and anxiety levels. The findings suggest that credit counseling can have a positive impact on the overall financial health of businesses, individuals, and households. Further, a positive link was found to exist between credit counseling and debt management programs and this reduces the financial stress of debtors. Additionally, good debt management schemes can influence the form of financial access of SMEs and other borrowers in the financial market. The testing of four alternative hypotheses was the basis of the findings reported. First, credit counseling can be influenced by individual attributes and financial behaviors. Secondly, individual attributes can cause financial stress and influence credit counseling. Thirdly, financial well-being is affected by individual attributes and financial behavior, and counseling. Lastly, financial behavior and stress events can influence well-being, credit counseling, and financial health. The study utilized a sample of 4,000 respondents, out of which 1800 were chosen. Paired t-test and path analysis were both employed in order to analyze the secondary data and draw conclusions.

Roll and Moulton (2019), consumers and investors who seek credit counseling services can expect to see a reduction in debt, bankruptcy, and access to credit. The researchers used a difference-in-difference panel regression model to evaluate the effectiveness of credit counseling and found that it is associated with a constant reduction in debt, bankruptcy, and access to credit. While credit counseling may not be a cure-all for financial problems, the study's findings suggest that it can be a helpful tool for managing debt and improving financial health. The outcomes were derived from secondary data from a sample of 8963 individuals out of 43072 who received credit counseling in America.

Additionally, Hiratsuka and Gonzalez-vega (2019) adopted the cox model to determine whether credit counseling was capable of terminating low-income households in America mortgage loans since these programs have various methods of delivery with varying outcomes. The empirical evidence gathered suggests a feeble threat of loan default of individuals who completed counseling programs. In addition, the programs had influenced on their debt and repayment behaviors. Further, counseling serves as a good instrument for individuals and businesses access to finance. A sample of 387 loans from a bank dataset consisting of 1338 mortgage loan accounts was analyzed for results reported.

In the UK, Disney et al. (2018) adopted the Heckman model and established that credit counseling is financial advice that substitutes financial literacy provided to customers and investors. In addition, sixty percent of individuals and households with adequate monetary literacy knowledge rarely use credit counseling. Further, financial counseling serves as a cure for limited financial literacy. The survey used a secondary dataset that contained1300 individuals. Mori and Richard (2019) survey on credit counseling services showed that banks in Tanzania were unable to finance MSMEs because of insubstantial financial literacy, and financial advice in selecting the appropriate types of access to credit and lack of credit management knowledge. Further, they lack awareness of different types of monetary products and services offered by different banks and purposes of the business venture and lack of collateral. The study embraced the case study method and gathered data from 6 banks out of 15. The data was obtained through an interview with bank officials and analyzed using qualitative methodology.

The 2007-2009 financial crisis created the avenue for more research in consumer counseling and includes Liang, et al. (2017) in South Korea who reported that increases in lending to SMEs will increase bank cost efficiency due to training resulting from crediting counseling to SMEs and this reduces credit risk in credit guarantees. Better credit counseling services positively influenced SMEs' choice of credit. Further, a country with a credit guarantee system that contains good credit counseling programs can reduce SMEs' share of credit risk and this leads to an increase in bank cost efficiency. The investigators adopted the stochastic frontier technique to analyze secondary data that covered ten years period from 14 banks for results obtained.

In Jordan, Maswadeh (2018) identified compliance with regulations, assurance services, and reliability of transactions, materiality, empathy, and responsiveness of the banks in dealing with financial consumers as Cartel Model indicators for quality services to satisfy the purchasers. In addition, credit counseling and an empathy framework can improve the Cartel model dimensions to influence the banks' service quality. The banks' Cartel dimensions are instruments that SMEs can use to identify a better kind of credit access to obtain loans from financial organizations. The survey sought to investigate how the quality of banking services enhances the satisfaction of monetary services users. The outcomes were based on raw data analyzed from 60 SMEs using arithmetic mean and Sample-t-test.

Further, in Hong Kong, Wang (2020) employed qualitative analysis and reported that credit counseling agency programs help reduce the indebtedness of monetary service users. In addition, the programs provide a pathway through which individuals and households can make better decisions in choosing the appropriate type of credit access for scores of investments in the economy. Semi-structured and open-ended interviews were carried out with 19 agencies engaged with credit counseling services and data gathered were analyzed for results reported. In Uganda, Alzua et al. (2020) adopted Chi-square statistics and used two experiment groups of youth entrepreneurial who were SMEs owners and managers between the ages of 18-35 to test their risk tolerance after acquiring adequate knowledge of financial credit from the completion of credit-counseling programs. The treatment group comprised 268 and the control group contained 287 participants. The test results showed that youth who graduated from the programs had a lower desire for credit due to the increase in financial awareness regarding the risks associated with credit. Such fear affected their decision in selecting the types of credit access to finance their enterprises.

A survey by Punyasavatsut (2019) found internal and external methods of financing to be the two ways available for access to credit for SMEs in Thailand. The internal is borrowing from family and other relatives while the external is bank lending. Thirty percent of MSMEs are financed externally and 70% internally. Further, the major challenges associated with Thailand SMEs in selecting other suitable forms of credit access were information asymmetry between the investors and banks, lack of credit counseling and financial advice, and insufficient collateral for the debt. Arithmetic mean and logit regression were applied to analyze the data from secondary sources gathered from 100 firms.

In Kenya, Mutegi et al. (2018) investigated the effect of Equity Bank monetary literacy programs that involved credit counseling offered to SMEs to build their financial skills for better bookkeeping, budgeting, credit access, and credit management and to increase their managerial capacity. The results indicated that all skills investigated influenced the types of credit access of micro enterprises including the other SMEs and positively influenced their ability for debt payment. The results were predicted on primary data gathered from a sample of 30 SMEs and analyzed using measures of central tendency and regression.

2.2.4 Influence of Credit Risk Education on Access to Credit

Non-performing loans of debtors pose great difficulty in the global financial markets, and therefore, several researches have been carried out devising mechanisms to educate lenders and borrowers on how to handle default risk. Among the studies are Bennouna and Tkiouat (2019) in Morocco who used logit regression and multivariate analysis to analyze data on the credit-scoring model developed to provide credit risk education for analysis of descriptive data on individual credit and those relating to firms.

Further, the risk management instrument provides credit risk education for understanding borrowers' debt behavior, demographic profile, and attitude toward debt. The results also pointed out that using big sample data, the idea is capable of predicting clients' behavior for loan default and performance based on information relating to the customer loan activities. The credit risk knowledge can also enable SMEs and other investors to access the risk of the various frameworks relating to credit. The study used 1500 individual loan customers as respondents for data collected and analyzed for the prediction model.

Meanwhile an investigation by Kollára and Gondžárováb (2018) in Slovakia analyzed Moody's KVM, Credit Metrics, and Credit Risk+ as three models that provide credit risk education to firms' investors on how to assess creditworthiness, credit default, and valuation of assets. The study also compares and contrast the models and found inconsistencies in how expected loss and value at risk are estimated due to irregularities in the input parameters and default probability. The models are measures for accessing finances from the analysis of credit events and enable individuals and institutions to invest in stocks, bonds, and other financial market securities for gain.

In addition, Virglerova et al. (2017) survey in the Czech Republic adopted the Chi-square test and established that SMEs entrepreneurs' low knowledge of credit risk education affects their access to credit and the condition under which loans are obtained from lending institutions. The investigators tested four hypotheses for the findings obtained. First, credit risk education can be important doing a financial crisis. Secondly, MSMEs owners and managers' low knowledge of credit risk affects their loan conditions. Thirdly, the entrepreneurs obtain bank loans under transparent conditions due to their perfect knowledge of financial organizations lending approaches. Lastly, entrepreneurs' limited knowledge of credit risk criteria affects their access to credit, and understanding of borrowing costs, and influences default. The average and the Pearson-square statistics were used to analyze the data gathered from 1141 SME entrepreneurs.

In Latin America, Wenner et al. (2017) sought to evaluate how monetary organizations with rural agriculture portfolios provide awareness to MSMEs entrepreneurs and adopt methods of credit risk education to control, manage, reduce and shift default risk and measure the performance of financial firms. Forty-two banks participated in the survey as respondents. Data assembled were critically analyzed to determine frequency and percentages. The results were presented and interpreted using tables and charts. The findings reported no differences in the transferring of credit risk between regulated and nonregulated monetary institutions. The regulated mobilized capital from customers' deposits and, therefore, the risk of loans is transferred to the borrowers. Borrowers can also transfer credit by use of a third party like insurance companies. Risk is also shifted using financial instruments and assets that include derivatives, swaps, and collateral.

In a related development, Abdelmoula (2018) applied the K-Nearest Neighbor model to assess credit risk education for risk management to predict the performance of commercial banks' short-term loans in Tunisia. The model results showed good performance of the loans resulting from better classification rates and the information relating to the accrual and the loans' cash flow. The default risk models are good infrastructure for evaluating approaches to firms' credit access from financial institutions. The investigators used secondary data from 924 credit records of banks. The outcomes of Dvorský et al. (2018) investigation in the Czech Republic revealed that MSMEs' credit risk education for understanding banks' credit conditions was somewhat low. In addition, the credit criteria were equivocal but entrepreneurs were unable to navigate them due to the absence of credit risk knowledge. The risk of limited credit education harms SMEs in selecting suitable types of credit access.

The investigators collected data from 1141 respondents and adopted the measures of variability, and a two-sample t-test to analyze the results.

Yoshino and Taghizadeh-Hesary (2018) study on SMEs default risk education proposed a model for educating entrepreneurs on how to assign credit ratings. The credit rating model is comprised of two statistical tactics: PCA and cluster analysis. These techniques are used to assess the creditworthiness of borrowers. To develop this idea, the investigators used eleven monetary ratios of 1363 small and medium enterprises in Asia. The equation is helpful in understanding SMEs' access to credit. A study by Yu Li (2019) in China found that the XGBoost algorithm method had better statistical influenced in identifying loan customers who default in paying back the money to the lender. This credit risk education research sought to establish which credit risk evaluation equations would be better in identifying the repayment behavior of customers of loanable funds. Such knowledge is essential in access to credit analysis.

In China, Wu (2017), research on credit risk education developed the group decision-making model based on grey rational deconstruction to provide education and support in managing default risk. The credit risk analysis idea is effective and capable to guide individuals and businesses' strategies for successful operations. It can solve complex risk challenges of enterprises and improve the overall satisfaction level. In addition, this equation for default risk can guide the selection of suitable measures of access to credit to finance micro and other SME firms by financial institutions. The model was tested using data from four public companies in China. Doko et al. (2021) research in Macedonia on credit risk education proposed a credit registry model that is considered the most accurate equation for predicting credit risk and capable of separating reliable borrowers and those unreliable. The model can be combined with the decision tree model and use along with random forest and linear regression for predicting credit risk performance using imbalanced data. The study aimed to examine the effectiveness of machine-learning ideas to make a correct model that will provide credit education in assessing credit risk using the Central Bank credit registry dataset.

In Finland, Goderis et al. (2017) found that banks that adopted advanced default risk education and participate in the financial market to control credit risk would be able to increase their target loan levels by approximately 50%. The study adopted the GGM estimator and ordinary least square regression to analyze panel data that comprised financial information of 65 out of 13000 banks selected globally. According to the research of Dietsch (2018), credit education has a significant impact on the ability to access credit. Additionally, Martin and Jang (2019) found that credit education plays a role in credit accessibility. Consequently, these studies suggest that credit education is an important factor in credit availability. Dietsch's study observed that countries with higher levels of financial literacy saw the greatest impact from credit education. Meanwhile, Martin and Jang's study found that this positive effect was evident across the globe in the developed and developing economies, with no difference in results regardless of the financial literacy level. Their research suggested that credit education can be an effective tool in increasing access to credit.

Shafer and Turner's (2020) meta-analysis found that credit education programs have a positive impact on access to credit. The study looked at data from a variety of sources and found that, on average, these programs improve access to credit and help people manage their credit more effectively. Specifically, the study revealed that individuals who completed the program experienced a 9.4% increase in credit access. This effect was especially pronounced among people from low-income backgrounds and with low credit scores. These findings demonstrate that credit education programs can be an effective tool for those who may lack the knowledge or resources to easily access credit. Furthermore, the study concluded that credit education can be a successful way to expand access to credit to individuals who may not otherwise have the opportunity.

Brown and Dutta (2018) illustrate that providing credit risk education to rural households in India had a significant impact on their potential to access and manage credit. The research showed that those households that received the credit risk training were more likely to access credit and were better able to manage debt than those who did not. Not only that, the beneficial effects of credit risk education were even more pronounced in female household heads than their male counterpart. This indicates that credit risk education can be a powerful tool for improving access to credit and assisting households in managing their debt.

The findings of the study by Piskorski and Seru (2017) indicate that credit education can be an effective tool for increasing access to credit. Participants who received the credit education were 10 percentage points more likely to have access to credit than those who did not receive it. Furthermore, those who received credit education had higher credit scores, were more likely to be offered a better interest rate, and had higher total credit limits compared to those who did not receive credit education. This research demonstrates the powerful impact of credit education and the positive financial outcomes it can produce for individuals.

2.2.5 Influence of Borrowing Behavior on Access to Credit

According to Mezza et al. (2021), the increasing education loans of those in higher education within the US, caused by the soaring rate of state university tuition, has a two-fold effect on consumers. Firstly, it increases the borrowers' demand for extra consumer debt. Secondly, it restricts their ability to access it. This ultimately varies by market, depending on whether the availability or demand channel dominates. For example, in less tightly underwritten credit markets like those for auto loans or installment sales contracts, increased student debt from loans results in increased borrowing usage. However, in more firmly underwritten credit markets like credit cards, increased student debt results in a net reduction in the use of credit.

Lukas and Noth, (2020) in Germany conducted a laboratory experiment to understanding changes in borrowers' behavior when refinancing debt and it was established that a change in the lender cost of borrowing money can affect borrowing behavior by influencing borrowers to search for new behavior in finding suitable ways of financing their long-term outstanding debts. The debtors may switch loyalty when interest rate increases. Some may decide switching to other forms of lending in search for decreasing interest rate. This means that borrowing behavior influences borrower loyalty in the financial markets, it changes based on the prevailing situations. The outcomes were based on raw data gathered and analyzed from 742 respondents the German mortgage market.

Research by Almenberg, et al. (2021) in Sweden used ordinary least square regression and found that individual debt attitude has family links and cultural characteristics (another for elements) that influences borrowing behavior. This suggests that behavior is absorbed and pass on from one member of the family to another. In addition, changes in individual indebtedness is caused by variation in debt attitude determinants such as education, risk-taking, and financial literacy. The results reported was linked to primary and secondary data gathered from 844 respondents.

Cwynar, et al. (2020) study use regression to demonstrate the understanding of positive borrowing behavior and found that debt literacy individuals in Poland portrayed less experts' financial advice seeking behavior than those with financial confidence who were not total debt literate. This implies that debt literacy can predict positive financial behavior, which can influence good behavior of borrowers for debt settlement. Further, social connection between individuals influenced financial expert seeking behavior, which can increase objective debt literacy and affect positive borrowing behavior. For the results reported, primary data obtained from 1,055 social media respondents were used to test three hypotheses and logistic regression was employed to determine the link between the chosen variables.

The study by Jamilakhon, et al. (2020) in Uzbekistan found that power prestige can influence borrowing behavior. Further, it was established that financial literacy education, attitude towards debt and peer influence have little effect on individual behavior towards debt. The study was conducted to assess the determinants that can influence debt behavior. The results were based on four hypotheses tested using data collected from a sample of 110 respondents.

Goel and Rastogi (2021) study on borrowing behavior in India cautioned banks to consider non-financial factors associated with borrowing before approving loans for borrowers. Among the factors are age, loan purpose, experience of work, occupation, earnings and credit history, financial literacy, and national credit bureau information. Further, the investigators pointed out the non-financial factors can be quantified and verified using an intuitive credit scoring model to assess personality traits and the reliability of borrowers. In addition, the debtors can further be evaluated by utilizing the credit scoring model, specifically those without suitable past reports of credit and dependable accounting statements. The study sought to divulge the influence of a conceptual model for examining borrowers' distinguished qualities and to forecast the credit risk of debtors using certain behavioral and psychological traits identified. A desk review of 16 articles was used for the outcomes reported.

In India, Rai, et al. (2019) study on borrowing behavior found a strong connection between financial attitude, knowledge and behavior of women in New Delhi working class in the various sectors. To obtain the results, raw data were gathered from 394 participants, three hypotheses were tested and structural equation modeling and path analysis were applied to determine the link between the three variables. This finding implies that the females' population in New Delhi understands financial literacy concepts to fully manage their finances.

Akorsu and Agyapong (2017) established that limited knowledge of risk analysis and management affects borrowing. It creates challenges in selecting the appropriate kinds of access to credit and as a result, it limits SMEs' access to finance in Ghana. The investigators concluded by proposing an alternative financing framework known as the MSME Network Fund Model incorporating the government, the private sector, and SME owners to establish a pool fund through voluntary contributions to facilitate MSMEs' financial reserve. The SMEs Network Fund Model used in Ghana to finance SMEs has not been adopted in Kenya.

A study by Lotto (2019) in Tanzania used secondary data to investigate the borrowing behavior of households in the East African community. The outcomes of the Tobit regression showed that gender influences borrowing behavior and higher borrowing exists among male household heads than for females who are household heads. In addition, indebtedness was found to be common among young household heads with lower-income and fewer assets. Further, education was the determinant of the increase in credit based on financial literacy sensitization of borrowing in relation to household earnings. Overall, the study assessed the borrowing behavior of people in East Africa based on their demographic information.

In Kenya, Kariuki, et al. (2016) on borrowing behavior used multiple linear regression and reported that individuals' indebtedness is influenced by their debt behavior. The authors were evaluating the causes of indebtedness in the sectors regulated by the government of Kenya. The study results were based on primary data gathered using a self-developed structured questionnaire and distributed to 40 participants in the survey.

The outcomes of the study by Adam (2017) established that over-indebtedness spread across Nairobi County youth population but differ with respect to the education level of the two genders; male and female. Those with higher education attainment were debt literate than those with low level of education. This implies that debt literacy has influenced on borrowing behavior among the youth. Further, over-indebtedness also spread across the demographic characteristics of the two gender groups and include age, income and employment. The findings were gathered by testing hypotheses using raw data from 159 respondents and applying linear regression to determine the linkage between the selected variables.

2.2.6 Influence of Access to Credit

Research by Beck et al. (2017) in the Netherlands found the different types of bank ownership globally to influence the distinct types of organization framework and borrowing technologies in their forms of credit access for financing SMEs. Additionally, the study found a limited connection between banking pricing of loans, credit access technologies, and organization structure. It was also established that relationship banking is not helpful to MSMEs financing. Further, institutional and legal environment differences affect the types of loans and their pricing across bank ownership types. The study adopted multivariate regression to analyze secondary data of 91 big banks from 45 developed and developing countries for the results obtained.

Dalberg (2017) established that international financial institutions through national financial intermediaries provided SMEs in developing countries incentives for growth and expansion as a form of access to finance. In addition, development partners like international financial intermediaries provide technical assistance to develop a sustainable lending market for SMEs' credit access in developing economies. The study interviewed stakeholders as respondents and analyzed data gathered using a qualitative research framework.

In Estonia, a study by Durst and Gerstlberger (2021) revealed that one form of SMEs' access to finance was through development programs by development partners. The study found that through the European Union programs MSMEs that focus on environmental sustainability were provided incentives to grow and continue to support environmental initiatives. Additionally, the survey found regional differences to be strongly associated with SMEs' support policy framework. The researcher adopted a desk research framework. The study reviewed 64 secondary sources for the findings derived. Support to MSMEs through national government from development partner programs has improved SMEs in European nations but MSMEs in Kenya are yet to experience such development.

The World Bank Group (2018) established that assessing and improving the financial capabilities of SMEs owners through better financial literacy programs is the first important step to determining the appropriate type of access to credit to adopt to support the enterprise for development to contribute to the national economy of low- and middle-income nations. The study was carried out to formulate a measuring instrument to assess the financial capability of SMEs owners for credit access. The instrument was developed through a process of expert consultation and content analysis. The resulting instrument is a valid and reliable measure of financial capability for credit access. The survey adopted the qualitative research methodology involving focus group discussions and interviews with 600 MSMEs owners in 24 nations across different regions of the globe. Twenty-five owners of enterprises in the SMEs category were randomly selected in each country as respondents.

In Vietnam, Tran et al. (2021), investigated the access to credit and MSMEs ownership structure for job creation to alleviate poverty in Asia and reported that the adoption of acceptable forms of financial access to MSMEs financing and better structure of ownership for inclusion are key to growth in employment thereby alleviating challenges in the living condition of individuals and households. Further, the study also found a low connection between government ownership and control of MSMEs and an increase in employment. The findings were derived from the testing of two hypotheses.

The first hypothesis stated that job creation in domestic and foreign ownership SMEs is positively connected to the appropriate type of access to credit. The next hypothesis indicated that limited challenges in MSMEs' credit access significantly contribute to the level of employment in developing countries. The tests were carried out using panel data from 2,572 SMEs and the GMM estimation technique for analysis.

Fatoki (2018) survey found the forms of access to credit involving the use of debt financing as an obstacle to the survival of newly established MSMEs in South Africa due to scores of major lending requirements that included a good relationship with lending institutions, the business blueprint, owners and managers' competency and good credit rating by lenders and collateral. The study adopted the qualitative approach to analyze data collected through a structured interview with managers of four leading commercial banks.

Garwe and Fatoki (2019), however, find that gender differences affect the external form of credit access, which is debt finance, and influenced the availability of funds for SME operations. Additionally, there is a significant difference in the degree of gender differences and entrepreneurial characteristics between micro, small, and medium-sized enterprises in South Africa. This study found that entrepreneurial characteristics are more significant in small and medium enterprises, while gender differences are more significant in micro enterprises. This quantitative study used t-statistics and logit regression to analyze raw data gathered from 312 out of 1936 MSMEs. The authors concluded that several factors affected female entrepreneurial access to credit and among them were no collateral and business license and a low level of education. Therefore, there is a need for good measures to help females to obtain bank loanable funds for investment purposes to reduce poverty among the female population in South Africa.

Access to credit by SMEs is a global phenomenon been studied by many researchers including Oladipo, et al. (2021) in Nigeria. The researchers used the Chi-square test on a sample of 116 SMEs and found a connection between cooperative society lending, a type of credit access, and inclusion. In addition, the study revealed that such financial access approach is associated with the flexible interest advantage of loans compared to other kinds of access to credit. In conclusion, the authors noted that government should design a policy to encourage SMEs to access funds using the cooperative framework.

Aliero and Yusuf (2017) used regression analysis and found no link between SMEs characteristics, owners and managers' demographic profiles, collateral and ownership structure, and the volume of credit from financial organizations. Additionally, a connection was found between the banks' various types of credit access and interest charges. The outcomes were based on data collected and analyzed from a sample of 294 out of 1710 SMEs in Nigeria. A survey by Abdullahi (2018) found a limited collaboration to exist between cooperative societies and the government in SMEs' access to finance and adequate implementation of government policies in funding that sector of the economy in Nigeria. The results were obtained from a meta-analysis of several empirical papers on SMEs.

Research by Adekunle et al. (2021) adopted a qualitative analysis framework for data collected from four SMEs in Osun State, Nigeria, and found flexibility in cooperative society role and strategies for MSMEs' access to credit for growth and expansion. It was concluded that improvement in cooperative societies' intervention strategy for SMEs financing was necessary for poverty alleviation. Kidali (2020) found an interconnection between MSME owners and managers' demographic characteristics and access to finance. Additionally, the enterprise location, availability of electricity, and start-up capital influenced their growth. The outcomes were derived from KNSB secondary data with a population of 50,043 MSMEs in Kenya.

Adegoke (2021) accessed the level of advancement in SME development and revealed a negative connection between MSMEs operations and monetary regulations in Nigeria. Additionally, loan extension by cooperative societies and financial institutions has significant effect on credit access and the accomplishment of MSMEs. Multivariate regression was adopted to analyze data gathered from 70 entrepreneurs. In conclusion, stringent regulations of government affect their survival and sustainability. The OECD (2015) investigates the types of credit access for alleviating MSMEs' entrepreneurial failure in their financial inclusion drive. Asset-based finance, alternative deb, and hybrid and equity instruments are appropriate kinds of credit access in addition to bank lending.

Racheal and Uju (2018) revealed that access to credit from commercial banks has several challenges alluding to the downscaling of SMEs' growth and expansion for economic empowerment in Nigeria. The outcomes were predicted on three hypotheses tested using 109 MSMEs and Chi-square statistics. The first hypothesis indicated that the chosen type of access to credit affects SME procurement of loans. Secondly, there is limited contribution of the type of economic banks' lending to SMEs' survival. Thirdly, the growth of the Nigerian economy by MSMEs is very small.

Gololo (2017) found the equity financing as a type of credit access introduced by commercial banks in Nigeria for loaning funds to improve SMEs operations for job development to reduce the rate of unemployment yielded low results economically. The study sought to investigate the financing needs of SMEs and how they were addressed by banks. The outcomes were derived using secondary data and t-statistics.

Adedeji et al. (2019) in Nigeria, evaluated the connection between banks' types of access to credit to SMEs that is loans and performance. The results established a link between bank lending and MSMEs' expansion from output but the relationship is influenced by interest charges on loanable funds. In addition, debt financing is positively linked to an increase in SMEs' performance based on the cost of debt and good managerial strategies for positive investment results. The findings was based on raw data gathered and analyzed by use of the measures of dispersion and correlation from a sample of 372 out of 11663 MSMEs.

Abor and Biekpe (2017) assessed the factors that influence commercial bank forms of SMEs credit access in Ghana for inclusion. The outcomes revealed the age of the enterprise, size, loans account of debt finance that is less than a quarter, loan interest rate, growth and profitability, inflation, and the firm tangible assets are the determinants and are associated to the bank-debt ratio. Further, no link was found to exist between SMEs' profit and the bank-debt ratio. These results show that both new, old and large firms rely heavily on bank lending for operations. The results was derived by use of secondary data from a sample of 105 SMEs and analyzed using panel regression. In conclusion, the authors indicated that it is important for banks to use alternative financing for SMEs, have a cordial investment relationship, and bank acceptance of other collateral alternatives like equipment, sales contracts, and personal guarantees to secure SME loans from banks.

Oduyoye, et al. (2018) in Nigeria, used t-statistics and established that the cheapest sources of finance should be the best types of credit access to influence MSMEs' success. In addition, consultations and contributions of international agencies to SME development can positively buttress their performance. Data were acquired from a sample of 135 respondents.

Organization financial access is real and supported by empirical evidence. One theory that justifies this financial inclusion concept is the loanable fund theory proposed by Knuts well and Ohkin in 1930. The proposition maintained that interest is the price for borrowing money and is determined by market mechanism of funds (Mwenda, 2021). This scenario fits access to credit by micro enterprises. The owners will obtain fund based on its cost, which is the interest, therefore, knowledge of credit and the appropriate kind of access to credit matters for financing the firm (Mwenda, 2021).

Research by Ndungu (2019) in Kenya established that loan interest rates, collateral period, and the level of financial literacy of owners affect MSMEs access to credit for their inclusion. To obtain the outcomes, the investigator used a sample of 102 SMEs from 1020.Muriuki (2018) established that SMEs' forms of credit access in Kenya are influenced by banks' lending requirements, financial literacy, and firm characteristics. The survey outcomes were derived using a sample of 92 formal sector SMEs, correlation analysis, and testing of three hypotheses.

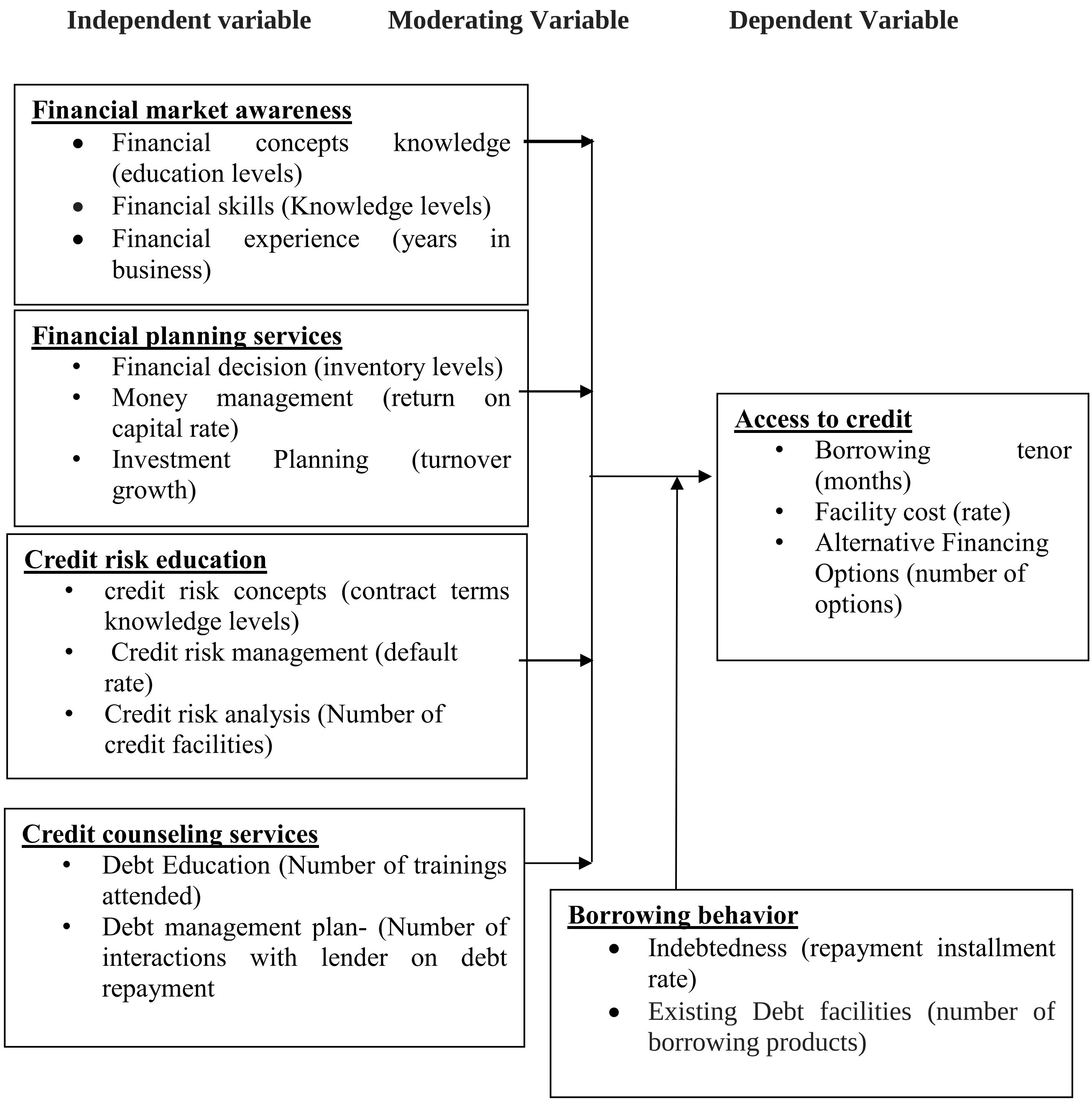
Etemesi (2017) established that collateral and information asymmetry negatively affect MSMEs access to credit and growth. Additionally, owners and managers' knowledge of finance significantly and positively enhanced SMEs' development. The results were obtained using a measure of dispersion and regression from raw data analyzed from a sample of 225 from 838 MSMEs in Kenya. The research by Etemesi in 2017 support this study problem statement of the low access to finance of SMEs.

2.3 Conceptual Framework

The strategic plan of the study is the conceptual framework, which demonstrates the visual representation of the research and specify the important variables and maps out how they could relate to one another. It offers insights into the identification and operationalization of the study's dependent and independent variables (Afribary, 2021). The concept in the diagram is presented as variables and explained below the diagram.

Figure 2:1

Conceptual Framework



Source: Author (2023)

2.3.2 Explanation of Variables

The roadmap investigators use to provide solutions to research phenomenon is the operational framework. This blueprint contains the research objectives and hypothesis that are used to find an explanation to the observable event or phenomenon. The hypothesis is developed from the operationalization of abstract concept into variables and their constructs (Taelman, et al., 2020). Financial advisory services are a set of tools that equip the borrower to access credit in a sustainable way. In this study, financial market awareness, financial planning services, credit risk education and credit counselling services were identified as suitable independent variables while borrowing behavior was considered as a moderating variable. Financial market awareness was measured through education and financial knowledge extent as well as number of years in business. Financial planning services was measured through inventory levels, rate of return in business capital employed and turnover growth. Credit risk education was measured through the assessment of contract terms knowledge levels, number of credit facilities and default rates. Credit counselling services were measured through identification of the number of debt trainings attended and number of interactions with lenders over debt repayment.

Borrowing behavior, the moderator was measured through the extent of borrower indebtedness as measured by repayment installments against income earned and the number of different debt facilities held. The dependent variable access to credit, was measured by the facilities' borrowing rate and tenor as well as alternative funding options available to borrower.

2.4.1 Financial market awareness

The first sub element of financial advisory services is the financial market awareness. All financial market actors in Kenya conduct awareness for the users of their services. Among the actors are banks, credit unions, insurance companies, pension funds, SACCO, and mutual funds. These institutions provide detail information to investors regarding the financial instruments and transactions. Among them are stocks, fixed income instruments, and digital monetary transactions. Recently, the world has experienced a financial crisis and pandemic and this led to more people seeking financial knowledge that is now the bedrock for individuals and family's monetary stability. This knowledge gives the necessary awareness for prudent monetary decisions (Financial awareness foundation , 2020; Holik & Mulyeni, 2019)

Financial awareness is associated with prudent financial attitude and behavior. Everyone needs this knowledge to develop the skill for effective management of money. This could be money from employment comprising of salary and pension, business profit from investment, and money received from other sources (Holik & Mulyeni, 2019; Financial awareness foundation, 2020). Besides managing finances, financial awareness enables consumers and investors to understand the cost of banking products as well as the services offered. The knowledge guides investors in insurance analysis, real estate investment, retirement planning, budgeting, and tax preparation. Being financially aware generally enlightens the consumers of monetary services the various ways through which people can invest their money to generate more wealth. It prevents individuals and businesses from making poor financial decisions (Financial awareness foundation, 2020; Holik & Mulyeni, 2019).

There is a distinction between financial awareness and consumer awareness or education. Monetary awareness is specific and focuses on monetary instruments and control of personal finances including business funds to avoid bankruptcy. On the other hand, consumer awareness is general. It includes financial awareness and other types of awareness related to marketing of goods and services. Developing countries are still struggling with financial literacy so awareness would help the population improves the financial knowledge (Ansari, et al., 2022; Broek, 2018; Michaud, 2017).

Financial awareness in most developing countries including Kenya is still low. For instance, there are numerous regulations of pension programs in Kenya but less than one million SMEs and others are contributing to the pension schemes as seen from the pension products usage. Moreover, there is decreased in the products usage. The usage of pension products decreased from 6.6% in 2019 to 6.4% in 2021 for rural inhabitants and from 20.4% in 2019 to 17.9% in 2021 for the urban residents. The trended affect employee coverage from 0.81 million in 2019 to 0.73 million in 2021(KNBS,2019; 2021). Further, SME owners are also challenged with monetary services usage due to low awareness. Women are among the many entrepreneurs facing difficulties with accessing their business finances because of limited financial literacy (Makena, et al. 2018).

2.4.2 Financial planning services

Financial planning service is a tool for risk assessment that is good for users of monetary services. Household seeks the services for effective personal financial management. The process involved planning to meet specific goals and objectives within a define timeframe (Grozdanovska et al., 2017). Essentially, the financial plan as a roadmap captures the individual monetary situations to be achieved and quantifies them clearly. It contains quality and reliable information documented. The information is analyzed to point out areas of strength and weakness. For SMEs and other firms, the process is used to manage resources for growth and expansion using financial management principles. This requires using the principles of management in the financial context where financial objectives are framed and policies and procedures are developed for programs and budgets for the firm survival in the short and long run (Grozdanovska et al., 2017).

The process once effectively apply, it is expected to reduce uncertainties concerning changing market trends that the organization could be facing, ensuring stability and profitability. Practitioners who are certified by professional organizations conduct this process. There is scarcity of information available regarding the establishment of professional institutions in Kenya purposely for financial planning services like what is available in most developed countries. Institutions are developed to help solve the challenges encountered from financial education by the population. For instance, in America many individuals and enterprises are challenged in understanding the financial market activities. Professional organizations are established for this purpose (Hanna, 2019; Grozdanovska et al. 2017).

Four large private organizations are organized for financial planning activities in the US market economy. The FPA is the largest of the professional organizations established for financial planning activities. The institution gives interested individuals the CFP exam to certify them as financial planners. These are professional responsible to educate users of monetary services to understand the financial market dynamics on a fee basis. For the NAFA, the institution provides financial planning services at the enterprise level. The members come from several different firms mostly in the business sector.

The NAIFA performs services for investors in the insurance industry. The AFP focuses on activities of corporate enterprises. Its main goal is to equip the treasury and corporate finance professionals. The institution administers exams to certify treasury professional and certified corporate financial planners. The UK has over three financial planning organizations (Chira, 2018; Hicks, 2019). For Kenya, this establishment for financial planning education has not been adopted.

Financial planning is an instrument of economic growth because as the economy gets bigger, the suppliers of monetary services will increase supply because new products and services will be developed and marketed. Increase in monetary activities will increase the demand for new monetary services by individuals and households. As the supply and demand for financial services increases, the users need to be assisted by financial professionals to curtail the huge challenges associated with understanding financial transactions. The financial planning services is one tool capable of satisfying the users demand. The financial practitioners provide the necessary education to individuals and investors interested in using monetary services effectively. When more people are trained to use banking services and they are capable of using them, it will translate to economic growth (Maurer, 2022).

2.4.3 Credit risk education

Credit risk has a long history beginning with ancient banking. It occurs from uncertainty associated with payment of loans by the borrowers or business partners. Avoiding this uncertainty involved acquiring the preferred education to professionally deal with it. Acquiring professional knowledge is necessary to deal with threats of credit risk and among them are absence of risk modeling framework for group-wide, inadequate risk tools, and inaccurate risk reporting (Colom, 2019).

The credit risk education enables the easy handling of straightforward principles of default risk, making judgments, and using experience to evaluate a range of techniques to determine whether loans offered to borrowers will be repaid without default (Colom, 2019; Amadi-Onyewuotu, 2020). Further, it is linked to developing an effective framework to control risk, and among them, are application forms for credit control, setting credit limits and clear credit terms, implementing a continuous credit control policy, and enforcing a collection system. A significant and positive connection exists between education and credit risk treatment (Amadi-Onyewuotu, 2020).

For instance, managerial educational level is unique for the organization's corporate governance decisions involving issues of risk control. Such knowledge is preferable for higher credit rating scores and for handling compliance for improvement in performance. The managerial training and experience influence SMEs' financial management practices, types of credit access, and the accuracy of credit risk models (Nguyen et al., 2021; Rehman et al., 2019).

Lenders and borrowers have to manage the risk of default. Commercial banks give loans to SMEs as creditors and manage the risk of default. The borrowers should be capable to manage similar risks. SMEs also borrow from others, and the risk of those credits has to be properly managed to avoid losses. Performing this task required higher education. In Kenya, banks have huge capital capacity to employ or hire qualified individuals for risk management (Ogega & Muturi, 2017; Peters & Brijlal, 2018). A bachelor's degree in accounting, finance, or related areas coupled with other risk training is preferably suited to manage credit risk effectively. The risk-related training is an added advantage for this enormous job. Solid knowledge of computer software, analytical ability in dealing with figures, and understanding of regulatory developments are additional skills related to effective credit risk management for SME entrepreneurs (Chiliya & Roberts-Lombard, 2019; Karadag, 2017; Ogega & Muturi, 2017; Peters & Brijlal, 2018; Suryanto et al.2022).

Research shows that individuals can do business such as SMEs with ease in Kenya. This involved the effective use of seven procedures to start a business in Kenya. The process takes at most 22 days and the associated cost is 21.1% of income per capita for both male and female entrepreneurs. However, SMEs encountered several difficulties that affect their operations. Among them are lack of adequate managerial knowledge to cope with the rapid changes in technological advancement, and for identifying acceptable types of credit access and understanding new laws and regulations. Limited training affects SMEs' lending decisions and stagnant the enterprise**.** It also influences the business environment and those with lower education are satisfied with whatever SME policy is developed by the government for the business environment as compared to those with advanced knowledge who prefer to scrutinize every public policy (KAAA, 2019; Mutezo, 2018; Virglerova et al. 2017;).

2.4.4 Credit counseling services

The importance of credit counseling services was recognized mainly during the financial and mortgage crisis. The service provides solution for insolvency of monetary services users. Counseling is offered by registered agencies and professional organizations mostly in the developed economies. For instance, in the US there are over 50 credit-counseling agencies. Employees in these agencies who want to become professionals will sit for the NFCCS exam to be certified credit counselor for the consumer credit sector (Disney et al., 2018).

They deal with consumer credit issues such as money management, debt management plans, budgeting and financial statements to engage creditors on the debtors' behalf either to extend the credit period of to waive the interest on debt. Individuals, households, SMEs and other organizations can seek for this debt eradication service. The financial counselors conduct workshops, seminars and conferences for the clients after understanding their financial situations. The financial advice covers financial literacy education and other important topics in basic consumer finance.

Counseling is an answer to positive changes in consumers' debt behaviors and attitude towards debt. In developing nations, credit counseling services is at a lower rate because the financial market is not well developed to effectively use consumer credit instruments such as debit and credit cards (Xiao & Wu, 2016; Hunt, 2017). For Kenya, Parliament made immense contributions to the development of the largest financial market within the East Africa Community. It happened in the wake of the passage of numerous bills establishing institutions with specific functions for the effective management of the market to serve the population. Among the institutions are CMA, RBA, CBK, ICPAK, and IRA (Cytonn, 2018).

Besides the public organizations, there are private organizations registered with the government, participating in the continuous improvement of the market. They are providing services that are either financial or non-financial or both to the citizenry. Among them are auditing firms, investment firms and counseling agencies. There are approximately ten professional organizations providing counseling services for HIV/AIDS epidemic, mental health, and political and community-based violence. These are non-financial services. None of the ten organizations is delivering credit-counseling services to the users of monetary products and services. This means Kenya has no professional institution or agency registered with the government specifically focusing on consumer credit counseling tasks in the financial market. Lack of counseling agencies for consumer credit pose a challenge to SMEs credit access because banks straightly focus on loans and usually protects the interest of the institution from loses than the client (Okech & Kimemia, 2018).

2.4.5 Borrowing Behavior

Borrowing behavior was used as the moderating variable in this study because it was intended to help explain why some micro-enterprises are able to access credit despite having limited resources and collateral. Further, it helps identify which financial advisory services are most effective in helping micro enterprises to access credit. Additionally, it provides insights into how micro-enterprises can improve their borrowing behavior in order to increase their chances of accessing credit (Cosgrove & Marsh, 2019; Goel & Rastogi, 2021).

Banks and other financial institutions play a critical role in providing access to finance in various forms, such as credit cards, home loans, education loans, and commercial loans (Banu, 2018; Cosgrove & Marsh, 2019; Goel & Rastogi, 2021). However, they have often experienced credit defaults due to poor analysis of credit risk - that is, the risk of a borrower failing to repay the principal or interest, or both, to the lender. Investigators pointed out macroeconomic, personal, and psychological reasons as the causes of credit default. A solution developed for minimizing loan default is credit scoring which is an important tool in analyzing the credit risk of borrowers in risk management studies (Ganbat, et al., 2021; Shahid, et al. 2019; Twesige, et al. 2021).

There are a number of traits that are associated with good borrowing behavior, including integrity, self-efficacy, locus of control, personality, materialism, and attitude towards debt. Researchers have developed models to explain the concept of borrowing behavior, and how different traits can lead to changes in behavior. (Davies, et al., 2019; Goel & Rastogi, 2021). Integrity is refraining from doing what is wrong and maintaining a deep value of responsibility, trust, respect, and honesty in agreement with the moral principles of society that involve justice, truth-telling, and promise-keeping. Studies have underscored the significance of integrity as a determinant of borrowers' creditworthiness (Huberts, 2018; Goel & Rastogi, 2021). For self-efficacy trait, it measures an individual's trust in their capacity to organize and perform a task successfully.

Research on this human subject proposes that individuals with greater efficacy scores have soaring desires and, therefore are determined and highly inclined of achieving goals. The psychological concept of locus of control reveals the extent to which an individual believes that their life is controlled by their own actions and not by external forces. This concept is important because it can help to predict an individual's behavior in a variety of situations. Individuals who have a strong belief in their own control over their lives are more likely to take actions to achieve their goals, even in the face of difficulties. On the other hand, those who believe that their lives are controlled by external forces are more likely to give up in the face of adversity (Goel & Rastogi, 2021).

This trait influences not only how an individual responds to the events that happen in his/her life, but also his/her motivation to take action. Moreover, individual interaction with the intrapsychic, physical and social environment is influenced by his/her personality, which is the combination of intellectual qualities and mechanisms. To enrich the understanding of personality traits, investigators proposed a framework that is emphatically the controlling idea used widely in many studies. The framework has five elements, which are agreeableness; conscientiousness; extraversion; openness to experience; and neuroticism. The idea assesses borrowers on five qualities. Among these traits, the most important to prognosticate debt repayment is conscientiousness (Goel & Rastogi, 2021).

Borrowers from financial organizations are many, and among them are individuals, businesses, households, governments, and organizations. Borrowing is affected by a price that is the interest rate. When this price for lending is high, the debtor will take less and visa versus. Borrowers usually hope for low costs to take more loans, which will increase money demand, and as it increases, it will enlarge the money supply, which supports the expansionary fiscal policy of the government. Because the market actors that obtain loans at less cost will make more purchases, which will enhance consumers desires and it will result in businesses taking more loans to increase production to meet the increased demand, requiring them to spend more money and hire more workers thereby reducing unemployment. Therefore, borrowing benefits the borrower, lender, and the economy. As the loan benefits the borrower, the debt must be settled to balance the equation occurring between the lender and the debtor. Nevertheless, lending institutions incurred huge losses from lending due to credit default from borrowers' change in borrowing behavior (Gale, (2019; Vashina, et al., 2020).

2.4.6 Access to Credit

Empirical evidence suggests that micro enterprises sustainability relies on how the firm is financed. To sustain their performance the types of access to credit are commercial bank lending, asset-based financing, cooperative society lending, personal and family financing, and equity financing. Included too are alternative financing, national government funding, and development partner financing (Abdullahi, 2018; Abor & Biekpe 2017; Arzubiaga, et al., 2022; Dalberg, 2017; Gololo, 2017; OECD, 2015; Shihadeh, et al., 2019)

2.4.6.1 Commercial Bank Lending

The oldest and rudimentary of the types of access to credit is bank lending also termed as traditional debt finance. This is one form of external financing for micro business organizations and other entrepreneurs. Commercial and microfinance banks offer loans with interest that is payable at particular point in time, either as a start-up capital or for expansion of operations. Commercial banks also give overdrafts, credit lines and the utilization of credit cards as other common forms of access to finance also for enterprises in this category (OECD, 2019).

Banks borrowing to businesses using the traditional finance framework takes two forms, accounting statements lending and relationship lending. In the first approach, the bank will request for audited accounting statements of the institution before making a decision to extend credit. For banks to extend credit, a number of things are involved, which includes current and fixed assets, profit margin and a number of financial ratios computed. Usually, large organization financing by big banks follow this path (Al-Qudah et al., 2020; OECD, 2019).

The relationship lending is mostly associated with small banks' loaning to small enterprises including SMEs. This form of borrowing does not require audited accounting statements. The procedures involved the bank employee responsible for credit to gather information straightly from the enterprise requesting for loan. The observations of the enterprise financial performance over time plays a key role in the collection and verification of the soft information needed for the credit decisions (Guo, 2017).

In traditional finance, if any of the two lending frameworks is adopted for borrowing, the concept of interest payment on the loan is constant. The financial statements and relationship lending involved the use of debt instruments. Straight debt instruments are those that represent an unconditional claim on the borrower. This means that the borrower is obliged to pay a specified amount of interest to creditors at fixed intervals, regardless of the economic condition of the enterprise or the return on the investment (Guo, 2017; Agarwal, 2022). The main advantage for bank lending is that the fund is always available and can be obtained in the soonest possible time. It provides a quick solution to investing and some financial challenges facing the enterprise. On the contrary, the main constraint to micro businesses for adoption of this financing approach is the straightforward interest payment to the lender. The interest rate on the debt is either fixed or adjusted periodically, depending on a reference rate. This type of debt does not include any features aside from paying interest and refunding the principal. It cannot be converted into another asset, and bank claims have high priority in cases of bankruptcy.

Moreover, the use of collateral presents another problem to the borrower. Usually, the asset for collateral value should exceeds the amount to borrow. Besides, bank lending has huge paper work, which pose a challenge for entrepreneurs with little or no education (Ikechi & Anthony, 2021). However, the successful utilization of this type of access to credit depends on other sources of income to subsidy the enterprise earnings for payment of debt in case of insolvency. Creditors usually base their decisions on a firm's creditworthiness when extending credit. They rely on the firm's expected future income when making repayments. To manage the information asymmetry between lenders and borrowers, different techniques are used to assess and monitor a firm's creditworthiness (Ikechi & Anthony, 2021; Organization for Economic Cooperation and Development.[OECD], 2019).

2.4.6.2 Asset-Based Financing

There are many types of external financing offer to SMEs besides commercial banks loans. One is asset-based finance. This approach allows SMEs to be financed by specifically valuing individual assets. Among the assets to value are trade receivables, inventory, equipment, machinery, and real estate. In this way, new and small enterprises avoid the risk of standing on their own credit as practiced in traditional lending. Asset-based lending is a type of financing that is becoming increasingly popular among small and medium enterprises (SMEs). This type of lending is characterized by more flexible terms than collateralized traditional lending, making it an attractive option for businesses that may not qualify for traditional loans. (OECD, 2019).

In addition, this form of lending is used for short, medium, and long-term financing and have expanded over the years to every sector of the economy like commercial banks' lending. Asset-based lending becomes more successful in economies with efficient legal systems and advanced financial expertise and services. In these economies, government policies allow the use of a broad range of assets to secure loans. This makes asset-based lending more practical and successful (Kovalevich, et al., 2018; OECD, 2019). The existing active regulatory frameworks in OECD nations support asset-based finance for enterprises who have challenges in meeting credit standards associated with long-term credit. Factoring was introduced as a means to provide support to ease SMEs' access to trade finance and to market their inclusion in value chains (Kovalevich, et al., 2018; OECD, 2019).

2.4.6.3 Cooperative Society Lending

A cooperative society can be financial or non-financial. A group of individuals or members who are the owners manages a credit or financial cooperative. The organization provides monetary services to individuals and businesses in need of funds. It offers loans, insurance services, and other forms of investment activities. A credit cooperative borrows at an interest rate that is low to finance SMEs and other enterprises using their own funds. For instance, Kenya has over 50 credit cooperatives and among them are credit unions and housing cooperatives (KNA, 2022; Adekunle, et al., 2021).

These entities operate under the banner of the Savings and Credit Co-operative Society spread across the country. SACCO is either a monetary or a non-monetary cooperative. The financial SACCO is deposit-taking requires individuals to have a savings account and make deposits of money that can be easily withdrawn at any time similar to demand deposits in banks. The non-financial allows individuals to purchase shares and become a member. SACCO loans funds to its member as well as coffee and tea farmers and SMEs in different parts of the country at a low and affordable interest rate. Another type of credit cooperative is table banking, which purposely provides loans to only female members. This women's group funding program is in many parts of the country for their empowerment (Kenya News Agency [KNA], 2022; Adekunle, et al., 2021; Ronoh, 2021; SASRA, 2022).

2.4.6.4 Personal and Family Financing

Personal financing is one common form of access to finance for SMEs. It is part of the internal financing approaches. Individuals may deposit their personal fund as a start-up capital or for expansion of the business. Owners of service enterprises are mostly involved in such a financing framework. This approach of funding SMEs has no direct interest payment to outside parties and it saves the entrepreneur from default risk of others. Personal lending has no collateral, much paper trail and creditor interview. It protects the owners from creditor's equity that result to monitoring and supervision for liability settlement (Hamelin, 2018).

The SME entrepreneur enjoys freedom of not being call by bank credit department for reminder of payment data. On the contrary, if the owner lacks basic financial concepts for effective decision-making concerning the personal loanable fund, bankruptcy could interrupt the business due to poor management of personal debt. In addition, SMEs can also borrow from family members. Entrepreneurs borrowing from relatives and friends for investing is popular in many parts of the globe. A good household image leads to better access to financial resources for SME development (Hamelin. 2018; Arzubiaga, et al., 2022).

When members of the family have good repetition, borrowing from one another and repayment has no challenges. The loan among the members bears no or low interest and the payment period can be adjusted without any additional cost. It is one of the flexible approaches in lending mostly in developing economies. The size of the family has an influence on the growth propensity of the enterprise and its capital structure. The benefit of this financing approach is that it has lower credit risk compare to bank financing. On the other hand, the size of the family determines how small or large the fund will be and this creates a bottleneck for investing (Hamelin, 2018; Arzubiaga, et al., 2022).

2.4.6.5 Equity financing

Another form of internal financing is equity finance that is applicable to corporate investment. The equity-financing framework is appropriate for growth-oriented and innovative SMEs. This type of lending is used purposely for sustaining long-term innovative projects for value creation, growth and development. Firms with high risk-return profile, such as new, innovative and high growth corporate firms usually seek equity financing. The framework involves the selling of shares belonging to the company to investors (OECD, 2019).

The stocks can be placed on special platforms for public listing to obtain financial resources for the firm projects. The purchaser of a share automatically becomes one of the shareholders of the company. New firms' creation and development is boosted using seed and early-stage equity finance. Country specifics can influence this form of financing of SMEs (OECD, 2019; Wieczorek-Kosmala et al., 2020).

2.4.6.6 National Government Financing

Another form of access to credit is through other measures introduce by state authority to develop the sector. For instance, the amendment of the 2020 Financial Management Act in Kenya created funding opportunities to support this sector. The government decided to help fund the sector by proposing various measures. Among them are SMEs' participation in public procurement and involvement in public credit guarantee programs for those in the formal sector and lastly helping SMEs market their products. This involved the entrepreneurs serving as suppliers of government goods and services to ministries and agencies (Mwenda, 2021)**.**

The state also organized events for SME entrepreneur to display their products to the public. Examples of such display are the expos sale of arts and craft at the Village market in Kiambu County and the City Market in Nairobi County. In addition, the government began sponsoring the credit guarantee schemes in late 2020 with an initial deposit of two billion shillings with commercial banks. In 2021 approximately 1,300 SMEs' total loans value was approximated at 2.5 billion shillings under the guarantee programs. These measures of the state to facilitate the financing of the sector are interest-free (Mwenda, 2021)**.**

2.4.6.7 Development Partner Financing

SMEs covered a wide range of businesses including manufacturing enterprises. Firms involved in the production of goods and services have to protect the environment from pollution and other greenhouse gases to combat climate change causing hot temperatures and food shortages. To ensure that these enterprises are deeply involved in the protection of the environment, development partners established programs and finance SMEs focusing on environmental sustainability (OECD, 2017; Dalberg, 2017).

Engaging in environmental protection is another method of financial access for SMEs. Funds received through development partner programs to finance SMEs for environmental sustainability bear no interest. It is often done through a donation to the government to finance SMEs engaged in environmental activities. International financial institutions also make similar contributions. SMEs in the European Union and in Asia dealing with the environmental issues get more funding for operations as compared to those in Africa (OECD, 2017; Dalberg, 2017; Durst & Gerstlberger, 2021).

2.5 Research Gap

Despite the numerous studies conducted in Kenya regarding access to credit, default in credit access, and financial performance of micro-enterprises, there is still an insufficient amount of literature available to discuss the role of financial advisory services for financial advice to bank customers for access to credit and financial literacy training for SMEs and other interested parties who wish to invest in the financial market. Additionally, there is a lack of research on how credit and forms of credit access are selected by SMEs when engaging in borrowing arrangements with lenders. The inconsistency in the data reported by research institutions is a major problem when it comes to understanding the true state of the economy. For example, the KNBS dataset on SMEs claims that there are 7.41 million MSMEs in Kenya, with 1.5 million registered and part of the formal sector of the economy, whereas the BRS does not register 1.5 million MSMEs. This discrepancy makes it difficult to understand the true number of MSMEs in Kenya and their contribution to the economy. To address this research gap, questionnaires were utilized to gain insights into the actual number of MSMEs in Kenya and their contribution to the economy. The findings of the questionnaire help to provide a more accurate picture of the state of the economy and the role of MSMEs in it.

Table 2:1
Summary of Research Gaps

Authors	Topic	Findings	Research gaps
Delic, Anamarija; Alpeza, Mirela (2017)	Consultancy Services Market for Micro, Small and Medium-Sized Enterprises in Croatia,	Consultancy services can enable MSMEs identify market niche	The study has contextual, conceptual and theoretical gaps since the study was conducted in Croatia and the determinants of financial advisory services of MSMEs

			by consultants were writing business plans managing investment projects and no empirical theory supported the findings. The study has a conceptual gap since knowledge of financial planning a major component of MSMEs determinants was lacking in the investment project management.
Miriam Bruhn, Dean Karlan and Antoinette Schoar (2018)	The impact of consulting services on small and medium enterprises. Evidence from a randomized trial in Mexico	Managerial practices to improve MSMEs productivity from consulting services include marketing, financial accounting business long-term planning	The research has contextual and conceptual gaps. The study was carried out in Mexico and credit consulting an important aspect of managerial practices to improve MSMEs operations for productivity was lacking.
Jacqueline Douglas, Alexander Douglas, David Muturi and ackie Ochieng	An Exploratory Study of Critical Success Factors for SMEs in Kenya	The study found success factors of SMEs to be better customer relationships, good marketing skills and good products and services.	The investigation has contextual and conceptual gaps. The study was conducted in Kenya and ignored financial awareness and credit risk education as success factors for SMEs operations.
Abdille Omar Bare (2018)	The extent of adoption of financial accounting standards and its effect on financial performance of small and medium enterprises IN Nairobi County, Kenya	MSMEs business size, quality financial reports and accounting skills have insignificant connection with the adoption of accounting standards for MSMEs performance.	The survey has conceptual gap for ignoring financial planning as an important accounting skill for quality financial reports in the adoption of financial accounting standards for SMEs performance.
Gregory Fischer (2018)	Returns to Consulting for SMEs	Obstacles identified by consultants for MSMES expansion in the Philippines included cash flow management, access to credit, regulations, clients, suppliers, marketing and human resource.	This research work has conceptual and theoretical gap since it ignored financial market awareness as one of the major challenges for MSMES operations. Additionally, the study lacks theory to support the findings.

Edeni Yesaya Isaya (2018)	The role of consulting firms on the performance of small and medium enterprises in Tanzania: the case of Dodoma Region	Financial advisory services provided to MSMES in Tanzania were tax, financial reporting, and business training including marketing to influence their performance.	The survey has contextual and conceptual gaps. The author ignored credit risk education as an important element of consulting services provided by consultants to enhance MSMEs growth and performance. Moreover, the study was conducted in Tanzania and not in Kenya and other parts of the globe.
Robert Blackburn, Peter Carey and George A. Tanewski, (2020)	Business Advice to SMEs: Professional Competence, Trust and Ethics	MSMEs owners and managers go to accountant for financial advisory services on tax and for compliance with tax payment and regulations	The study has conceptual gap since MSMEs owners and directors' financial advice seeking includes tax and compliance and not financial awareness, financial planning services, credit counseling services and credit risk education.
Purity Kathure Ngutiku (2021)	Microfinance Services and Growth of MSME's in Kenya	Growth of MSME's requires working capital service; entrepreneurial business finance services, capacity building service and entrepreneurial networking services. from the MFIs	The study population consisted of entrepreneurs who had received microfinance entrepreneurial services from five institutions. The study did now however discuss how the much-needed working capital can be accessed. The study did not include representation from all economic sectors. It therefore has both a contextual and conceptual gap.

Source: Author (2023)

2.8 Summary of Literature Review

Pieces of literature focusing on theory and empirical studies of other investigators were critiqued. During the assessment of the literature, it was revealed that most of what has been written about financial advisory services discussed practices in the developed economies than Africa and specifically Kenya. The financial market of Kenya is dominated by audit advice performed by auditors for investors and focused on their business financial activities involving review of accounting statements and tax compliance. There is scarcity of literature on Kenya focusing on financial advisors, financial coaches, financial planners, and investment advisors who provide financial literacy to the users of monetary products and services for inclusion. Those studies searched regarding the subject narrowed their discussions to few variables. This study will expand their discussions by including other important variables omitted.

The empirical and qualitative studies evaluated on the subject had biases in their investigation due to the absence of methodology and theories to support their results. For instance, most of the quantitative studies used small population and sample size (Rahadi, 2020; Kuruvilla & Harikumar, 2018; Maroor et al.,2016; Kumar & Pathak, 2022; Prakash, et al., 2022; Alam & Chen, 2021; Sagi, et al., 2020; Panos, et al., 2019; Omboga & Okibo, 2016; Samuelsson, 2018; Pardo et al., 2018; Ndungu, 2016). The sample determination was not based on the use of a statistical formula to show how the samples were derived.

For the qualitative studies, the discussions on financial market awareness, financial planning services, credit counseling services, and credit risk education to influence access to credit were limited because no methodology was indicated (Adekunle et al., 2021; Anton & Onofrei, 2018; Appiah et al., 2019; Dalberg, 2017; Fatoki, 2018; Sürücü, & Maslakçı, 2020; Mohamed, 2019; Mori & Richard, 2019; OECD, 2019; Rahadi, 2020; Wang, 2020; World Bank Group, 2018). The theories presented in this research explained the explanatory variables in detail for SME entrepreneurial and other monetary services to use the concept for access to credit and for effective management of the enterprise. The methodology that will be used to conduct this study is discussed in chapter three of this proposal.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The methods employed to achieve the objectives of the study is presented in this chapter. Section 3.2 presents the philosophical foundation of the study, while section 3.3 contains the research design, 3.4 target population, 3.5 sampling frame and 3.6 sampling technique and sample size. Included too are 3.7 Data Collection Instruments, 3.8 Data Collection Procedure, 3.9 Pilot study, 3.10 Statistical Model and lastly section 3.12 presents the Research Ethical Issues.

3.2 Research Philosophy

The positivism philosophy gives assurance that once the right procedures are followed during the research process the facts will be found and reported. When the researcher adopts this philosophy, it means the process will be justified by empirical evidence to produce facts. This study will adopt the positivism philosophy because it contains unequivocal discussions of abstract concepts back by theory for contribution to knowledge. In addition, this philosophy is robust and contains the four key components of research knowledge. The Intuitive, authoritative, logical and empirical knowledge (Mauthner, 2020).

The Intuitive knowledge rely on the investigator's feelings and critical thinking in coming up with new idea on a particular subject. The idea is strengthened by authoritative knowledge, which is the review of writings of previous researchers to understand their contributions. The review involves checking the objectives and procedures and other techniques adopted in deriving the study outcomes. The verification of the empirical knowledge will inform the new investigator which approach to adopt for this present study. The investigator uses logical reasoning to arrive at a conclusion based on the results of the study. This type of knowledge is based on empirical evidence and allows the investigator to draw reasonable conclusions from the data (Ahmed, 2018; Gannon, et al., 2020; Mauthner, 2020). Further, positivism and ontology are two techniques of epistemology whose main concern is to evaluate knowledge to obtain facts. These facts are gathered based on the testing of hypothesis of observable events. In this regards, ontological approach assumption requires events to be observed, measure and tested for reality. This concept of knowledge considers abstract phenomenon to establish that they facts and are real (Ahmed, 2018).

3.3 Research Design

This study adopted a correlation research design. The design incorporates characteristics of descriptive, experiment and case study research methodologies to support an association between the predictor and response variables. The preferred association to be determined in this study is unidimensional, between financial advisory services, the predictor variable and access to credit, the response variable. In unidimensional relationship, a change in financial advisory services will influence a change in access to credit. The variation can be positive and negative. Further, since this investigation is the first of its kind, the correlation design provided an honest starting position for assessing how strong the relationship and evaluate its direction (EduGyan, 2017).

3.4 Target Population

According to KNBS, (2016), the estimated number of micro enterprises in the formal sector is 1,215,184. Small businesses licensed by all county governments in Kenya were reported as 50,043 across all the sectors of the economy in Kenya. This number represents the target population of the survey, which is drawn from the forty-seven counties in Kenya. Asiamah et al. (2017) noted that the participants in a survey are referred to collectively as the target population. It is the group of people such as owners of micro enterprises the researcher wants to draw conclusions about after observation or collection and analysis of data.

Table 3.1

Target Population

No.	County Name
1	Garissa
2	Wajir
3	Mandera
4	Marsabit
5	Isiolo
6	Meru
7	Embu
8	Kitui
9	Machakos

10	Tharaka-Nithi
11	Makueni
12	Kakamega
13	Vihiga
14	Bungoma
15	Busia
16	Siaya
17	Kisumu
18	Homabay
19	Migori
20	Kisii
21	Nyamira
22	Kilifi
23	Kwale
24	Lamu
25	Mombasa
26	Taita-Taveta
27	Tana River
28	Baringo
29	Bommet
30	Elgeyo-Marakwet
31	Kajiado
32	Kericho
33	Laikipia
34	Nakuru
35	Nandi
36	Narok
37	Samburu
38	Trans Nzoia
39	Turkana
40	Uasin Gishu
41	West Pokot
42	Kiambu
43	Kirinyaga
44	Murang'a
45	Nyandarua
46	Nyeri
47	Nairobi
	Total

No. of Administrative Regions	**Former Administrative Regions Province**	**County No.**	**County**	**Licensed Micro-Enterprises**
		1	Garissa	860
1	North Eastern	2	Wajir	401
		3	Mandera	566
		4	Marsabit	415
		5	Isiolo	688
		6	Meru	1,038
	Eastern	7	Embu	1,287
		8	Kitui	1,463
		9	Machakos	1,923
		10	Tharaka-Nithi	829
2		11	Makueni	1,336
		12	Kakamega	872
		13	Vihiga	706
	Western	14	Bungoma	1,534
3		15	Busia	630
		16	Siaya	1,041
		17	Kisumu	1,331
		18	Homabay	779
	Nyanza	19	Migori	716
		20	Kisii	1,084
4		21	Nyamira	875
		22	Kilifi	1,191
	Coast	23	Kwale	1,382
		24	Lamu	625
		25	Mombasa	1,838

5		26	Taita-Taveta	886
		27	Tana River	726
		28	Baringo	714
		29	Bommet	1,008
		30	Elgeyo-Marakwet	669
		31	Kajiado	1,175
		32	Kericho	965
		33	Laikipia	952
	Rift Valley	34	Nakuru	1,560
		35	Nandi	1,050
		36	Narok	774
		37	Samburu	834
		38	Trans Nzoia	1,300
		39	Turkana	699
		40	Uasin Gishu	1,576
6		41	West Pokot	632
		42	Kiambu	1,382
		43	Kirinyaga	1,181
	Central	44	Murang'a	1,142
		45	Nyandarua	1,245
7		46	Nyeri	1,796
8	Nairobi	47	Nairobi	2,367
8		**47**		**50,043**

No. of Administrative Regions	Former Administrative Regions Province	County No.	County
		1	Garissa
1		2	Wajir
	North Eastern	3	Mandera
		4	Marsabit
		5	Isiolo
		6	Meru
		7	Embu
		8	Kitui
		9	Machakos
		10	Tharaka-Nithi
2	Eastern	11	Makueni
		12	Kakamega
		13	Vihiga
		14	Bungoma
3	Western	15	Busia
		16	Siaya
		17	Kisumu
		18	Homabay
		19	Migori
		20	Kisii
4	Nyanza	21	Nyamira
		22	Kilifi
		23	Kwale
		24	Lamu
		25	Mombasa
		26	Taita-Taveta
5	Coast	27	Tana River
		28	Baringo
		29	Bommet
		30	Elgeyo-Marakwet
		31	Kajiado
		32	Kericho
		33	Laikipia
	Rift Valley	34	Nakuru

		35	Nandi
		36	Narok
		37	Samburu
		38	Trans Nzoia
		39	Turkana
		40	Uasin Gishu
6		41	West Pokot
		42	Kiambu
		43	Kirinyaga
		44	Murang'a
		45	Nyandarua
7	Central	46	Nyeri
8	Nairobi	47	Nairobi
8		**47**	

Source: Kenya National Bureau of Statistics MSME Basic Report (2016)

3.5 Sampling Frame

The sampling frame comprised all micro enterprises in the formal sector in Kenya as reflected by their licensed status by the forty-seven counties of Kenya. The estimated number of licensed micro businesses were obtained from various county governments as reported by the KNBS. The data comprised their physical address and contact information as recorded in their respective county. This detailed list of the target population was used to gather the data of the sample of the respondents comprising of owners and managers since the list contains their relevant information (Scherpenzeel et al., 2017)

3.6 Sampling Technique and Sample Size

Bhardwaj (2019) stated that measures adopted by the investigator to obtain the sample for the data collection is the sampling method. It is the main element for reliability of the study. To ensure that the study provides representative data on micro-enterprises in Kenya, a probability sampling framework was adopted to gather data from businesses in the eight former administrative regions of the country, presented in table 3.1. This ensures that the sample is representative of the entire population of micro-enterprises in Kenya and provides accurate data for the investigation. This sampling plan is unique to give the enterprises in this category of MSMEs a chance to participate in order to find out about their types of access to credit. These businesses can employ 1-9 persons according to the Micro and Small Enterprise Act No. 55 of 2012 of Kenya. The study will collect raw data from respondents who are owners of enterprises with this classification. The study adopted Cochran's formula to compute the sample size. Cochran (1977) formulated an equation for the computation of a representative sample. The formula is popularly adopted by researchers due to its precision in computing sample size for population above 10,000. Since this study population is 50,043. Cochran formula is applicable for the determination of the sample size.

$$n_0 = \frac{Z^2\ pq}{e^2}$$

Where:

No = the sample size;

Z = is the selected critical value of desired confidence level, 1.96;

P = is the estimated proportion of an attribute that is present in the population;

Pq = −1 and e is the desired level of precision. (For this study, the precision is 5%, the significance level)

$$No = \frac{(1.96)^2 (0.5) (0.5)}{(0.05)^2} = 384$$

No = **384 (sample size)**

Table 3.2

Sample Size

No. of Administrative Regions	Former Administrative Regions Province	County No.	County	Sampled Micro-Enterprises
		1	Garissa	7
1		2	Wajir	3
	North Eastern	3	Mandera	4
		4	Marsabit	3
		5	Isiolo	5
		6	Meru	8
		7	Embu	10
		8	Kitui	11
		9	Machakos	15
		10	Tharaka-Nithi	6
2	Eastern	11	Makueni	10
		12	Kakamega	7
		13	Vihiga	5
		14	Bungoma	12
3	Western	15	Busia	5
		16	Siaya	8
		17	Kisumu	10
		18	Homabay	6
		19	Migori	5
		20	Kisii	8
4	Nyanza	21	Nyamira	7
		22	Kilifi	9
		23	Kwale	11
		24	Lamu	5
		25	Mombasa	14
	Coast	26	Taita-Taveta	7

5		27	Tana River	6
		28	Baringo	5
		29	Bommet	8
		30	Elgeyo-Marakwet	5
		31	Kajiado	9
		32	Kericho	7
		33	Laikipia	7
		34	Nakuru	12
		35	Nandi	8
		36	Narok	6
		37	Samburu	6
		38	Trans Nzoia	10
		39	Turkana	5
		40	Uasin Gishu	12
6	Rift Valley	41	West Pokot	5
		42	Kiambu	11
		43	Kirinyaga	9
		44	Murang'a	9
		45	Nyandarua	10
7	Central	46	Nyeri	14
8	Nairobi	47	Nairobi	18
8		**47**		**384**

Source: Kenya National Bureau of Statistics MSME Basic Report (2016)

The population is stratified according to the eight administrative regions which comprise of the forty counties as promulgated in the constitution.

Table 3.3

Stratified Sample

Former Administrative Regions of Kenya	Licensed Micro Enterprises	Stratified Sample Micro Enterprises
Nairobi	2,367	18
Central	6,746	52
Coast	6,648	51
Eastern	8,979	69
North Eastern	1,827	14
Nyanza	5,826	45
Rift Valley	13,908	107
Western	3,742	29
Total	**50,043**	**384**

3.7 Data Collection Instruments

Every research has a goal to achieve. The major goal is to solve a problem. The solution of the investigation is the study results. To carry out the study and obtain the findings data have to be collected and analyzed. For the trustworthiness, and accuracy of the results, a research tool was employed to gather the needed data from the respondents (Paradis et al. 2018). In this study, the best tool to assemble the study data was a questionnaire because it is reliable in measuring abstract concepts. Moreover, it does not limit the respondents in answering the questions and also enables them to be objective in speaking their mind without fear. Only primary data was collected and this instrument was employed purposely to gather data from the field. The questions were open and close-ended to get the actual view of the respondents. The questionnaire was organized for the predictor, response and moderating variables. Data was categorical for the independent and control variables to measure.

Likert scale was adopted to measure the constructs of the variables using the instrument. The response variable had binary type of questions, which could not be measured using Likert scale. The strength of the Reins five-point scale is its reliability, and its ability to take greater volume of data compared to other measuring scales. Its main strength is that it is able to give a good approximation of the normal response curve (Joshi, et al., 2017). The questionnaire of this study consisted of general questions on financial advisory services and access to credit. The instrument was hand delivered to the respondents at their business centers in the counties chosen for the case study. They were requested to complete the questionnaire forms by selecting the right options and thereafter they called the researcher to retrieve the forms completed with answers. The purpose of the questionnaires was to collect information on the most critical determinants related to financial advisory services and methods of financial access. The questionnaires helped to identify gaps in services and access, as well as to understand what factors may be preventing individuals from accessing financial advice or services. Additionally, the data collected was used to assess the effectiveness of financial education and outreach programs.

3.8 Data Collection Procedure

The study gathered data from micro enterprises and the drop-and-pick technique was employed to physically collect the data. This approach is adopted for the respondents' convenience, giving them time to concentrate and provide the responses to the questions (Jackson-Smith, et al., 2018). The researcher along with a certified research assistant was recruited to assist in gathering the data and to carry out the administration of the self-developed questionnaires to the respondents.

The participants were owners of micro enterprises in the selected counties who possess adequate knowledge from managing their enterprises over a protracted period. They were asked to fill-in the questionnaires. The owners have vast experiences are the key decision-makers and have firsthand information of the financial health of the business. The investigator used the letter provided by the University along with the NACOSTI research permit to explain the purpose of the study to the respondent before distributing the questionnaires. The participants were given one week to fill-in the questionnaires and thereafter, the researcher returned to collect them. If any of the respondents had challenges, the assistant helped them, not to fill the questionnaires on their behalf, but to provide the clarity needed. The assistant followed-up to collect the questionnaires from respondents who did not complete them within the one-week allotted time.

3.9 Pilot Study

A pretest was performed on the instrument prepared to assemble the study data. This test was to assess the clarity and content validity of the data instrument. Cronbach's alpha, a popular research test was adopted to perform the reliability and the internal consistency analysis of the data items. Nairobi County was chosen for the pilot examination of the data collection instrument. The City was selected because it is hugely populated with several micro enterprises than the other counties.

The questionnaires were hand delivered to 50 micro enterprises in the formal sector. According to the Micro and Small Enterprises Act No. 55 of 2012, these firms have 1-9 employees. Before handling the instrument to the respondents, the researcher ensured that the Business Registry had listed them as legitimate enterprises. The 50 pilot sampling respondents is 13% of the convenient population and is less than 20% suggested for pilot testing by researchers in the social sciences (Tseng & Sim, 2021). The 50 micro firms were randomly selected from the counties included in the study. After the piloting process, long and repeated questions and those that are ambiguous were revised accordingly based on the respondents' feedback. The adjusted questionnaires were then used for the actual data collection in the selected counties.

3.9.1 Reliability of the Research Instrument

Quantitative studies are repeatable by other curious investigators, and therefore, the reliability and uniformity of the measuring instrument are paramount. Reliability is the framework that ensures that research outcomes are consistent. This means that the investigator or another researcher can be able to gather the same desired data as the original researcher using the same tools in the same target population (Mohajan, 2020). To achieve the reliability objective, the sample population was defined and the questionnaires was filled out by the study respondents from micro-enterprises administered in the same way to all respondents. Cronbach's alpha, a prolific reliability tool, was used to test the internal consistency and reliability of the data items and the authenticity of the questionnaire. According to Taber (2018), a scale of 0.70 or above is acceptable.

3.9.2 Validity of the Research Instrument

Researchers rely on validity for the truthfulness of the research instruments. That is, how faithful the research tool is to measure what it was supposed to measure**.** Validity are of different kinds but this study will consider content and concrete validities. The validity that comes with the opportunity of choosing the study variables is the logical validity. It happens from the intensive and extensive review of pieces of theoretical and empirical writings. Further, the logic that is purposely concerned with the association between variables is the concrete validity. That is, how a specific variable is capable of predicting other variables. The conceptual framework portrays validity because of how the variables are connected to one another.

3.10 Diagnostic Tests

A quantitative study requires the use of appropriate inferential statistics to predict the outcome using the dependent and independent variables (Abulela & Harwell, 2020). This study, therefore, incorporated the conduct of several diagnostic tests that includes normality, linearity, correlation analysis, multi-collinearity, factor analysis, heteroscedasticity and Chi-square test of independent for the model fitness for the categorical data to gather for the study as well as the test of autocorrelation.

3.11 Data Analysis and Presentation

The analysis of the study data began with the fundamental process of recording, cleaning, and coding the data (Jones & Hidiroglou, 2017). The data collected from the respondents in the field was the only data the study analyzed. SPSS version 23 was employed to analyze all of the raw data collected for the independent, dependent and control variables because it has unique quality in analyzing such data. The analysis was twofold: descriptive and inferential. The data analyzed for the three variables were categorical and ordinal.

Descriptive statistics were adopted to analyze the demography characteristics of the respondents. The descriptive approach included the computation of the frequency and the average to see data variation. When the Likert scale transformed ordinal data, they are termed as grouped data and average or mean can be computed for such data (Kostoulas, 2021). The study employed a binary logistic regression model. The analyzed data was then able to be presented using tables and charts that are useful tools in explaining research data and from which results and findings, conclusion and recommendations could be made for future study.

3.11.1 Statistical Model

The study used a binary logistic regression, chosen based on the conditions of the response variable that the data must satisfy. First, the model was seen to take only structured or close ended questions, preferably dichotomous with two possible responses or multiple-choice question that has a stem and an answer. The stem is the question asked and the answer is the suitable option or response to the question. A respondent was required to choose one of the two available options. Further, the model dependent variable notably took only categorical or binary data.

The data was obtained from the analysis of two categorical variables, such that a variable is affecting another (financial advisory services has influence on access to credit or financial advisory services has no influence access to credit. Secondly, the model predictor variable did not satisfy any specific condition regarding data. It could utilize categorical, ordinal or interval data measure using Likert scale and be continuous data. Lastly, a minimum of 50 cases per predictor is suggested for the model application (Sarkar & Midi, 2018; Srimaneekarn et al., 2022). The model decision criteria was that for financial advisory services to have an influence on access to credit, the P-values should be < 0.05 while if financial advisory services had no influence on access to credit, the p-values should be >0.05.

Several scholars have used the logistic regression model because of its unique statistical features. Among the users are Taiyari (2017), adopted the model to develop and validate a reliable risk model. Stella, (2018) used the model to analyze risk factors in the diagnosis of diabetes. There are similarities between the logit and probit models in terms of the parameter estimates. However, the cumulative logistic regression model is generally preferred because it is simpler and the interpretation of the odds ratio is more meaningful.

Thus, the logit model is specified as follows;

$$\text{Log}\,[p_i(Y_i)] = log\left(\frac{P_i}{1-P_i}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu$$

Where:

Pi / (1 - Pi) is solely the odds ratio -the ratio of the probability that a financial advisory service will have an influence on access to credit to the probability that it will have no effect on method of financial access.

Y_i Access to credit
B_0 Constant
X_1 Financial market awareness
X_2 Financial planning services
X_3 Credit counseling services
X_4 Credit risk education
μ Stochastic term (error)

β1, β2, β3, and β4 represent units change in the response variable because of a unit change in the respective predictor variable and it is the proportion of positive effect. The decision on whether financial advisory services statistically influence access to credit will be determined as follows;

Decision criteria; financial advisory services have influence on access to credit = p-value< 0.05

Financial advisory services have no influence on access to credit= p-value> 0.05

3.12 Research Ethical Issues

The researcher undertook different processes in ensuring that the study observes the ethical standards associated with a scientific research. Before administering questionnaires, the researcher ensured that informed consent was obtained from the respondents, and confidentiality was maintained throughout the study. The respondents were not discriminated against. The questionnaires were structured to collect information related directly to the research questions, and the respondents were not probed on personal and private questions. Furthermore, the researcher was obliged not to provide confidential information. Any information that required to be communicated was correctly done and was used only to achieve academic objective.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

4.1 Introduction

This Chapter contains the results of the study and the resultant discussions. First, the descriptive results on the study variables, which were financial market awareness, financial planning services, credit risk education, credit counselling services and borrowing behavior as the moderating variable. Further, both correlation and regression analysis were presented followed by

4.2 Response Rate

The study comprised one group of respondents, the owners of sampled county government licensed micro enterprises across the country. The respondents provided the needed information regarding their enterprises using semi-structured questionnaire, the data collection tool. To obtain the data, three hundred and eighty-four self-developed questionnaires were distributed to 384 entrepreneurs of micro businesses on government records in 47 counties within the eight former administrative regions in Kenya. The response rate in the counties within the eight administrative regions were recorded as 69.1%, 72.1%, 70.1%, 70.2%, 71.5%, 68.4%, 70.1% and 71.2% in Nairobi, Central, Coast, Eastern, North Eastern, Nyanza, Rift Valley and Western. Of the 384 questionnaires, an average of 270 were retrieved with answers, representing a 70.3% response rate. Holtom et al. (2022) established that a response rate of between 50-68% provides a sufficient basis for statistical analysis in social science research due to variance in return rates

4.3.1 Reliability Statistics

The statistics of the measuring scale reliability was computed by use of Cronbach alpha and the results were presented in table 4.1 respectively.

Table 4.1

Summary of Reliability Statistics Test

Variable	Cronbach's Alpha	N of Items	Remarks
Financial Market Awareness	0.863	6	Scale Reliable
Financial Planning Services	0.815	6	Scale Reliable
Credit Risk Education	0.734	6	Scale Reliable
Credit Counseling Services	0.743	5	Scale Reliable
Borrowing Behavior	0.725	6	Scale Reliable
Access to Credit	0.710	5	Scale Reliable

Variable	Cronbach's Alpha	N of Items	Remarks
Financial Market Awareness	0.863	6	Scale Reliable
Financial Planning Services	0.815	6	Scale Reliable
Consumer Risk Education	0.734	6	Scale Reliable
Credit Counseling Services	0.743	5	Scale Reliable
Borrowing Behavior	0.725	6	Scale Reliable
Access to Credit	0.71	5	Scale Reliable

Table 4.1 showed a satisfactory result in terms of reliability as most of the measuring scales exceeded the minimum Cronbach's alpha value of 0.7 stipulated by Nawi et al. (2020). This indicated that the scales were dependable. The variable financial market awareness with a coefficient alpha of 0.863 was measured using 6 indicators. Financial planning services with Cronbach's Alpha of 0.815 were measured using 6 constructs. The variable credit risk education had a coefficient's alpha of 0.734 with 6 indicators for its measurement. The Cronbach's Alpha for five indicators within the context of credit counseling services analysis was found to be 0.742. The borrowing behavior had a coefficient Alpha of 0.710 with 5 constructs. The semi-structured questionnaire developed by the researcher was suitable and, hence used for the data gathering.

4.3.2 Validity Results

To ensure accuracy of quantitative measures, content and construct validities were used. To ensure the measuring tool was properly implemented and measured the intended attribute, a test of validity was designed and administered. Factor analysis was applied to assess the two types of validity according to their constructs. Mustafa (2020) argued that the validity of this approach was unique, as indicated by the indicators of each variable in the following EFA tables below which exceeded the minimum threshold of 0.40. This happened for all of the variables selected for the study. This indicated a significant factor loading.

Table 4.2

Explanatory Factor Analysis for Financial Market Awareness

Variables	Factor Loadings Range	No. of Items
Financial Market Awareness	0.481 – 0.724	6
Financial Planning Services	0.467 – 0.729	6
Credit Counseling Services	0.475 – 0.747	6
Credit Risk Education	0.591 – 0.739	6
Financial Planning Services	0.467 – 0.729	6
Borrowing Behavior	0.595 – 0.701	6

Extraction Method: Principal Component Analysis.

The principal component analysis provides awareness into the total amount of variance that can be implicated. In this case, the eigenvalues of the analysis indicate that the values were far greater than zero, it can be implied that there is no multicollinearity present among the constructs of access to credit.

4.4 Demographics Profile

The researcher accessed detailed facts regarding the participants' demographic characteristics in order to pinpoint trends and develop strategies to aid them in obtaining the necessary information from the targeted group. The field researcher was able to gain a deeper understanding of the respondents' demographics, which gave a better insight into their target audience, ultimately helping them to reach their study objectives. This insight provided invaluable knowledge for the researcher in the completion of the study. Consequently, data on the sex of the respondents, education achievement, entrepreneurial experience, age range, and the sector in which the micro-enterprises are operated was gathered to understand their background as entrepreneurs in the MSME sector. This section included their complete statistics.

4.4.1 Gender of the Respondents

It was essential within the study to determine if micro-enterprises in the MSME sector were owned and operated by males and females. To gain diverse views, questionnaires were used to collect responses from both males and females as it was preferable to using just one group. The importance of sex consideration in research was highlighted due to the social constructivism theory, which suggests that gender attributes affect the outcomes of the study (Heidari et al., 2019). Participants were asked to check their sex as male or female on the question form in order to ensure gender equity. The collection of diverse views with the questionnaires balanced the analysis and discussion, helping to understand the respondents and their contributions.

Table 4.3

Gender of Respondents

Gender	Frequency	Percent
Male	172	63.7
Female	98	36.3
Total	**270**	**100**

The survey results outlined in Table 4.3 demonstrated a gender gap, with men accounting for 63.7 percent and women for 36.3 percent of respondents. As analyzed, more male seek financial advisory services than female since male are in the majority in operating micro-enterprises than female. Heidari et al. (2019) conducted research emphasizing the significance of gender differences explored in the area of financial advisory services. Their findings indicated the importance of establishing international criteria for a more comprehensive gender representation in research. This outcome supports the key points in this study.

4.4.2 Highest Education Level

The study focused on understanding the education level of the entrepreneurs, as growth in human capital from education and training can lead to an increase in productivity. Acquiring detailed information regarding the respondents' education and training was deemed essential in the management of micro businesses, as it is fundamental to the credit access decisions that are vital to the survival and advancement of the enterprise. As displayed in Table 4.3 the responses are presented.

Table 4.4

Respondent's Level of Education

Level of Education	**Frequency**	**Percent**
Primary school Level	46	17
Secondary school level	162	54
Post-secondary level (Attended college but not university)	54	20
Bachelor's degree	8	9
Total	**270**	**100**

Table 4.4 showed that 54% of respondents involved with operating micro-enterprises in the formal sector had completed secondary school, while 20% had post-secondary diplomas, implying that they attended colleges and not the university; 17% had only primary education, and 9% had an undergraduate degree. These educational level results suggest that making informed access to credit decisions for micro-enterprises is still a challenge, due to the majority of respondents having only secondary education, which may not be enough for making better financial decisions. Treľová and Olšavský (2016) found that low education levels can affect organizational productivity, whereas higher qualifications can increase performance and improve job satisfaction, as it is a vehicle for workforce transformation. Fuller and Unwin (2021) further suggested that workplace learning supports organizational growth, and training is a determinant of institution stability, financial security, self-dependence, equality, and confidence in task performance.

4.4.3 Working Experience

This study examined the entrepreneurs' business experience in terms of years. It was observed that acquiring skills and knowledge through training and experience could enhance productivity. Furthermore, the business experience of owners of micro enterprises could add value by offering additional skills, knowledge, and insights that could raise their productivity, earning potential, and job opportunities. The responses to this study were tabulated in Table 4.4.

Table 4.5

Respondents Work Experience

Work experience	Frequency	Percent
Less than 5 years	198	73.3
6-10 years	54	20
Over 10 years	18	6.7
Total	**270**	**100**

Table 4.5 findings revealed the extent of experience respondents had in managing micro-enterprises: 73.3% had less than five years of experience, 20% had six to ten years, and the remaining 6.7% had over ten years in the formal sector. These results implied that entrepreneurs of micro-enterprises seeking financial advisory services was essential because most of the respondents in the study had relatively short work experience, which was not sufficient to understand the intricacies of access to credit arrangements for their enterprises. This lack of knowledge could lead to micro enterprises having a very limited lifespan. These limited work experience outcomes contradict the research of Weiss, et al (2019), who established that years of experience in the workplace can be beneficial and can influence an individual's employment status, enabling them to move from job to job with greater ease and more favorable labor market employment opportunities in business and other related fields.

4.4.4 Respondent’s Age Range

In order to gain an understanding of the entrepreneurs' skills and experience in making sound decisions for the sustainability of their enterprises, age was taken into consideration as a key factor. Age has an effect on financial advisory services. The young and old do not have the same learning pace. As an outcome of experience, it contributes to the enterprise planning and control decisions that can help solve financial access issues. The owners of micro businesses from all over the country were asked to select their age range from the options provided. Their responses to the question were compiled and presented in a tabular form in Table 4.11

Table 4.6

Respondents Age Bracket

Age range	Frequency	Percent
18--35 years	41	15.19
36--53 years	162	60
Over 54 years	67	24.81
Total	**270**	**100**

Table 4.11 presented the age bracket of the entrepreneurs' involved in the operation of micro-enterprises regulated by the government. Nearly a quarter of the micro-enterprises regulated by the government were run by entrepreneurs over 54 years old. The majority, however, were adults between 36-53 years old with short work experience, implying that both male and female entrepreneurs were adults before undertaking this business venture, which affected their learning. Their limited work experience could influence their risk appetite since they had limited financial advice. The research conducted by Odhiambo et al. (2018) argues that a diverse age range in the workplace can result in both negative and positive impacts on work performance. This view is corroborated by the findings presented here which suggest that a diverse age range has implications for work performance. On the other hand, Joseph (2019)

argued that various age groups of workers can have a negative impact on task performance.

4.4.5 Micro enterprises by Industry

A sector review was conducted to determine which of the economy's sectors were occupied by the highest number of micro-enterprises. This review sought to ascertain the micro-enterprises' contribution to the sector, as well as the sector's contribution to the country's GDP. The survey results were documented in Table 4.12.

Table 4.7

Sector in which Micro Enterprises Function

Economic Sector	Frequency	Percent
Agriculture sector	26	9.6
Service sector	34	12.6
Manufacturing sector	0	0.0
Energy sector	0	0.0
Financial sector	74	27.4
Real Estate & Construction sector	0	0.0
Tourism & Hospitality sector	24	8.9
Others	112	41.5
Total	**270**	**100**

The results presented in Table 4.7 showed that, out of the total respondents, 9.63% came from the agriculture sector and 12.59% from the service sector. These figures refer to those employed in regulated micro-enterprises. Meanwhile, 27.41% of these businesses operated in the financial sector, 8.89% were from the tourism and hospitality sector, and 54.07% from other sectors such as wholesale and retail. Results from the survey in table 4.7 showed that the majority of entrepreneurs who sought financial advisory services were from micro-businesses, mainly operating in the retail sector. This is indicative of a growth in the number of micro-enterprises in the sector.

A study conducted by Lankauskienė and Tvaronavičienė (2020) established that diversifying the economy into sectors for the operation of enterprises allows analysts and policymakers to assess the growth trend based on sectorial analysis, thus facilitating informed policy making for improvement. This helps investors and economists to be aware of the level of economic activities and accurately measure performance and make informed decisions. Furthermore, managing enterprises on the basis of sectors assists statisticians and researchers in formulating sample frames to avoid biases when coming up with a representative sample in marketing research in an industry. This, in turn, helps to ensure the accuracy of the data collected.

4.5 Descriptive Statistics for Financial Market Awareness

The main purpose of the descriptive statistics analysis in this part of the investigation was to identify the correlation between financial market awareness and access to credit for micro-enterprises operating in the formal sector of Kenya. This was measured by analyzing the responses to the statements used to measure the independent, dependent, and moderating variables. The results of this research demonstrated the impact of financial market awareness as part of financial advisory services when accessing credit. This variable selection was based on the understanding that awareness of financial markets is indispensable for the sale of financial products and services for investment purposes. Without the necessary awareness, market activities may be hindered due to information asymmetry, stopping entrepreneurs and investors from investing. The indicators that measure this variable include financial concepts, financial skills, and financial experience. To analyze this variable, the study employed frequencies, means, percentages, and root-mean-square deviation.

Table 4.8

Frequency for Financial Market Awareness

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree

I am aware of the different types of lending institutions such as Micro finance, Commercial Banks, SACCOS, Shylocks, Credit unions and Women Savings among others.	1.1%(3)	24.4%(66)	30%(81)	25.6%(69)	18.9%(51)
I am aware of the types of loan facilities available.	8.5%(23)	33%(89)	31.5%(85)	19.6%(53)	7.4%(20)
I am aware of other transaction costs associated with financial services.	3.3%(9)	18.5%(50)	38.5%(104)	26.3%(71)	13.3%(36)
I am aware of repayment periods and terms of financial services.	0.7%(2)	11.5%(31)	33.3%(90)	36.3%(98)	18.1%(49)
I am aware of the interest charged for financial services.	2.6%(7)	16.7%(45)	26.3%(71)	34.1%(92)	20.4%(55)
I am aware that financial market awareness can help improve micro-enterprises.	1.9%(5)	15.6%(42)	28.5%(77)	34.1%(92)	20%(54)

4.5.1 Types of Lending Institutions

In order to ascertain whether micro-enterprises in Kenya were cognizant of the financial market, a survey was conducted inquiring the respondents about their awareness of the various categories of lending institutions, such as microfinance, commercial banks, SACCOS, Shylocks, loan unions, and women savings. The responses were tabulated and presented in Table 4.13.

The results highlighted that approximately 55.5% of the 270respondents from the formal sector micro-enterprises had a limited comprehension of the different kinds of banks and other financial entities, as well as their roles and engagements with micro-enterprises in providing financial services for their development, which consequently resulted in a shortage of credit for their enterprises. This was in stark contrast with the findings of Maroor et al. (2019) and Kumar and Pathak (2022) in India, who determined that financial institutions collaborated and organized programs specifically for financial literacy to give their customers and investors access to credit, money management, and their enterprise development. In addition, this gives the market participants the opportunity to have complete knowledge of the financial organizations' activities throughout the year. Additionally, the studies confirmed that increases in monetary awareness favored optimal inclusion but for this study the financial market awareness was low therefore financial inclusion was affected as indicated in table 4.13.

4.5.2 Types of Loan Facilitates Available

The investigation focused on financial awareness for access to credit, thus, the respondents were probed regarding their comprehension of the various loan facilitations available from financial institutions in terms of accessibility and usability for borrowing purposes. The findings of the micro entrepreneurs' responses are expressed in Table 4.13 showed that majority, 73% had no awareness regarding the various kinds of loan facilitates offered by the financial institutions. A study by Cassar et al. (2018) claimed that increases in information sources between lenders and borrowers in micro-enterprises and other small businesses result in higher rates of creditworthiness due to minimize information asymmetries, thus lowering borrowers' chances of loan rejection and debt costs. Additionally, Alam and Chen in Malaysia (2021) observed that financial awareness should bridge the information gaps between the financial market actors and participants. This would generate effective knowledge for credit access and understanding of other financial variables such as savings, investing, and preparing for retirement. The results in this study indicated low financial awareness indicated in table 4.13.

4.5.3 Transaction Costs Associated with Financial Services

The investigator was concerned with the issue of transaction costs between financial organizations and micro enterprises in regard to access to credit. The effects of hidden fees in financial transactions have been a subject of debate. Studying this subject, Ben-David and De-Roon (2018 -2019) discovered the significant influence that such costs have on financial investors. To gain a better understanding of these findings, respondents were asked to clarify their opinion on the presence of hidden fees and their impact on investments. Thus, this study sought to determine whether micro-enterprises were similarly affected by such costs.

The analysis of the data from the inquiry indicates that the majority (60.3%) of micro-enterprise entrepreneurs are affected by undeclared costs in their credit access agreements with financial establishments because they are not aware of their existence. Table 4.13 provides a tabulated overview of the results. This lack of knowledge is a hindrance to the uptake of credit among small enterprises. Cuny et al. (2021) stressed the importance of disclosing hidden transaction costs, as the lack of such disclosure could have a significant impact on the size of a business and its markups. An additional cost, known as information processing costs, is imposed on investors when they are required to use the executed transaction prices to estimate markups, potentially generating information asymmetry between uninformed investors and financial market professionals.

4.5.4 Terms and Period for Credit

This study sought to ascertain whether micro-enterprise operators were cognizant of the terms and periods of financial services procured through credit access negotiations with financial institutions. This is paramount to managing enterprise debt and mitigating the potential for credit default. Table 4.13 revealed that the majority of the respondents, 54.4%, had sufficient knowledge about the repayment time associated with access to credit from financial institutions. This was evidenced by the fact that 36.3% agreed and 18.1% strongly agreed that they had been informed about it.

These findings are corroborated by Msomi (2021) who asserted that disseminating loan information repayment to clients is beneficial, as it allows for loan refinancing, rescheduling, and reduced collateral and other requirements. Similarly, Wenner (2020) established that group lending in business financing arrangements augments the transmission of information to group members, thereby improving the borrower's creditworthiness and decreasing credit delinquency rates.

4.5.5 Cost for using Financial Services

Borrowing is associated with interest charges, which can have a significant effect on borrowers if they are too high. Consequently, it is essential for those seeking to borrow money to have a clear understanding of the costs associated with doing so before making a decision, as the cost of borrowing is directly linked to the demand for money. To create a more advantageous climate for borrowers, central banks have implemented interest rate caps, though the efficacy of this measure has yet to be determined. To explore the level of financial awareness amongst borrowers regarding the cost of using financial services, respondents were asked a series of related questions. Results from this survey was presented in Table 4.13. The survey findings showed that 54.5% of respondents had a sufficient understanding of the cost of financial services. This was in agreement with the findings from Janefer and Siddiq (2017) regarding the role banks play in facilitating small and micro enterprises. They argued that banks have become increasingly important in globalization and internationalization, providing products and services that help businesses remain competitive and meet customer demands. Therefore, as the level of financial and other forms of awareness increases, it leads to an increase in the preferences of the customers.

4.5.6 Financial Market Awareness and Enterprise Growth

The awareness of monetary services provided by actors in the financial markets serves to educate and guide the participants in making decisions regarding the uptake of credit. As this is of vital importance, the study evaluated whether sensitization by financial organizations for entrepreneur's financial knowledge can crow micro-enterprises in the formal sector, as well as enable those micro-businesses in the informal sector to come under government regulations and have the opportunity for access to credit and other forms of protection. The responses from the survey participants collected and analyzed via a data collection tool were expressed in Table 4.13.

The analysis of the data showed that an aggregate of 54.1% of the respondents believed that increased financial market awareness could result in improved micro-enterprises in the economy. This is in line with Kumar and Pathak (2022), whose research found that financial awareness significantly contributes to better access to credit and better utilization of financial services. The results further indicated that an increment in monetary awareness favored optimal financial inclusion. Additionally, Ismail et al. (2017) demonstrated that financial literacy enabled entrepreneurs to acquire risk-mitigating financial products to augment their credit access transactions, consequently increasing financial inclusion. Moreover, Kuruvilla and Harikumar (2018) found that while entrepreneurs had a basic knowledge of financial matters, their comprehension was inadequate for making complex fiscal decisions. Further, ElDeeb et al. (2021) affirmed that macroeconomic policies that foster access to and utilization of banking services, coupled with marketing awareness, are positively correlated with credit access, thereby fostering financial inclusion.

Table 4.9

Descriptive Results of Financial Market Awareness

	Obs.	**Mean**	**Standard Deviation**
I am aware of the different types of lending institutions such as Micro Finance, Commercial Banks, SACCOS, Shylocks, Credit Unions and Women Savings.	270	3.46	1.04
I am aware of the types of loan facilities available.	270	2.84	1.07
I am aware of other transaction costs associated with financial services.	270	3.28	1.02
I am aware of repayment periods and terms of financial services.	270	3.6	0.94
I am aware of the interest charged for financial services.	270	3.53	1.07
I am aware that financial market awareness can help improve micro-enterprises.	270	3.55	1.04
overall mean score		3.38	

This study revealed a low level of financial market awareness among micro-enterprises about financing investments, with an average score of 3.38. Financial institutions were found to be providing inadequate information to these businesses. Conversely, the mean score of awareness regarding repayment periods and terms of financial services was highest, suggesting that the majority of respondents felt that the level of financial market awareness for the growth and development of the regulated micro enterprises was low. The research of Marak and Pillai (2021) supporting this study results has shown that, globally, the adoption of supply chain finance by small and medium-sized enterprises (SMEs) is hindered by limited financial and other business acumen. This suggests that there are still major gaps in the utilization of financial awareness for the implementation of supply chain finance among SMEs.

Studies have shown that the lack of financial literacy among entrepreneurs in developing countries makes it difficult for them to make sound financial decisions and utilize financial products and services, as well as access credit (Mashizha & Sibanda, 2017; Kuruvilla & Harikumar, 2018; Ajaz Khan, 2018). Oseifuah and Manda (2017) conducted a study in South Africa which discovered that even though micro businesses sponsored by the state were present, the administrators' financial knowledge was limited. Dalkilic and Kirkbesoglu (2017) also noted that additional financial awareness was needed in various communities to enable families to understand insurance products for investing.

4.6. Descriptive Statistics for Financial Planning Services

This study was also conducted to analyze the influence of financial planning services, provided by financial advisers, on micro-businesses access to credit in Kenya's formal sector. To evaluate financial decision-making, money management, and investment planning, this survey utilized measures of central tendency such as frequencies, percentages, and mean and root-mean-square deviation. This data was used to examine the three constructs as indicators. Notably, countries like India and China have set up financial planning organizations to increase awareness and training for individuals and enterprises about the importance of financial plans for the effective management of personal and business finances for financial well-being and the growth of firms for poverty alleviation (Aggarwal & Kumar, 2020; Chen & Yue, 2020; Yadav & Yadav, 2020). Therefore, this research was conducted to investigate whether Kenya has similar financial planning institutions and to assess their role in the economy.

Table 4.10

Frequency for Financial Planning Services

	Strongly disagree	Disagree	Neutral	Agree	Strongly disagree
I am aware of how to budget for my expenses.	2.6%(7)	21.9%(59)	33.7%(91)	29.3%(79)	12.6%(34)
I am aware of how to save from my business profits.	1.1%(3)	22.6%(61)	33.3%(90)	29.3%(79)	13.7%(37)
I am aware of how to make other types of investments from my business profits.	0.7%(2)	18.5%(50)	34.8%(94)	33.7%(91)	12.2%(33)
I always have my stock in terms of what my customers need.	3%(8)	28.5%(77)	44.4%(120)	17.8%(48)	6.3%(17)
I am aware of challenges in seeking financial planning education.	12.6%(34)	30.7%(83)	34.1%(92)	16.3%(44)	6.3%(17)
I am aware that financial planning services can help to improve the micro-enterprises.	1.5%(4)	11.9%(32)	21.5%(58)	44.8%(121)	20.4%(55)

4.6.1 Knowledge on Budgeting for Business Expenses

Financial planning services have been increasingly focused on how individuals, households, and businesses can set up budgets for their daily, weekly, and monthly expenses to be financially disciplined. This is a money management technique established by financial planners in order to reduce indebtedness in the financial markets, which can ultimately help to reduce poverty in developing countries. To explore this issue further, respondents were quizzed if they had any knowledge on budgeting their micro enterprise expenses. Their answers were analyzed and presented descriptively in Table 4.15. The results of the survey showed that a total of 58.2% of the participants had difficulty budgeting their business expenses. This indicates that the formal sector micro enterprises were facing difficulties in budgeting their expenses, which could threaten their survival and sustainability among the MSMEs in the economy. Research conducted by Akhtar, et al. (2020) supports the finding that a lack of financial literacy leads to inadequate budgeting practices that impede the operations of micro-enterprises in developing countries. This underscores the importance of financial literacy in ensuring the success of businesses even in resource-constrained environments. Furthermore, the results were also confirmed by Bello, (2018), Salles-Filho, et al. (2019) and Yambor and Agryemang (2021), all of whom reported that the lack of budgeting knowledge could cause difficulties for micro business continuity, which may disrupt their future. Similarly, Pardo et al. (2018) pointed out that the limited utilization of financial planning practices affects the training of SME owners and managers in understanding financial concepts for effective management of SMEs.

4.6.2 Knowledge of Business Savings

The objective of financial planning emphasized the significance of savings. In this regard, the respondents were queried as to whether they knew how to set aside money from their business profits for savings. The results of the analysis revealed that an aggregate of 57% of the participants had limited saving knowledge which could not enable them to save from their micro enterprise profit. Amankwah (2019) found that financial planning can improve the financial literacy of SME entrepreneurs, helping them to understand family savings, equity, overdrafts, and debt sources of financing in Ghana. Additionally, Ariyo, et al. (2020) established that credit access components such as savings, cash budgets, payments, and cash control had a positive impact on SMEs' performance when using financial planning.

4.6.3Knowledgee of Investment Diversification

Exploring personal finance involves planning one's finances, which is a big process with many different components. Among them is investment diversification, which teaches investors and business owners how to diversify their investments in order to minimize losses and maximize gains, as per portfolio theory. To find out if the respondents were knowledgeable of this concept, which has been heavily emphasized by business specialists, the research set out to ask their opinions. Table 4.15 revealed that the majority (53.3%) of respondents were unaware of how to use their business profits to make other investments. This indicates the need to provide more information and resources to help business owners become more familiar and comfortable with other investment options. This lack of financial knowledge could have been due to inadequate financial planning knowledge to guide entrepreneurs in making such decisions.

This was supported by the research of Taggart (2018) who stated that entrepreneurs often lacked the financial skills needed to identify and take advantage of investment opportunities outside of their own businesses. Additionally, Stewart (2020) pointed out that entrepreneurs were often unaware of the possibilities of diversifying their investments and lacked the financial literacy to understand the risks and rewards of different types of investments. Furthermore, Smith (2019) reported that the owners of micro-enterprises usually did not consider financial opportunities and failed to make wise investment decisions with their business profits.

4.6.4 Meeting Customers' Needs

The respondents were asked to examine the influence of financial planning services in meeting customers' needs and if they usually had goods in stock to meet consumers' demand, as access to credit is essential. The inquiry was good because if entrepreneurs are aware of how to budget for expenses and save from their business profits, they should be able to purchase the right type of stock to meet customer needs, which is the root of profit maximization. Customer satisfaction is the foundation to business success, and this is covered in the monetary planning process. The financial plan, budgeted expenditures for the purchases of goods and services to meet the customer consumption demand, as well as their satisfaction is of greater importance to micro-enterprises.

Their opinions were presented in Table 4.15. The data revealed that 79.5% of the respondents indicated their enterprises did not always have sufficient stock to meet customers' needs. This finding was consistent with Claeson and Morris' (2019) research, which concluded that inadequate financial planning knowledge inhibits entrepreneurs from stocking inventory to meet the demands and satisfaction of small business consumers. This also corresponded with the research of Claeson et al. (2018), Ncube et al. (2018), Kishore (2019), and Lance (2020), who all stated that micro-enterprise activities are influenced by the level of financial planning, as it helps entrepreneurs to better identify and take advantage of opportunities.

4.6.5 Challenges in Seeking Financial Planning Education

The study sought to investigate whether there were organizations dedicated to performing the functions of financial planning in the Kenyan financial market and, if entrepreneurs of micro enterprises were taking advantage of the educational opportunities they offered. To answer these questions, the study surveyed participants on their knowledge of any challenges in accessing financial planning education. This was necessary because most developing economies have recently been integrating financial planning instruction into their financial systems, encouraging the setting up of financial planning institutions for educational purposes as well as for certifying financial planners. The participants' responses to this inquiry are summarized in Table 4.15. The findings from the response analysis showed that 77.4% of the participants alluded to the difficulties in seeking financial planning education, indicating that as the results of these challenges the institutions established for financial planning activities are doing very little in the financial market in providing monetary knowledge to entrepreneurs.

This was in agreement with the research of Mutanda (2019), who reported that entrepreneurs of micro-enterprises had limited knowledge of financial planning and had little interest in seeking financial planning services from experts. Additionally, Rahadi (2020) found that those who did seek advice faced challenges with implementation, leading to deviations that affected their understanding of their enterprises' financial activities and ultimately decreased their profit margin. 6.3% and 16.3% of participants had agreed and strongly agreed that micro business owners were aware of bottlenecks in seeking financial planning knowledge, while 12.6% and 30.7% disagreed and strongly disagreed and 34.1% were disinterested and thus made no comment.

4.6.6 Financial Planning Services and Access to Credit

Investigators have noted that financial planning is essential for individuals, households, and firms, particularly in the formal sector. Recently, researchers have been eager to uncover the effects of financial planning for micro-enterprises. These businesses have the highest representation in both the developed and developing economies, yet they have a limited lifetime, and thus their potential advantages of financial planning are yet to be realized. To gain insight into this phenomenon, Table 4.15 presents the results of a survey that asked participants if they were aware of the benefits of financial planning for micro-enterprises.

Statistically analyzing the observations, the findings suggest that the majority of participants, 65.2%, were aware that financial planning education could improve micro-businesses in the financial market. This was further confirmed by Omboga and Okibo (2016), who reported that utilizing financial planning education enabled micro-enterprises to attain access to credit and objectives. Kaiyuni (2017) likewise discovered that financial planning education enabled micro businesses to increase their profit margins, from access to credit to risk management. Awang, et al. (2019) established that there was a connection between MSMEs' financial planning services and Islamic finance, which significantly contributed to the growth in demand and supply of goods and services. Samuelsson (2018) also acknowledged a positive link between monetary planning and entrepreneurial orientation.

Table 4.11

Descriptive Results for Financial Planning Services

	Obs.	**Mean**	**Standard Deviation**
I am aware of how to budget for my expenses.	270	3.27	1.02
I am aware of how to save from my business profits.	270	3.07	1.01
I am aware of how to make other types of investments from my business profits.	270	3.19	0.95
I always have my stock in terms of what my customers need.	270	2.96	0.91
I am aware of challenges in seeking financial planning education.	270	2.37	1.08
I am aware that financial planning services can help to improve the micro-enterprises.	270	3.71	0.97
Overall mean		**3.16**	

The findings suggested that the lack of financial planning services affected credit uptake or access as seen from the results of the entrepreneurs’ limited knowledge of budgeting, savings, and investment diversification and stocking of inventory to meet the customers’ needs. This can be seen from the overall mean for financial planning services which is 3.16 implying that the provision of such services in the financial market for the regulated micro-businesses was low. This finding was consistent with the conclusions of Windle and Lippman (2018), who observed that financial planning services for small businesses and micro-enterprises were scarce in both developed and developing economies.

Financial planning services for businesses in the Kenyan economy have been under-utilized, according to Dowling and Gibson (2019). This lack of access to comprehensive financial planning services has been attributed to inadequate knowledge among the available financial professionals, as well as the scarcity of qualified advisors. Reardon and Iannarino (2019) and Galindo and Iglesias (2020) argue that this presents a challenge, as businesses in the East African country may not be able to benefit from the knowledge and expertise that could be provided by such services. The absence of organized financial planning institutions could also be noted as a contributing factor.

4.7 Descriptive Statistics for Credit Risk Education

In this objective, the research provides an examination of credit risk education on the accessibility of credit in the formal sector for micro-enterprises in Kenya.

This evaluation was carried out by asking the entrepreneurs to rate in their own opinion the extent to which the use of credit risk education in financial advisory services has helped them to understand access to credit. This assessment was conducted using a Likert scale to evaluate credit risk education. This measure included an understanding of credit risk concepts, credit risk management, and credit risk analysis. The descriptive statistics adopted to analyze the responses for the credit risk education included frequencies mean, percentages, and root-mean-square deviation.

Table 4.12

Frequency for Credit Risk Education

	Strongly disagree	Disagree	Neutral
I am fully aware of all risks in financial services.	38% (103)	49%(132)	7.8%(21)
I have received credit risk education in my business financing.	47%(127)	44.8%(121)	2.6%(7)

I closely monitor the risks of my business.	34.1%(92)	52.6%(142)	3%(8)
My business has faced credit risk challenges.	8.1%(22)	10%(27)	11.9%(32)
I would be interested in credit risk education if it would improve your business financing.	5.2%(14)	14.4%39)	5.2%(14)
I am aware that credit risk education can help to improve micro-enterprises.	3%(8)	7.8%(21)	10.4%(28)

4.7.1 Risks Education in Financial Markets

The participants' views on risk education and its ability to help manage the various types of risks in financial services that affect access to credit were expressed in Table 4.12. To gain a better understanding of how risk management works, it was important to inquire if the respondents were fully aware of the different types of risks. Knowing the different types of risks is essential for entrepreneurs, as it allows them to properly classify and manage risks for the growth and expansion of the enterprise. From the results of the survey, it is evident that an overwhelming majority (94.8%) of the respondents did not possess an adequate level of knowledge on the varied risks associated with financial services transactions. 38% strongly disagreed and 49% disagreed with the statement regarding the risks of financial inclusion that could possibly affect micro enterprises' operations. 7.8% of participants expressed no opinion, whereas 2.6% agreed and 2.6% strongly agreed with the statement.

Ključnikov and Belás (2019) found that SMEs entrepreneurs' low knowledge of credit risk education affects their access to credit and the conditions under which loans are obtained from lending institutions. Additionally, Dvorský et al., (2018) discovered that MSMEs' credit risk education was limited, making it difficult for entrepreneurs to understand the credit criteria and navigate them due to the absence of credit risk knowledge. Ultimately, this lack of credit education can harm SMEs in their ability to select suitable types of credit access.

4.7.2 Knowledge of Credit Risk for Borrowing

In order to determine if the owners and managers of micro-enterprises had the necessary education to understand the implications of credit risk on the financial structure of their firm, an inquiry was conducted. This inquiry was deemed essential as the ability to manage risks could be a potential bottleneck for entrepreneurs when accessing funding for their businesses. The participants' responses were then presented in Table 4.17. The survey results revealed an overwhelming opposition among the 270 respondents to the contention that their credit risk education did not adequately address all elements of business management, including funding. Over 94.4% disagreed or strongly disagreed with this statement. 2.6% were neutral while only 2.6% and 3% agreed or strongly agreed that they had obtained adequate knowledge to identify the smallest enterprises financing risks. This outcome contradicts the research of Bennouna and Tkiouat (2019) who found that credit risk knowledge was an important tool for SMEs and other investors to access the risk of the various frameworks relating to credit. Likewise, Yoshino and Taghizadeh-Hesary (2018) proposed a model for educating entrepreneurs on how to assign credit ratings. These studies suggest that credit risk education for MSMEs should comprise two statistical techniques: principal component analysis and cluster analysis.

4.7.3 Monitoring Risks for Micro Enterprises

Investigators (Al-Shboul, 2018; Li &Lau, 2020) found a connection between enterprise risks and returns, implying that to maximize gains from an investment, these risks must be carefully monitored and managed. People need to be educated on credit risk and possess a range of techniques to monitor and manage risks in order to protect their business. To assess their capability in this regard, participants were quizzed on their ability to monitor risks, with the results being expressed in Table 4.17. Sensitive and stubborn risks are inherent to the operations of a firm and can have a significant effect on returns.

Therefore, it is essential to be sophisticated in monitoring these risks. The study revealed that the majority of the respondents (89.7%) didn't closely monitor the risks that could affect their enterprise operations, such as access to credit. This insight was contrary to the findings of Scott and Smallbone (2020), who indicated that closely monitoring various risk factors, including financial management, access to finance, marketing and sales, knowledge and skills, and political and economic risks were necessary to fully comprehend the dangers affecting micro-enterprises. Notably, 34.1% and 52.6% of the respondents disagreed or strongly disagreed, while only 9.4% agreed or strongly agreed that they carefully watched the associated risks. To effectively manage these risks, they suggested creating an appropriate risk management system that would assess the risk factors, monitor their impact, and develop strategies to mitigate them.

4.7.4 Micro Enterprises Faced Credit Risk Challenges

This research study sought to determine if business owners had an understanding of the potential credit risk issues that their organizations could encounter. To ascertain this, the views of the participants from the field survey were presented in Table 4.17. It was necessary to ascertain this because understanding credit risk challenges helps in dealing with the issue of credit default that could jeopardize the cordial relationship between lenders and borrowers. Credit risk education is essential to enable entrepreneurs to identify the types of risks, and monitor and manage them so that they do not affect business activities and result in losses.

This knowledge serves as the basis for being aware of risks affecting firm operations and helps entrepreneurs to adequately manage them. The results of the survey showed that a significant number of respondents, 70%, accepted that micro-enterprises face credit risk challenges. 8.1% and 10% expressed disagreement or strong disagreement with the statement, and 11.9% were disinterested. Furthermore, 23% and 47% agreed or strongly agreed with the statement. This could be interpreted as an indication of awareness of the risks generated by micro-enterprise credit, which might stem from credit-related education initiatives.

The research conducted by Chua, et al. (2017) supports the idea that the findings of this study are in agreement because it demonstrated that micro-enterprises tend to experience higher levels of credit risk due to their limited resources and lack of access to financial services. The study identified four main areas for managing credit risk: strengthening the risk management system of the micro-enterprise, improving the credit risk assessment, developing financial products tailored to the needs of micro-enterprises, and adopting responsible lending practices. In order for micro-enterprises to remain competitive and remain operational, it is essential that they be able to manage their credit risk effectively. This involves knowing how to effectively assess risk and develop strategies to mitigate it. This is especially important in such a competitive business environment in which small enterprises tend to bear the brunt of financial instability. An effective strategy to manage risk will help ensure the long-term success of these businesses.

4.7.5 Level of Credit Risk Education

This research examined the efficacy of providing entrepreneurs with credit risk education to enhance their business financing. It was understood that knowledge of credit risk is essential for the development of an enterprise, as it provides the basis for an effective debt management plan to prevent credit default and nonperforming loans. Further, credit risk education has become a major concern in financial advisory services in order to facilitate good operating, investing, and financing decisions that will lead to enterprise prosperity. The respondents' views pertaining to the inquiry on credit risk education were expressed in table 4.17.

From the analysis of the data collected an aggregate of 75.2% of the respondents had low credit risk education and were interested in increasing credit risk education to improve their enterprise financing opportunities. Akhter and Mersky (2020) investigation results agreed with this current study. They found that small business owners of micro-enterprises need education on credit risk to better comprehend the implications of credit on their businesses, the associated risks, and ways to manage and lower these risks. Knowledge on credit risk can help entrepreneurs make more informed decisions when it comes to borrowing and debt management.

In addition, risk education is purposely needed for credit risk management, credit reporting, financial regulation, and debt collection. The study also reported that educating small business owners on credit risk could help them make better decisions and reduce their exposure to risk. Small business owners should be offered tailored credit risk education, as the authors have proposed, in order to maximize its effectiveness. Such credit risk education should be tailored to the unique needs of each small business owner and manager, in order to ensure that it is successful.

4.7.6 Micro Enterprise Credit Risk Education

This investigation explored the consequences of providing credit education, considered part of financial advisory services, to micro-entrepreneurs in Kenya's formal sector. It sought to determine whether it contributes to effectively managing these enterprises. To assess this, the participants were asked whether they were aware that credit risk knowledge could improve their micro-enterprises. The analysis of the views gathered from the respondents is presented in Table 4.17. It is evident that adopting a good practice for a business enterprise can lead to improvement, which can benefit everyone involved. Losses, on the other hand, put pressure on owners, resulting in new decisions and sadness. From the tabular form data presented, 7.8% disagree that knowledge from credit risk can perform this function.

Likewise, 3% strongly disagree that learning about credit risk and applying its concepts to the management of micro business would not make any impact. In addition, 10.4% abstained from commenting on the query. Contrarily, 41.9% agree that the application of credit risk knowledge can make positive impact in managing micro and small businesses in the economy. Similarly, 37.1% strongly expressed optimism that the benefits of credit risk education to the enterprise are numerous and include guiding investment decisions, borrowing, and getting into a partnership.

The statistical analysis demonstrated that majority, 79% of the respondents were cognizant that the knowledge of credit risk can help to develop the micro-enterprises in the formal sector. Abdelmoula (2018) believed that credit risk education can develop business firms therefore he applied the K-Nearest Neighbor model to assess credit risk education for risk management to predict the performance of commercial banks' short-term loans. The results indicated that the good performance of the loans resulted from better classification rates and the information relating to the accrual and the loans' cash flow. The default risk models are good infrastructure for evaluating approaches to firms' credit access from financial institutions.

Table 4.13

Descriptive Results for Credit Risk Education

	Obs.	Mean

I am fully aware of all risks in financial services.	270	1.71
I have received credit risk education in my business financing.	270	1.69
I closely monitor the risks of my business.	270	1.95
My business has faced credit risk challenges.	270	1.69
I would be interested in credit risk education if it would improve your business financing.	270	2.11
I am aware that credit risk education can help to improve micro-enterprises.	270	1.98
Over all mean		**2.85**

The findings of Table 4.13 in the investigation revealed the collective opinion of the credit risk education variable's measuring constructs. The overall score obtained through the table was 2.85, which indicated that the credit risk education of micro-enterprise owners was very low as reported by most of the respondents interviewed during the field survey. This lack of knowledge can be attributed to the failure of most formal sector micro-businesses during their early years of establishment. Cooke et al. (2018) further established that credit risk education, as a risk mitigation measure, positively affects micro-enterprises. It was also noted that financial literacy is essential for the success of micro-enterprises, especially among those with a lower level of formal education and limited access to capital markets.

This has been demonstrated through various studies and confirmed by Abraham and Akinyele (2019), who suggested that tailoring financial knowledge to the specific needs of each micro-enterprise would be more effective in fostering successful outcomes. Furthermore, a lack of credit risk education compromises the ability of business owners to adequately assess risk, leading to a lack of efficient management of their businesses. Therefore, it is essential to provide micro-enterprises with the necessary credit risk education and resources to improve their operations and increase their earnings.

4.8 Descriptive Statistics for Credit Counseling Services

Evaluating the influence of credit counseling services on access to credit by micro enterprises in the formal sector in Kenya was the objective. The gist of this objective is to find out if the respondents had sought or are aware of credit counseling services.

If they have, how has it improved their access to credit by helping their repayments, hence qualifying for more credit. Their views about this objective were then statistically expressed in the form of a table indicated below.

Table 4.14

Frequency for Credit Counseling Services

	Strongly disagree	**Disagree**
I have accessed a loan from the bank.	7.4%(20)	22.2%(60)
My business is indebted to a large extent.	0.4%(1)	20.4%(55)
I have had to seek a refinancing for my business.	0.7%(2)	21.1%(57)
I have been unable to pay my loans from my business.	7.4%(20)	15.6%(42)
I have gone through debt rescheduling to ease repayment.	2.2%(6)	20%(54)

4.8.1 Credit counseling and Credit Access

The investigator was keen to investigate whether micro-enterprises in the formal sector of the financial system had the opportunity to take advantage of financial advisory services to access credit, which could lead to their obtaining loans from financial institutions to support their growth and sustainability and reduce poverty among the population. To do this, the respondents were asked a question, and the answers were recorded and presented in Table 4.14. The findings showed that an aggregate of 60.7% of the respondents did not have access to credit, indicating that this remained a challenge for these businesses in the various sectors of the economy. This was corroborated by the research conducted by Yansen (2020), who asserted that even with the presence of credit counseling and other financial services, micro-enterprises still faced difficulties in accessing credit. The study discovered that even when micro-businesses were able to access credit, they often encountered high costs and interest rates, as well as intricate application processes that limited access. Additionally, many micro-enterprises lacked access to collateral and other resources crucial to securing loans, which made it challenging for them to obtain credit.

4.8.2 Credit Counseling and Micro-enterprise Indebtedness

The 2007-2009 global financial crisis had a major impact on both the national and international financial markets, necessitating the introduction of credit counseling practices as a measure to prevent it from happening again. These credit counseling principles have been designed to provide guidance to individuals and organizations when selecting products and services, in order to mitigate the risk of a similar financial crisis. This idea was adopted by the US, UK, Australia, and other developing nations, who established organizations responsible for providing credit counseling services (Brown & Gupta, 2018; Harris & Leighton, 2019; Hirad, 2019; Pomerleano, & White, 2020; Vayda & Schneider, 2017). Kenya was no exception, and the study sought to assess the level of indebtedness of micro-enterprises in the formal sector. Through an inquiry, the entrepreneurs were asked if their businesses were indebted to financial institutions through access to credit. The evidence gathered from this inquiry was presented in table 4.19.

The results of the survey revealed that the majority (63.9%) of micro-enterprises in the formal sector reported being in debt to financial institutions, which limits their ability to access more credit. The results of the study were contrary to the outcomes of the research by Kim et al. (2019), who found that credit counseling and debt management programs have a positive relationship, leading to a reduction in the financial stress of debtors from timely debt payment. Furthermore, Liang, et al. (2017) reported that a country with a credit guarantee system that contains good credit counseling programs can reduce SMEs' share of the credit risk, consequently increasing bank cost efficiency. Obtaining access to credit is an issue that micro businesses may have to grapple with. However, with the right decisions, they can avoid accumulating large debts with credit institutions.

4.8.3 Credit Counseling and Refinancing Micro-Enterprise Loan

An inquiry into the access to loans from credit institutions in the financial sector by micro-enterprises, their level of indebtedness in the financial market, and their ability to refinance their enterprise loans was conducted in the Kenyan financial market. To determine if micro businesses regulated by the government had the opportunity to seek refinancing, the investigator asked the third question. Refinancing, where a new loan can be obtained to pay the previous debt owed and the debtor remains with the new debt on the basis of a reasonable interest rate, is only practical in a few developing countries for registered micro-enterprises (Brown & Bradbury, 2019; Acharya et al., 2017). The responses to this inquiry were presented in Table 4.19. The results suggested that the majority of respondents, 53.7%, believed that the refinancing opportunities available to micro-enterprises were minimal and this affected their access to credit from financial organizations.

This finding was corroborated by Beck (2018), who asserted that access to such refinancing opportunities is severely limited, with only a small fraction of micro-enterprises being able to take advantage of them. The research underscored the difficulty micro-enterprises face in garnering access to credit. This was mainly due to the lack of collateral, limited knowledge about loan products, and hefty processing fees. Consequently, micro-enterprises had to depend on informal sources such as family and friends to fund their working capital necessities, since credit access from banks was diminished.

4.8.4 Credit Counseling and Repayment of Loanable Funds

The financial markets heavily rely on credit counselors to help individuals and organizations manage their debt to reduce insolvency. Therefore, the investigator sought to understand if the respondents were unable to pay their enterprise loans borrowed from financial institutions, despite having received credit counseling. The inquiry focused on their access to loanable funds, the extent of liabilities to credit entities in the financial sector, and loan refinancing opportunities for the micro-businesses survival. The participants' point of view to the inquiry was expressed in table 4.19.

The research revealed that more than half of the participants (54.1%) viewed repayment of loans to financial institutions as a challenge, in spite of their restricted access to credit options in the financial market for micro-enterprises. This is in agreement with the study by Staten et al. (2018), who proposed that effective methodology design for credit counseling, administered by counseling agencies, would improve borrowers' behavior towards debt repayment and the use of credit facilities. Furthermore, Staten and Barron (2019) discovered that the three delivery channels developed for credit counseling programs could reduce delinquency for debt payments, decrease bankruptcy, and improve clients' creditworthiness.

4.8.5 Credit Counseling and Rescheduling Loans

The unique characteristic of consumer credit counseling services is that credit counselors have the opportunity to negotiate with creditors on behalf of debtors. These negotiations involve rescheduling loan payments, reducing interest rates, and waiving accrued interest on debt. This rescheduling process helps debtors by increasing the number of installment payments and protecting both parties. To understand the importance of credit counseling for micro-enterprises, respondents were asked if their businesses had gone through rescheduling of their liabilities with financial organizations in order to relieve the tension of repayment. The responses were conveyed in Table 4.19. The outcomes revealed that the majority, 55.5%, of the respondents believed that micro-enterprises in the financial market of Kenya do not have the opportunity for debt rescheduling to relieve repayment, which affects their financial access. This concurred with the results of Okoth (2019), who found that micro-enterprises have limited chances of debt rescheduling due to their lack of submission of mandatory and legitimate documents to meet financing requirements, their provision of cash flow projection and not audited statements to creditors, their weak collateral for borrowing of funds and their outdated registration information.

Table 4.15

Descriptive Results for Credit Counseling Services

	Obs.	**Mean**
I have accessed a loan from the bank.	270	3.19
My business is indebted to a large extent.	270	3.42
I have had to seek a refinancing for my business.	270	3.43
I have been unable to pay my loans from my business.	270	3.11
I have gone through debt rescheduling to ease repayment.	270	3.4
Overall mean		**3.31**

The results of the study revealed two major issues concerning credit counseling for micro-enterprises in relation to paying back financial organization liabilities. The least pressing concern, according to the views sampled, was their inability to repay loans taken out for their businesses, with a mean score of 3.11. The issue of greatest concern was that due to the limited sources of financing available for micro-enterprises, the level of debt incurred was relatively low, evidenced by the average score of 3.42. This overall average score of 3.31 suggests that the level of credit counseling activities in this financial market is low.

This low mean score could be attributed to the limited number of institutions providing consumer credit counseling services to financial consumers. Without such guidance, nonperforming loans and debt tend to increase. Currently, counseling firms are officially designated to resolve personal or psychological problems such as violence, but not financial matters with financial organizations. This study confirmed the findings of Draft (2016) who stated that the absence of credit counseling services in the financial sector for investors, individuals, households, and businesses quickly escalates consumer debt, resulting in increased bankruptcies, foreclosures, debt charge-offs, and delinquent debt payments. Additionally, it leads to weaker credit profiles and decreased good borrowing behavior.

4.9 Descriptive Borrowing Behavior

My fifth objective was to assess the borrowing habits or behavior of the customers and assess their credit access approaches. This would enable me to gain a better understanding of how customers make use of loan options to meet their needs. To do this, I inquired on their ability to pay, their willingness to do so, and other factors that may influence their decision to borrow or not. I also took into consideration how the economic environment and changes in the market influenced the decision to borrow or not. This could be determined by looking at the macroeconomic indicators, such as the interest rate, inflation, and GDP growth. Additionally, I looked at the microeconomic indicators, such as the access to credit and the risk associated with borrowing. Finally, I explored the psychological and social factors that may also influence the decision to borrow or not, such as the culture, beliefs, values, and perceptions of the borrowers.

Table 4.16

Frequency for Borrowing Behavior

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I usually pay on time whenever I borrow.	9.2%(25)	14.1%(38)	31.5%(85)	24.1%(65)	21.1%(57)
I borrow from more than one sources.	2.2%(6)	17.4%(47)	14.8%(40)	36.7%(99)	29.8%(78)
I am a trusted repeat borrower by my lender.	3.0%(8)	27.8%(75)	34.8%(94)	20%(54)	14.4%(39)
I am a defaulter, which limits my access to credit owing to my borrowing behavior.	17%(46)	28.5%(77)	37.8%(102)	13.0%(35)	3.7%(10)
Good borrowing behavior can help to improve the micro-enterprises in Kenya.	10%(27)	19.6%(53)	5.7%(61)	22.7%(73)	20.7%(56)

4.9.1 Borrowing Behavior and Timely Loan Payment

The borrowing behavior of businesses may have both positive and negative effects on the company's growth. When debts are paid on time, as planned, it can positively influence the operating, investing, and financing decisions. Good credit history also opens up more opportunities for credit extension. Paying the business's liabilities on time builds trust and confidence between the lending institutions and the company, which can lead to increased credit amounts, accelerating the company's growth and expansion. On the other hand, not paying debts can put the firm at risk, as legal action and other consequences can lead to the company ceasing its operations. This, in turn, has an adverse effect on the cash flow and other earning streams of the firm, making it necessary to assess whether micro-enterprises are paying their debts on time.

The research aimed to discover the opinions of the participants on this matter, which are presented in Table 4.16. The outcomes highlighted that the majority, 54.8%, of the respondents believed that making timely payment of loans to financial organizations was a challenge for most micro-enterprises. Other factors that contributed to this difficulty included hidden costs and changing Central Bank of Kenya (CBK) lending rates which often increased the value of loans. Kariuki, et al. (2016) found that indebtedness could be attributed to the debt behaviors of individuals, households, and businesses in sectors regulated by the government.

4.9.2 Borrowing from Many Sources

The debt repayment process of entrepreneurs can be incredibly challenging, as they often spread their borrowing amongst multiple financial institutions. This is because there is no equilibrium of money supply, interest rates, borrowing, and repayment periods across the financial industry. As a result, entrepreneurs may find it difficult to secure credit from different firms, as they may not offer the same repayment period. The failure of a business can be attributed to many factors, such as the loan amount, type of loan, interest rate, lack of financial literacy, type of lender, and repayment period given by the creditors. To investigate this further, this study examined whether micro-enterprises regulated by the state took loans from multiple sources for their investment.

Data were collected and analyzed from the responses of the respondents, which are displayed in Table 4.16. The results of the analysis indicated that most of the participants, 66.5%, acknowledged that they had borrowed money from more than one lender. This finding is supported by the work of Goel and Rastogi (2021), who found that borrowers can acquire loans from various sources when financing their businesses. This is based on an evaluation of non-financial factors such as accessibility of credit access, age, loan purpose, work experience, occupation, earnings, credit history, and financial literacy, national credit bureau information, and more. By employing a credit scoring model, the debtors can be further evaluated, especially those who do not have a satisfactory previous credit record or reliable accounting statements.

4.9.3 Borrowing Behavior and Trusted Borrower

Money is associated with two distinct characteristics: being unproductive and lacking an owner's identity. The unproductive nature of money is the main reason why lenders have to engage in loaning funds to the deficit financing units in the economic system, hoping for a return on investment. Money is transformed from unproductive to productive when it is used as capital to generate a turnover. This is why interaction between borrowers and lenders in financial markets is a daily occurrence. Money is identified by the country in which it is used and requires protection, as can be seen through the lending process.

In Kenya, borrowers must meet certain conditions to have access to loanable funds, including having a good credit history and sufficient financial literacy. The relationship between lenders and borrowers is strengthened when borrowers are trusted to repay their debts on time. This is the focus of the study, which aimed to determine if borrowers of micro-enterprises were trusted by lenders to be able to borrow at any time thereby increasing their access to credit. The results are presented in Table 4.21. Overall, 65.6% of the respondents expressed their views, indicating that they could not repeat their borrowing from one lender due to lack of trust, thus leading to borrowing from multiple sources. This, according to Gollin and McKenzie (2019), can lead to high-interest rates, which can be a major obstacle for small businesses. Repayment of the debt can become difficult for owners , thus creating a constant cycle of poverty and informality. Chari et al. (2017) also established that multiple sources of credit can have a negative effect on labor supply, particularly for women.

Specifically, households with multiple sources of credit had a lower total labor supply and women worked fewer hours. It can be said that when micro-entrepreneurs and managers have access to credit from various sources, it can negatively affect their labor supply. This can be attributed to the fact that these individuals may have more options and thus, may choose to save their resources, labor force, and capital for opportunities that could provide more potential gains. Furthermore, having access to credit from external sources may also create a mental dissonance, further hampering the supply of labor.

4.9.4 Borrowing Behavior can limit Access to Credit

Research has indicated a correlation between attitude towards debt and access to credit. To promote better attitude and behaviors related to credit access, financial literacy should be encouraged, since it has been shown to have an effect on good borrowing practices. Negative debt attitude and borrowing behaviors can limit investors' chances of obtaining access to financial services from various organizations (Dey et al., 2019; Gaiha & Ray, 2017; Hasan, et al., 2018; Nanda & Mishra, 2020). Lending institutions require trustworthy and responsible borrowers - they want to develop a positive relationship with those who borrow and pay according to the specified debt repayment plan.

When debtors pay on schedule it entices creditors to grant more funds, as it helps to build confidence between the two parties. As trust increases in the lending relationship, the loanable funds can increase, and repayment periods can be extended. However, the outcomes from the data concluded that the majority of respondents, 83.3%, said they were not a defaulter to financial organizations loan programs to limit their access to credit due to their borrowing behavior. This suggested that lending firms limited access to credit of micro-enterprises due to other factors rather than their borrowing behaviors. This study confirmed Oyer (2018) examination which ascertained that micro-enterprises in developing countries often face difficulty obtaining credit from lending organizations due to criteria apart from their borrowing history. To be more specific, lenders usually require collateral which is generally unavailable to many micro-businesses, besides other criteria such as the proximity of the enterprise to the lender and the size of the loan. These restrictions hinder the access of micro-enterprises to credit and can obstruct their performance. The study also found that micro-enterprises that had more access

4.9.5 Benefit of Good Borrowing Behavior

This study aimed to assess whether better borrowing behavior can help to improve the micro-enterprises in Kenya. It is of the utmost importance, as most micro businesses face challenges arising from credit default which have caused their lifespans to be shortened, thus making them unable to meet the going concern principle regarding the longevity of the enterprise. Both the lender and the owner have a claim to the firm when it comes to any default. Due to this, when it comes to temporary business management, it is inevitable that borrowing will occur and thus, it is necessary to demonstrate good borrowing behavior that would be beneficial for both the borrower and the lender. Table 4.16 reflects the outcomes of the survey of 270 entrepreneurs in Kenya, which was designed to assess their borrowing behavior. The responses from the participants were evaluated to reveal the results. 60.9% of participants felt that having a better borrowing behavior is a tool that can increase access to credit and improve micro-enterprises in the formal sector. It is supported by the research of Cwynar, et al. (2020) who found that debt literacy can predict positive financial behavior, influencing good repayment habits. Similarly, Rai, et al. (2019) observed a strong connection between financial attitude, knowledge and good borrowing behavior of women from the working class in New Delhi, both in the public and private sectors.

It is evident that there exists a positive correlation between an individual's power prestige and their debt behavior, as observed in a study conducted by Jamilakhon et al. (2020); implying that power prestige can affect borrowing behavior due to the fact that debt behavior is a determinant of borrowing behavior. Furthermore, studies have found that financial literacy education, attitude towards debt, and peer influence have only minimal impact on an individual's behavior towards debt. Almenberg, et al. (2021) found that individual debt attitude is affected by familial and cultural characteristics, suggesting that behavior is acquired and passed down from one family member to another. It was also established that variations in debt attitude determinants, such as education, risk-taking and financial literacy.

Table 4.17

Descriptive Results for Borrowing Behavior

	Obs.	Mean	Standard Deviation
I usually pay on time whenever I borrow.	270	3.69	1.13
I borrow from more than one sources.	270	3.43	1.01
I am a trusted repeat borrower by my lender.	270	3.15	1.08
I am a defaulter, which limits my access to credit owing to my borrowing behavior.	270	2.58	1.03
Good borrowing behavior can help to improve the micro-enterprises in Kenya.	270	3.47	1.05
Over all mean		**3.32**	

The results of the study revealed that the mean score for borrowing behavior among micro-enterprises entrepreneurs was 3.32, suggesting that the majority of respondents believed that borrowing behavior in the micro business sector was low. This conclusion was further supported by the findings of Kebede (2018) and Khurana (2020), who identified a number of factors contributing to the low borrowing behavior in Sub-Saharan African micro-enterprises, such as limited access to formal financial services, lack of collateral for loan security, limited financial literacy, cultural and religious beliefs, limited information about borrowing, limited credit history, and lack of trust in lenders.

The investigator also noted that informal sources of credit and the use of family or social networks to borrow money are common among micro-enterprises in Sub-Saharan Africa, and that the lack of financial resources was the primary factor influencing the low borrowing behavior. In order to promote economic growth, governments should create an environment that facilitates access to credit for small businesses. Furthermore, financial institutions should create products and services that cater to the specific requirements of micro-enterprises. By doing this, they can ensure that smaller enterprises are able to access the resources they need to grow and develop (Abou-Rizk et al., 2020; Boamah, 2018). Low borrowing outcomes may be a factor in the failure and closure of many micro firms in Kenya, as such behavior is unlikely to encourage financial organizations to lend funds to enterprises that will make them to suffer default consequences.

4.10 Descriptive Statistics for Access to Credit

The ultimate objective of the study conducted by the investigator was to examine the access to credit among the regulated micro-enterprises. This inquiry was of paramount importance as the entire research project revolved around this variable. It is imperative to identify the difficulties associated with credit access and formulate viable solutions when it is low as access to credit is a fundamental factor for the inclusion of businesses in the financial market. The theoretical models taken into consideration for studying the access to credit variable were commercial bank lending, alternative financing, family lending and cooperative society lending.

Table 4.18

Access to Credit

	Strongly disagree	Disagree
I have adopted a specific type of access to credit for my enterprise.	7.8%(21)	18.5%(50)
I did not select my type of credit access, it was what the creditor made available for me as a borrower.	2.6%(7)	12.9%(35)
I have changed the type of access to credit for my micro-enterprise more than two times.	4.4%(12)	16.7%(45)
I obtained credit from financial institutions on more than two occasions.	5.2%(14)	15.6%(42)
I made payment towards the debt more than two times.	13.0%(35)	13.0%(35)

4.10.1 Kinds or Options of Credit Access

Investigations have revealed that the sustainability of an enterprise is determined by the resources that are used to finance its operations. Different types of credit are available for business entities, and the requirements for each loan vary. Businesses have the option to access credit from various sources, which can be categorized as the kinds of credit access. These sources include micro finance loans, commercial bank loans, family lending, cooperative societies, government institutions, and international financial institutions. Borrowers often have to go from one lender to another in order to obtain multiple loans (Lopes & Carvalho, 2020; Tweneboah & Uddin, 2018).

To gain an understanding of the type of credit access used by micro-businesses, the views of respondents were gathered and analyzed. Table 4.18 provides an insight of the results from this assessment. According to a survey, the majority (65.5%) of respondents prefer a certain type of credit access for financing their businesses. This result confirms the research conducted by Oladipo, et al. (2021), which found that this specific type of access has a positive effect on financial inclusion. Moreover, they determined that the flexible interest rate on such loans gives SMEs an advantage over other lending options.

Oduyoye, et al. (2018) established that the least expensive sources of finance are the best option of credit access to influence the success of MSMEs. It is evident that businesses must have access to various types of credit in order to remain competitive. Moreover, micro-businesses should carefully consider the benefits and drawbacks of each credit access before selecting a particular lender. In order to promote financial inclusion for micro and small enterprises, Governments should implement policies that encourage SMEs to access funds using the cooperative framework. According to the Organization of Economic Co-operation and Development (2015), there are multiple options available for such credit access, such as asset-based finance, alternative debt, and hybrid and equity instruments. Among these, bank lending is the most common external source of finance. It is hence essential for Governments to design a policy to enable and promote these options, in addition to bank lending.

4.10.2 Lender Loan constrains

Research has revealed that entrepreneurs who are looking to finance their micro-enterprises often use specific types of credit. As a result, the study wanted to see if these types of access to credit were chosen by the borrower or were offered by the lenders, who have the power to make the borrowers act according to their loan agreement. This inquiry was necessary because loans can lead to severe consequences, such as the lender taking the collateral if the borrower defaults on the loan. Therefore, it is important that debtors should have the chance to get access to credit that meets their company's financial needs since the entrepreneurs are more aware of their business environment than the lender. The opinions of the respondents were recorded and analyzed in table 4.23.

The results of the analysis revealed that the aggregate, 69%, did not choose their own kind of access to credit, but were instead constrained by what the creditors made available for them. Aliero and Yusuf (2017) concluded that lenders imposed their access to credit on borrowers due to their own interest and collateral requirements. Tran et al. (2021) further stated that the type of credit access adopted by micro-enterprises was based on their ownership structure decisions. In contrast, Gololo (2017) found that equity financing, a type of credit access provided by commercial banks, was introduced to improve SMEs operations and create jobs, leading to a reduction in unemployment.

4.10.3 Changing Access to Credit Options

In the wake of accessibility as a determinant of borrowing behavior in Kenya, the owners of micro-enterprises could have the ability to alter their access to credit depending on economic and market conditions. These changes could result from an increase in interest rates, shifts in the business and regulatory environment, or alterations in the credit market. Consequently, entrepreneurs may opt to switch to a different form of financing that is more suitable for their individual enterprises. In order to examine this further, respondents were asked if they had changed their kind of access to credit multiple times. Analysis of the survey results revealed that 16.7% of the respondents disagreed and 4.4% strongly disagreed with the researcher's question, while 28.5% said they had changed their access to credit and 24.1% strongly agreed with the prompt. On the other hand, 26.3% of the participants opted for no response.

A majority of 52.6% of the respondents stated that their involvement in changing their access to credit options had exceeded two times seeking for more favorable loans. Gonzalez, Pinilla, and Tejada (2017) discovered that micro-enterprises in Latin America often alter their financing options in order to build relationships with lenders and acquire more capital. This can involve switching to other sources such as venture capital and crowdfunding. This practice allows them to have more flexibility in their financing options and acquire the most suitable loan with the most favorable terms, thus reducing the risk of credit. Unfortunately, they still face significant challenges such as information asymmetry, lack of resources and financial knowledge, and the high cost of borrowing.

4.10.4 Obtaining Credit on more than Two Occasions

This study investigated whether micro-enterprises in the formal sector have obtained loans from financial organizations on more than two occasions. It was important to assess this, as businesses may need to acquire funds to cover a variety of needs, such as capital and revenue expenditures for the purchase of equipment, payment of regular expenses, financing working capital (including inventory and account receivables), dealing with seasonal fluctuations, launching new products or services, paying off debts, providing financial literacy programs, and other initiatives designed to help the business grow. To gain an understanding of the respondents' experiences, they were asked if they had obtained credit from financial institutions more than twice. The results of the survey are outlined in Table 4.23.

The outcomes of the investigation revealed that 5.6% of respondents disagreed with engaging financial institutions for more than two credits while 5.2% strongly disagreed. 27% gave no response to the investigator’s question. However, 29.3% agreed with obtaining loans from monetary organizations more than twice. 23.8% strongly agreed with the statement. The data showed that the majority of the participants, 56.3%, took credit from financial institutions on more than two occasions to increase loanable amounts due to borrowing cost. These findings concur with the research of Etemesi (2017) who determined that the understanding of finance by owners and administrators has a significant and positive impact on the frequent borrowing of loans from financial organizations for the development of SMEs.

Additionally, Adekunle et al. (2021) found that cooperative societies have the flexibility and strategies to allow MSMEs to gain increased access to credit for growth and expansion. In addition, Adegoke (2021) established that loan extension by cooperative societies and financial institutions has a positive and significant effect on micro-enterprises frequent access to credit for sustainability.

4.10.5 Borrowers settlement of Loans

An inquiry was conducted in order to assess the payment of liabilities by entrepreneurs of micro businesses, which are highly prone to short-lived success due to the delay in debt payment or credit default. There are a few potential benefits to making multiple payments towards a debt. First, it may help to expedite the debt repayment process, as well as reduce the amount of interest paid and the amount of time needed to repay the debt. Additionally, making multiple payments on time can help to improve one's credit score, which is advantageous for a variety of reasons. Thirdly, paying off debt in multiple portions can be beneficial in terms of reducing the stress associated with debt repayment. By having more money available every month, it is easier to manage the finances of a micro-enterprise.

Survey results on the payment of liabilities more than twice were tabulated in Table 4.23. Results revealed that the majority of respondents (63%) expressed disagreement with such arrangements. This could be due to the financial struggles that continue to plague micro-enterprises in Kenya. Akorsu and Agyapong (2017) conducted a study which showed that limited knowledge of risk analysis and management can lead to difficulty in selecting the right kind of credit and limit SMEs' access to finance. To address this issue, the researchers proposed an alternative financing framework called the MSME Network Fund Model, involving the government, private sector, and SME owners to create a pool fund through voluntary contributions in order to build up SMEs' financial reserves. Additionally, Racheal and Uju (2018) found that accessing credit from commercial banks has its own set of issues, which can limit the growth and expansion of SMEs.

Table 4.19

Descriptive Results for Access to Credit

	Obs.	Mean
I have adopted a specific type of access to credit for my enterprise.	270	2.24
I did not select my type of credit access, it was what the creditor made available for me as a borrower.	270	2.36
I have changed the type of access to credit for my micro-enterprise more than two times.	270	2.42
I obtained credit from financial institutions on more than two occasions.	270	2.3
I made payment towards the debt more than two times.	270	1.99
Over all mean		3.26

The findings illustrated in Table 4.19 indicated that most respondents perceived that access to credit for formal sector micro-enterprises in Kenya is inadequate; the mean score for this question was 3.26. This finding was further confirmed by Mungai and Smith (2020), who demonstrated that only 11.2% of micro-enterprises had access to formal credit due to the various challenges associated with accessing formal credit such as inadequate paperwork, lack of collateral, lack of credit history and limited knowledge of available credit options. Micro-businesses are facing many financial difficulties due to the high cost of borrowing coupled with inadequate credit supply. May et al. (2021) uncovered an alarming trend of micro-enterprises turning to informal sources of credit such as borrowing from family and friends to fulfill their financial needs instead of obtaining credit from lenders due to the stringent parameters imposed by formal financial institutions. Consequently, there is a considerable gap between what is being demanded for and provided.

4.11 Correlation Analysis

A correlation analysis was conducted to assess the dimensions of the relationship between the variables selected for the study. The aim was to determine if the link was unidimensional or multidimensional. For unidimensional only one variable affects the other variable while in multidimensional the variables affect each other. Table 4.25 contained the analysis.

Table 4.20

Financial Market Awareness and Access To Credit

		FMASS	FPSS	CREDU	CRCSS	BBEHR	CRACESS
FMASS	Pearson Correlation	1					
	Sig. (2-tailed)	0					
	N	270					
FPSS	Pearson Correlation	.227**	1				
	Sig. (2-tailed)	0					
	N	270	270				
CREDU	Pearson Correlation	.217**	.128**	1			
	Sig. (2-tailed)	0	0				
	N	270	270	270			
CRCSS	Pearson Correlation	.147**	.155**	.168**	1		
	Sig. (2-tailed)	0	0	0			
	N	270	270	270	270		
BBEHR	Pearson Correlation	.200**	.129**	.101**	.128**	1	
	Sig. (2-tailed)	0	0	0	0		
	N	270	270	270	270	270	
CRACESS	Pearson Correlation	.174**	.150**	.241**	.253**	.190**	1
	Sig. (2-tailed)	0	0	0	0	0	
	N	270	270	270	270	270	270

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

The correlation analysis conducted revealed a significant and positive relationship between financial market awareness and access to credit ($r=0.174$, $p<0.000$). This suggests that financial market awareness activities such as financial concepts, financial skills, and financial experience gained from financial literacy training can lead to an increase in access to credit. Maroor et al. (2019) highlighted that knowledge obtained from financial awareness programs can provide insight into credit access and other investment-related issues. Similarly, Kumar and Pathak (2022) stated that financial literacy is significantly related to access to credit and the effective use of financial services.

Moreover, their research showed that increases in financial awareness favored adequate financial access. Msomi and Olarewaju (2021) also noted that financial awareness has a significant effect on sustainability and influencing the proper budgeting of SMEs. Sindambiwe (2019) also mentioned that financial awareness contributes significantly to increasing financial literacy among investors in the stock market. Alam and Chen (2021) further established that it produces effective knowledge for credit access and understanding of other financial variables such as savings, investing, and retirement planning. Lastly, ElDeeb et al., (2021) stated that access to credit is statistically increased by macroeconomic policies that promotes access and use of banking services.

Correlation analysis between financial planning services and access to credit revealed a significant and positive relationship ($r = 0.150$, $p<0.000$). This finding is consistent with the research of Biwott (2017) who established that the growth of MSMEs in Kenya was augmented by the adoption of financial planning techniques that positively impacted cash flow management, credit, and debt analysis, savings and investment analysis, and sourcing of finance for expansion. Kaiyuni (2017) found financial planning services to be an important factor for MSMEs in gaining access to credit and managing risk. Omboga and Okibo (2016) also argued that the utilization of financial planning services can enable MSMEs to get access to credit and attain their objectives. Additionally, Samuelsson (2018) demonstrated a positive association between financial planning, entrepreneurial orientation and family SMEs' managerial practices. Amankwah (2019) further indicated that financial planning improved the financial literacy of SME entrepreneurs, which enabled them to comprehend family savings, equity, overdraft, and debt sources of financing.

The Pearson correlation coefficient calculated and tested indicated that the interconnection between credit risk education and access to credit was found to be positively and statistically significant ($r = 0.241$, $p = 0.000$). This suggests that if credit risk education activities are promoted and practiced, this will transform to increase access to credit. The findings were substantiated by the research of Berg and Dische (2019) who revealed that having access to credit helps individuals and businesses manage their finances more effectively and avoid financial difficulties, therefore credit education is the bear rock for understanding how to use credit responsibly and make sound financial decisions.

Additionally, Disney et al. (2018) established financial literacy education had a positive impact on credit and borrowing behavior of young adults. Also, those who received credit education were more likely to have a better understanding of credit and borrowing, and were more likely to make wiser decisions when it came to using credit and taking out loans. Kordy (2018) declared that the bankruptcy rate for individuals who participated in credit risk education was significantly lower than the bankruptcy rate for individuals who did not participate in credit risk education.

The results of the correlation analysis showed a significant and positive correlation between credit counseling services and access to credit ($r = 0.253$, $p = 0.000$). This suggests that providing consumers with credit counseling services, such as debt education, debt management plans, and debt payment, could increase access to credit for regulated micro-enterprises. This demonstrates that credit counseling services can influence the development of micro-enterprises controlled by the state when institutions for consumers' counseling are specifically established for this purpose and their activities are taking seriously by the MSMEs. The outcomes were in agreement with the studies by Kim et al. (2019) who found that the effectiveness of credit counseling can improve financial behaviors, health, and well-being of businesses, individuals, and households in America.

Further, a positive link was found to exist between credit counseling and debt management programs and this reduces the financial stress of debtors. A good debt management schemes can influence the type of access to credit of SMEs and other borrowers in the financial market. Moreover, Staten et al. (2018) stated that better counseling agencies techniques for credit counseling would improve borrowers, individuals, households, and businesses' behavior toward debt for use of credit facilities significantly and positively. Staten and Barron (2019) found that a reduction in delinquencies of debt payments, a reduction in bankruptcy, and increases in the creditworthiness of the clients was due to the effectiveness credit counseling programs.

Wang (2020) reported that credit counseling firms' programs can help reduce the indebtedness of monetary service users, and provide a pathway through which individuals and households can make better decisions in choosing the appropriate type of credit access for sources of investments in the economy. The results disclosed a correlation analysis of r=0.190, p=0.000, illustrating a significant and positive interrelationship between borrowing behavior and access to credit. The findings established that activities of borrowing behavior such as financial literacy once prioritize by micro-enterprises would cause a rise in access to credit.

Rai, et al. (2019) found a strong connection between borrowing behavior, financial attitude, and knowledge that contributed to women in the working class in the private and public sector's ability to obtain credit. In addition, responsible borrowing behavior is more likely to be approved for credit and to receive favorable terms; lenders are more likely to extend credit to borrowers with a track record of responsible borrowing behavior, and borrowers who have access to credit are more likely to use it responsibly.

In conclusion, the analysis revealed a unidimensional connection between the variables that is changes in one variable can affect the other variable.

4.12 Diagnostic Tests Results

Diagnostic tests in logistic regression are important for evaluating the performance of the model and for checking its assumptions. The diagnostic tests for this form of regression are the normality test and the multi-collinearity test. These tests help identify issues with the model like outliers, and the presence of influential observations. They can also help identify whether the model is over or under-fitting the data and whether the data has been correctly specified. Diagnostic tests can help identify if the model is correctly capturing the relationships between the explanatory variables and the response variable, and provide insights into which variables are most important for prediction (Etzioni, 2016).

4.12.1 Test of Normality

The study adopted Shapiro-Wilk Test to examine for normality. Persistent, with Hanusz et al. (2016), the Shapiro-Wilk Test has well-known mean, well-established to control vast sample that is quite the selected sample of the study. Additionally, it is extensively adapted to test for normality to work out whether the data were normally distributed or deviate from normality. The outcomes in table 4.26 showed that the Shapiro-Wilk-Statistics for all the variables had p-values greater than 0.05. Wherefore the null hypothesis that data is not statistically different from normal distribution was not rejected deducing that the data for all the variables followed normal distribution.

Table 4.21

Shapiro-Wilk test of Normality

Tests of Normality	**Statistic**	**Df**	**Sig.**
Financial Market Awareness	0.83	270	0
Financial Planning Services	0.76	270	0
Credit Risk Education	0.738	270	0
Credit Counseling Services	0.788	270	0
Borrowing Behavior	0.882	270	0
Access to Credit	0.779	270	0

Source: Survey Data (2022)

4.12.2 Test of Multicollinearity

The study used the Tolerance and Variance inflation factor (VIF) to inspect for multicollinearity. The general-principle of thumb during this test indicated that VIF should be beneath 10, while tolerance should be down from 1 to conclude that there is no multicollinearity between the predictor variables (Akinwande, et al., 2015). The analysis in table 4.23 showed that each one of the variables had VIF smaller than 10 in the study. The research result, therefore, affirmed that there was no threat of multicollinearity among the study explanatory variables.

Table 4.22

Test of Multicollinearity

	Collinearity Statistics	
	Tolerance	**VIF**
Financial Market Awareness	0.654	1.048
Financial Planning Services	0.876	1.141
Credit Risk Education	0.934	1.07
Credit Counseling Services	0.532	1.073
Borrowing Behavior	0.743	1.061

Source: Survey data (2022)

4.13 Sampling adequacy

Scholars including Thao, et al. (2022) have applied the test of sampling adequacy because it is essential and provides the basis for generalizing the research results to a population. Sampling adequacy is a measure of the representativeness of a sample and is determined by the size of the sample and how well it matches the characteristics of the population from which it was drawn. The test ensures that research results are accurate and valid. With an adequate sample, researchers can draw conclusions and make decisions that accurately reflect the population under study. If the sample is not adequate, the conclusions and decisions made may not be accurate or valid. Thus, sampling adequacy is essential for accurate and valid research results, and henceforth it was applied in the study. From outcomes of the test were expressed in table 4.28. According to the table, the test statistics of the variables surpassed the KMO and Barlett threshold of 0.8 the significance level of the test.

Table 4.23

Test of sampling adequacy

Variable	**KMO**	**Bartlett's**	**Test of Sphericity**
Financial Market Awareness	0.88	672.156	(sig. 0.000)
Financial Planning Services	0.853	559.14	(sig. 0.000)
Credit Risk Education	0.69	515.93	(sig. 0.000)
Credit counseling Services	0.884	131.43	(sig. 0.000)
Borrowing Behavior	0.752	313.96	(sig. 0.000)

Source: Survey data (2022)

4.14 Goodness of Fit Tests

Logistic Regression is one of two major categories of Regression models. It is used in a study to assess the likelihood of an event occurring based on the value of certain covariates (e.g. X). The goal of this Maximum Likelihood Estimation (MLE) regression is to accurately fit the observed data by minimizing the residual variation. If there is too much residual variation present and it is systematic and wide-ranging, then the logistic regression will not accurately predict the actual outcomes. As Dreiseitl et al. (2005) state, this can be caused by certain features that are not adequate for the regression model. The logistic regression model may have certain features that could lead to a poor fit, such as the omission of higher-order terms of covariates or related covariates. Additionally, predominant observations and outliers can also cause the model to be a bad fit. For this reason, lack-of-fit tests are often employed to determine if a model is accurate or if the statistical inferences drawn from it are invalid or biased. The Hosmer-Lemeshow Test of goodness of fit is an appropriate method for determining the adequacy of fitted logistic regression models. This test ensures that any conclusions based on the model are valid and reliable.

Table 4.24

Hosmer-Lemeshow Test of Goodness of Fit

HL stat	DF	P-value
25.97	1	0.378

The Hosmer-Lemeshow goodness-of-fit test for logistic regression in Table 4.24 was used to assess the goodness of fit of a given probability distribution or statistical regression model to the observed data. This was determined by measuring the p-value; when the p-value ($p>0.05$) was found to be non-significant at 0.05 level of significance, it was concluded that the model fits well to the data. To understand the model fit, two types of measures are used: the discrimination statistic and the calibration statistic. The discrimination statistic assesses the model's ability to differentiate between patients who have or do not have the outcome. Common discrimination statistics include the C statistic and the area beneath the receiver operating characteristic (ROC) curve. The second measure used, the calibration statistic, evaluates how accurately the model predicts the result compared to the actual result (Guffey, 2012).

4.15 Autocorrelation

The study used the Durbin-Watson test to test for auto-correlation. The Durbin-Watson value should be between 1.5 and 2.5 to show no association between residual items.

Table 4.25

Durbin Watson statistic

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.508[a]	.258	.231	63.142412	.249

. Predictors: (Constant), Financial Market Awareness Factors

b. Dependent Variable: Access to Credit

Durbin Watson statistic was 0.249 and within the permissible range Table 4.25 was used to reject the null hypothesis that there is no serial correlation between the terms.

4.16 Hypothesis Testing

After confirming that the data met the necessary assumptions, regression analysis was performed on the hypotheses.

Table 4.26

Logistic Regression Estimation Results

Logistic Regression	Number of Observation = 270
	LR chi²(4) = 63.820
Prob >chi² = 0.0000	
2Log likelihood = -22.4213	Pseudo R²= 0.6729

Variables	Odd Ratios	P>|z|	Marginal effects (dy/dx)
Financial Market Awareness	1.6247	0.0001**	0.2046
Financial Planning Services	3.2518	0.0005**	0.3684
Credit Risk Education	4.7283	0.0002**	0.4037
Credit Counseling Services	2.4801	0.0001**	0.3415
Constant	0.2215	0.0000**	1.352

**significant at 0.05 level of significance

Source: Survey data (2022)

The results from Table 4.30 determined by binary logistic regression suggests that the model can predict the relationship between the independent variables and access to credit. This is validated by the Pseudo R2 (0.6729) which reveals that the model accounted for 67.29% of variations in access to credit. Additionally, the general significance of the model is confirmed by its goodness of fit ($p < 0.05$). Further, the results show that all predictor variables are significant in predicting access to credit. The most influential variable in improving access to credit is credit risk education (4.7283, $p<0.05$), followed by financial planning services (3.2518, $p<0.05$), credit counseling (2.4801, $p<0.05$) and financial market awareness (1.6247, $p<0.05$). This suggests that with all other factors remaining constant, an improved credit risk education assessment will result in better access to credit for regulated micro-enterprises, as well as improved financial planning services. The logistic regression model used to glean these results is given below.

$$\textbf{Log}\left[\frac{p_i}{1-p_i}\right] Y_i = 1.352 + 0.2046X_1 + 0.3684X_2 + 0.4037X_3 + 0.3415X_4$$

Yi Access to credit

X_1 Financial market awareness

X_2 Financial planning services

X_3 Credit counseling services

X_4 Credit risk education

1 - Pi the odds ratio

Holding borrowing behavior as a control variable, the study reveals a multidimensional relationship between access to credit of micro-enterprises in the formal sector and financial advisory services. If the financial advisory services are increased, it is likely to result in improved access to credit of micro-enterprises in the formal sector. Conversely, if the financial advisory services are decreased, it will have a detrimental effect on the access to credit of micro-enterprises in the formal sector.

4.16.1 Testing Hypothesis One

$H0_1$: Financial market awareness does not influence access to credit by micro enterprises in the formal sector in Kenya.

The data presented in Table 4.30 provided some evidence to support the hypothesis that financial market awareness has a significant impact on access to credit among formal-sector micro-enterprises. Statistical analyses showed that the p-value is statistically significant, with a p-value of less than 0.05 implying that the null hypothesis should be rejected. The odds ratio of 1.6247 indicated that, other factors being equal, micro-enterprises that have acquired financial market awareness are 1.62 times more likely to gain better access to credit compared to those micro-businesses that have not participated in financial market awareness. Furthermore, the calculated marginal effect of 0.2046 revealed that financial market awareness can increase access to credit of regulated micro-enterprises by 20.46 percent. This is in conformity with the findings of Van der Weg, et al. (2018) which highlighted how financial knowledge is a significant component to the success of small-scale enterprises in Ghana and how they need to understand how to use financial means to succeed.

Moreover, the study revealed that getting credit was not always the determining element in the success of small-scale enterprises, as the absence of financial literacy and understanding among owners was often a considerable impediment. Lastly, the study concluded that in order to effectively support small-scale businesses in Ghana, there is a need to increase financial awareness for access to credit. Similarly, Mehta, et al. (2020) maintained that financial knowledge and access to credit are essential in enhancing the financial outcomes of micro-enterprises. The investigation also suggested that financial literacy classes should be tailored to the particular requirements of micro-enterprises in order to maximize access to credit.

4.16.2 Testing Hypothesis Two

$H0_2$: Financial planning services do not influence access to credit by micro enterprises in the formal sector in Kenya.

The results of this study provide evidence to support the conclusions of Yadav et al. (2018), as well as Kaur et al. (2019). These studies both revealed that making use of financial planning services can significantly improve access to credit for micro-enterprises. At the 5% level, the p-value was found to be statistically significant, allowing us to reject the null hypothesis and determining that there is a meaningful connection between financial planning services and the access to credit for government regulated micro-enterprises. It was determined that, all other variables that could influence access to credit being the same, the use of financial planning services can improve access to credit by 36.84 percent (marginal effect of 0.3684). Additionally, the findings illustrate the positive impacts of financial planning services on the creditworthiness of micro-enterprises, including increased loan amounts and reduced interest rates. Moreover, it was found that access to credit was contingent on the size, sector, and location of the micro-enterprise. Overall, these results further prove the effectiveness of financial planning services for micro-enterprises to gain better access to credit.

4.16.3 Testing Hypothesis Three

H0$_3$: Credit risk education does not influence access to credit by micro enterprises in the formal sector in Kenya.

The analysis of Table 14.30 revealed that credit risk education was associated with access to credit of micro-enterprises in the formal sector of Kenya, with a statistically significant p-value ($p<0.05$). This prompted the rejection of the null hypothesis, thereby indicating a significant influence of risk education on access to credit. The odds ratio of 4.7283 suggests that micro-enterprises under government control that practice credit risk education are 4.72 times more likely to achieve better credit lending results than those that do not. Moreover, the marginal effect showed that keeping other factors constant, an improvement in credit risk education would result in a 40.37 percent increase in access to credit.

The findings is verified by the research work of Kumar et al. (2020) who determined that providing credit risk education to women micro-entrepreneurs improved their chances of attaining credit. Their findings concluded that the more credit risk education that was given, the more access to credit the women had. Additionally, the study noted that having access to both credit risk education and financial services, such as banks and other financial institutions, resulted in even more access to credit.

Further, research conducted by Palanca-Tan and De Dios (2019) on the effects of credit risk education on micro-enterprises in the Philippines revealed that those who received the instruction were more likely to be successful in acquiring credit than those who did not. The study found that better comprehension of the rewards and risks of borrowing, as well as of available credit options, made it easier for micro-enterprises to get approved for a loan. Moreover, those with credit risk education or instruction were more likely to only borrow amounts they could reasonably pay back.

4.16.3 Testing Hypothesis Four

H0$_4$: Credit counseling services do not influence access to credit by micro enterprises in the formal sector in Kenya.

At a 5% level of significance, Table 4.30 showed that the relationship between credit counseling services and access to credit of micro-enterprises controlled by the government was significant as indicated by the p-value. As a result, the null hypothesis was rejected. Odd ratios of 2.4801 indicate that, with all other factors held constant, those micro-enterprises regulated by the government that adopted credit counseling services were 2.48 times more likely to have better access to credit than those that did not. Additionally, a marginal effect of 0.3415 implies that access to credit improves by 34.15%, with improved credit counseling services from micro-enterprises in the formal sector all other factors being constant. The outcomes is in agreement with the study by the Kenya Institute of Public Policy Research and Analysis (KIPPRA, 2015) who found that micro-enterprises that had taken part in credit counseling services had a higher chance of obtaining credit than those that had not.

Also, the results of the study showed that credit counseling services had a beneficial effect on micro-enterprises access to both formal and informal financial institutions. Furthermore, it was observed that credit counseling services had a positive impact on the micro-enterprises' repayment records. In addition, these services improved their ability to obtain credit from formal institutions. Therefore, this research has demonstrated that credit counseling services are beneficial to micro-enterprises in terms of credit access and repayment records.

Table 4.27

Overall Summary of Test of Hypotheses

Hypothesis	**Analysis Results**	**Conclusion**
$H0_1$: Financial market awareness does not significantly influence access to credit by micro enterprises in the formal sector in Kenya.	p-value = 0.0001<0.05	Rejected H_{01}
$H0_2$: Financial planning services do not significantly influence access to credit by micro enterprises in the formal sector in Kenya.	p-value =0.0005<0.05	Rejected H_{02}
$H0_3$: Credit risk education does not significantly influence access to credit by micro enterprises in the formal sector in Kenya.	p-value = 0.0002<0.05	Rejected H_{03}

$H0_4$: Credit counseling services do not significantly influence access to credit by micro enterprises in the formal sector in Kenya.	p-value =0.0000<0.05	Rejected H_{04}

4.17 Outcomes for Moderating Variable: Borrowing Behavior (factors)

In Kenya, the World Bank Group (2020) mentioned accessibility, financial literacy and credit history as the only three known factors that influenced borrowing behavior of MSMEs. The study established that individuals with a good credit history and higher financial literacy were more likely to access credit, while those in remote areas had more limited access. According to the investigation, credit history covered borrower's information regarding collateral amounts, loan terms, employment and income, interest rate and among other things. For accessibility, geographical location and infrastructure have influenced on access to credit because financial organizations adopted a demographic targeting strategy and based on this strategy the provision of financial services are heavily concentrated in city centers and major streets corners where most banks branches are positioned and remote areas used bank agents (Boldar et al., 2022).

The study adopted ANOVA and was conducted on borrowing behavior considered as a control variable. This statistical test is employed to assess the statistical significance of differences between the means of two or more independent groups when logistic regression models are used in a study. This is practical in determining the accuracy of the logistic regression model in predicting the outcome and discovering which factors influence the outcome most. An ANOVA can be applied to determine if the differences in performance between groups are statistically substantial, offering a researcher deeper insight into the relevant factors (Morris, et al., 2020). In this study, the effect of borrowing behavior on the access to credit of micro-enterprises in the formal sector of Kenya was examined by employing borrowing behavior as a control variable. This method of analyzing the influences of variables on a certain outcome has been used in previous studies as well. For example, Karanja (2019) used bank size as a control variable to study the credit risk and lending performance of commercial banks in Kenya; while Dong (2001) employed socio-demographic characteristics to understand the influence of subsidized employment and education programs on employment outcomes in other developed countries.

Table 4.28

ANOVA between Borrowing Behavior (factors) and Access to Credit

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	10.981	17	1.587	2.069	0.001
Within Groups	71.841	253	0.385		
Total	82.822	270			

Source: Survey Data (2022)

The ANOVA outcomes from Table 4.32 revealed that access to credit and borrowing behavior have a significant impact when the control variable is considered at 0.005 level of significance. The results obtained were statistically significant with an F value of 2,069; (17, 253) degrees of freedom and a P value of 0.001. The results concurred with the study by Banerjee, et al. (2018) who found that providing microfinance loans to the poor had a positive effect on the lives of borrowers. A connection was found between microcredit involving group-based lending of financial product in a new market and borrowing behavior. This randomized evaluation of microfinance activities in slum areas of India that offered microloans showed average income of borrowers increased by 23%, and the size of their businesses saw a rise of 17%. The surveys further revealed that the loans had a positive impact on the well-being of the borrowers because of their borrowing behavior with an increase in self-reported happiness and a decrease in stress levels. Unfortunately, there was no evidence to suggest that the loans had any major influence on health outcomes or educational attainment. Similarly, Karlan and Zinman (2020) demonstrated that lending involving marginal loans of microfinance has had a beneficial effect on borrowers in terms of their behavior and have impacted of their economic and wellbeing status. There is also some indication that the lender had an advantage in making these loans. The data implies that the extension of consumer credit can be beneficial based on borrowing behavior.

4.18 Outcomes of ANOVA between Borrowing Behavior (factors) and Financial Advisory services

The study employed borrowing behavior as a control variable to determine its influence on financial advisory services the independent variable which included financial market awareness, financial planning services, credit risk education and credit counseling services. This appeared significant since activities of financial advisory services should be carried out across the country for all regulated micro-enterprises in the formal sector of Kenya.

Table 4.29

ANOVA between Borrowing Behavior (factors) and Financial Advisory Services Activities

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	15.106	19	1.471	3.153	0.003
Within Groups	71.841	251	0.459		
Total	82.822	270			

Source: Survey Data (2022)

The results of an analysis of variance, as seen from Table 4.33, show a significant difference between the means given the values of {F=3.153; df =(19,251); P=0.003}. This implies that borrowing behavior has an impact on the activities that are associated with providing financial advisory services for micro-enterprises in the formal sector of Kenya and cannot be ignored. This outcome agreed with the investigation by Kwak, et al. (2019) who found a statistically significant link between financial advisory services and borrowing behavior of low-income households' especially households that received financial advisory services were more likely to borrow from financial firms and other formal sources in America.

Additionally, financial advisory services had greater impact on households that were young, had lower levels of education, higher levels of income and assets; improved their credit ratings and decreased their indebtedness. Also, Jiang et al. (2018) confirmed that obtaining financial advisory services has a considerable influence on an individual's borrowing behavior. The research showed that those who had gained financial advice tended to take out less debt and had a longer debt maturity. In addition, the study found that businesses that had received financial advisory services were more likely to select a smaller loan amount and fewer refinancing opportunities. The results of the study suggest that financial advisors are capable of supporting businesses in managing their debt more successfully, leading to a more effective borrowing approach.

Table 4.30

Model Before Moderation

Variables	Odds Ratio	P>|z|	Marginal effects (dy/dx)
Financial Market Awareness	1.6247	0.0001**	0.2046
Financial Planning Services	3.2518	0.0005**	0.3684
Credit Risk Education	4.7283	0.0002**	0.4037
Credit Counselling Services	2.4801	0.0000**	0.3415
Constant	0.2215	0.0000**	1.352

Pseudo R^2= 0.6729 meaning that the independent variables identified explained 67.3% access to credit and showed sufficiency of data in the model. Credit risk education followed by financial planning services were the biggest contributors.

Table 4.31

Model After Moderation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.990[a]	.980	.976	11.217512

a. Predictors: (Constant), Financial market awareness, Financial planning services, Credit risk education, credit cancelling services.

Pseudo R^2= 0.990 meaning that borrowing behavior did indeed moderate the relationship between the independent and dependent variables. Specifically, positive borrowing behavior was seen to increase access to credit.

Table 4.32

Summary of Borrowing Behavior Hypothesis

Hypothesis	Analysis Results	Conclusion
$H0_5$: Borrowing behavior has no significant moderating effect of access to credit	p-value = 0.0002<0.05	Rejected H_{05}

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This compendium of the study's findings is presented in this section and contained conclusions as well as suggestions for policy-making or changing practices. The objectives of the study act as the groundwork for all of the results and proposals, and they offer a comprehensive base for more research.

5.2 Summary of the Findings

The following summary of the study highlighted the key findings per objective, clearly showing what was targeted, and what was found.

5.2.1 Financial Market Awareness and Access to Credit

The main objective of this study was to assess how financial market awareness affects access to credit by micro-enterprises in the formal sector of Kenya. The study revealed that increased financial market awareness positively impacts the access to credit of regulated micro-enterprises in the country. This was supported by the marginal effect, which showed that, when controlling for other factors, greater financial market awareness leads to better access to credit. Furthermore, the influence of market awareness on credit access was shown to be significant and not just a coincidence. Overall, this illustrates the importance of financial market awareness for improved credit access for minor businesses. The study also found that micro-enterprises controlled by the government in Kenya have been practicing financial market awareness and thus have been able to access credit. However, the data revealed that financial market awareness was low due to the limited engagements of financial organizations with micro-businesses. Moreover, the data suggested that financial institutions were more likely to provide awareness of repayment periods and terms of financial services, transaction costs, and interest charges, rather than awareness of available financial facilitates, types of credit access, and the role and functions of financial firms to micro-businesses, as well as regularly providing information on changes in financial products and services.

5.2.2 Financial Planning Services and Access to Credit

The second goal of this study was to evaluate the influence of financial planning services on the access to credit of micro-enterprises in the formal sector of Kenya. Research conducted on the effects of financial planning services on access to credit for state-regulated micro-enterprises in Kenya yielded positive results. Statistical tests of significance revealed that the influence of financial planning was highly significant and justified the proposed hypothesis. Marginal effects also highlighted the capability of financial planning to explain variations in access to credit of businesses controlled by the state.

The research further found that micro-enterprises under the government's jurisdiction were not proactive in seeking financial planning services to improve their financial understanding, in terms of budgeting business expenditures, managing business profits for savings, restocking merchandise, and diversifying investments using the profits of their enterprise. This is backed up by the low statistical results of financial planning from the data collected and analyzed. Furthermore, the absence of public demand for financial planning education on the part of micro-enterprises made the government to largely have a low profile when it came to promoting financial planning organizations to provide training on the principles and practices of successful financial planning. As a result, measures that could ensure improvement in financial planning as well as increasing the number of licensed financial planners in the country had not be taken. There are over 1,800 financial advisors comprising CPA, CIFA, and other professionals in the financial market; however, there is insufficient data on the number of certified financial planners.

5.2.3 Credit Risk Education and Access to Credit

One of the aims of this study was to explore the influence of credit risk education on access to credit of micro-enterprises in the formal sector in Kenya. The outcomes revealed that providing credit risk education has a positive impact on facilitating access to credit. Most respondents reported that credit risk education had a favorable influence on their ability to secure credit. However, the entrepreneurs' failure to increase their education level posed a challenge to credit risk education and is of paramount importance for investors. Results showed that the majority of the owners of micro-enterprises regulated by the government had completed only secondary school. Achieving higher education is the essential element for comprehending the complexity of credit risk. To understand the credit risk models, which are intricate and often imprecise, entrepreneurs of micro-enterprises need advanced education.

The models comprise quantitative and qualitative data points which are often hard to interpret and difficult to model. Moreover, analyzing credit risk can be a complex task due to continuously changing regulations, economic movements, and market conditions. This can cause a challenge for borrowers to identify and monitor the risk associated with loan taking from lenders. The findings from the data collected and analyzed showed a lack of credit risk knowledge among micro-enterprises that are subject to regulation. This is likely due to the entrepreneurs having a limited educational background. Consequently, they are unable to recognize the risks of the financial services they obtain from financial institutions and the risk to their enterprises

5.2.4 Credit Counseling Services and Access to Credit

The fourth objective of the study was to evaluate the influence of credit counseling services on access to credit by micro-enterprises in the formal sector of Kenya. The findings of this study demonstrate that credit counseling has a significant impact on the availability of credit for regulated micro-enterprises in Kenya. This is evidenced by the logistic regression odd ratio results, which showed a considerable influence on access to credit. Meanwhile, the results also revealed a low level of credit counseling services provided for government-governed micro-enterprises. This caused challenges in paying back financial organization liabilities and led to borrowing on a very small scale. Furthermore, the number of credit counseling firms was limited for the provision of consumer credit counseling services to the huge number of micro-enterprises and other businesses in the country. The majority of the firms licensed for credit counseling did not focus solely on providing credit counseling services but instead provided a range of other financial services. Additionally, the Capital Market Authority Credit Counseling Certification Program which certifies and licenses credit counselors in the financial market was revealed to be on a lower scale. This revealed a scarcity of data on the number of certified credit counselors.

5.2.5 Borrowing Behavior and Access to Credit

The fifth objective of the study was to assess the influence of borrowing behavior on financial advisory services and access to credit by micro-enterprises in the formal sector of Kenya. The analysis of variance revealed a statistically significant difference between the means of borrowing behavior (the control variable) and access to financial advisory services (the independent variable). Financial advisory services included elements of financial market awareness, financial planning services, credit risk education, and credit counseling services. It was found that the borrowing behavior of micro-enterprises in the formal sector of Kenya was significantly influenced by access to financial advisory services, as indicated by the ANOVA result of $F = 3.153$, $df = (19, 251)$, $P = 0.003$. Additionally, the ANOVA results hint that there is a significant difference between the means of borrowing behavior and access to credit, yielding an F score of 2.069, df of 17, and a p-value of 0.001.

This suggests that micro-enterprises regulated by the government of Kenya are more likely to gain access to credit if they demonstrate responsible borrowing behavior. The study found that borrowing behavior, as a control variable, significantly influence access to credit of regulated micro-enterprises in Kenya. The study further revealed that borrowing behavior among micro-enterprises was low. For instance, timely payments of loans to financial organizations were a major challenge for most micro-enterprises. The results of this analysis offer valuable insight into how micro-enterprises can increase their chances of gaining access to credit by demonstrating responsible borrowing behavior.

Borrowing behavior as established by the increased Pseudo $R^2= 0.990$ from before the introduction of the moderator where it was recorded at $R^2= 0.6729$ meaning, borrowing behavior did indeed moderate the relationship between the independent and dependent variables. Specifically, positive borrowing behavior was seen to increase access to credit.

5.3 Conclusion

In conclusion, I found from this study that financial advisory services were low for regulated micro-enterprises, which reduced the overall performance of access to credit for micro-businesses in the formal sector of Kenya. Despite the fact that these micro-enterprises have contributed significantly to the economy, including the GDP, access to credit remains relatively low. Additionally, it was concluded that financial advisory services make a positive and significant contribution to micro-enterprise credit availability.

5.3.1 Financial Market Awareness

Financial literacy is key for micro-enterprises in Kenya to access the credit they need for growth and development. The study suggests that utilizing market awareness and financial advisory services could help micro-enterprises better understand the different types of banking and financial service providers and how to engage with them to get the necessary credit. It is therefore important for financial organizations to further increase awareness regarding various credit products available to these businesses in order to promote access and financial inclusion.

5.3.2 Financial Planning Services

It is clear from the research that financial planning services have a significant impact on access to credit for micro-enterprises in the formal sector in Kenya. These businesses lack the skills in financial advisory services that are necessary for money management, investment planning, and financial decision-making. This, in turn, creates challenges in budgeting activities, investing diversification, meeting customers' needs in a timely manner, and low-saving behaviors. As such, it is clear that access to credit for micro-enterprises in the formal sector of Kenya is dependent on the availability of financial planning services as an element of financial advisory services. Furthermore, the survey concluded that these services are essential for the promotion of access to credit for micro-enterprises. This is because they provide the necessary skills and knowledge for micro-enterprises to engage in effective financial planning and budgeting, which are essential for accessing credit. Without these services, micro-enterprises would continue to struggle to obtain the credit they need to grow and expand their businesses.

5.3.3 Credit Risk Education

As an author of this study, I have concluded that credit risk education is an integral part of financial advisory services and is essential for improving access to credit for micro-enterprises regulated by the government. It is clear that the owners of these businesses are not well-informed about the risks associated with financial services and the proper monitoring of risks that could affect their operations due to lack of education from financial organizations. Therefore, it is imperative to provide frequent credit risk education in order to ensure that micro-enterprises have access to the credit they need for growth and development. Credit risk education should be more than just an integral part of financial advisory services, but rather a catalyst for the development of micro-enterprises in the formal sector of Kenya.

5.3.4 Credit Counseling Services

Through my study, I have found that there is a positive correlation between state-regulated micro-enterprises' access to credit and the credit counseling services they receive. This finding suggests that these services are essential for micro-businesses in the formal sector of Kenya to gain access to credit. However, due to the limited availability of credit counseling services, these micro-businesses struggle to repay their loans and gain access to refinancing and debt rescheduling opportunities. To address this issue, I believe that increasing the availability of credit counseling services for regulated microenterprises would be beneficial in order to promote access to credit for their growth and advancement in Kenya. This could be achieved by providing more guidance and advice to micro-business owners, as well as providing them with the right resources and support.

5.3.5 Borrowing Behavior

As this study has shown, responsible borrowing behavior is a key factor that influences access to credit for micro-enterprises in the formal sector of Kenya. The ANOVA results demonstrate that micro-enterprises regulated by the government of Kenya are more likely to gain access to credit if they demonstrate responsible borrowing behavior, with a statistically significant difference in the means (F score of 2.069, df of 17, and a p-value of 0.001). Furthermore, this study has also revealed that engaging in financial advisory services is an important factor when it comes to accessing credit. Therefore, it is essential for micro-enterprises to understand the risks associated with borrowing and the importance of having better borrowing behavior, and for financial organizations to take this factor into account when assessing credit applications. All in all, this study has highlighted the importance of responsible borrowing behavior for micro-enterprises in the formal sector of Kenya when applying for credit.

5.3.6 Contribution to knowledge

This study has made a unique contribution to knowledge by introducing a new model to predict access to credit using four financial advisory services variables. This model was tested using data from the regulated micro-enterprises in Kenya and found to be effective in predicting access to credit. Furthermore, the study has extended the existing literature by applying existing theories in a new context. For instance, the study has applied rational expectation theory, agency theory, behavioral theory, collective risk theory, and the theory of reason action, to the analysis of access to credit. This is a novel approach that has not been explored before and can be used to further our understanding of the relationship between financial services and access to credit. As such, this research has the potential to be cited as a valuable source of information for those interested in the relationship between financial advisory services and access to credit.

5.4 Recommendation of the study

This section features recommendations based on the outcomes of the research and the particular aims that were set. The recommendations are explained in terms of policy implications and practical implications of the study.

5.4.1 Financial Market Awareness and Access to Credit

Financial market awareness was found to be positively significant, influencing access to credit, therefore, the policy implication of this study is that the government should expand its credit guarantee scheme across the country to provide support to micro-enterprises to encourage them to practice financial market awareness to access credit.

This will ensure that more micro-enterprises are able to access credit and benefit from financial services. Furthermore, the government should also develop strategies for active engagements to promote financial market awareness among micro-enterprises in the formal sector of Kenya. The practical implication of this study is that financial institutions should develop strategies and programs to promote financial literacy and financial education among micro-enterprises in the formal sector of Kenya. This should include providing information about the role and functions of financial firms to micro-businesses, information on available financial facilities, types of credit access, repayment periods and terms of financial services, transaction costs, and interest charges. This will help to improve the financial market awareness of micro-enterprises and will enable them to make informed decisions when accessing credit.

5.4.2 Financial Planning Services and Access to Credit

The findings of this study suggest that the government should implement measures to increase awareness and demand for financial planning services among micro-enterprises in the formal sector of Kenya. This could include providing incentives for financial planning professionals to operate and offer services in areas where micro-enterprises are located. Additionally, the government should establish a national policy that requires all micro-enterprises to have a financial plan in place and back this up with regular reviews and audits. The findings of this study also recommend that financial institutions should increase their outreach to micro-enterprises, in order to provide them with better financial access. This could include providing lower interest rates or granting more generous repayment terms. Additionally, financial institutions should provide training and workshops on budgeting, managing profits, and diversifying investments to micro-enterprises in order to help them better understand and manage their finances.

5.4.3 Credit Risk Education and Access to Credit

The results indicated positive significant influence of credit risk education on access to credit of micro-enterprises in the formal sector of Kenya, inferring their importance, therefore, the policy implications of the study include the need for financial institutions to increase access to credit risk education for government-controlled micro-enterprises by offering online or in-person courses and seminars that focus on understanding credit risk, as well as providing mentorship opportunities with experienced entrepreneurs. Additionally, the government should encourage micro-enterprises to be proactive in seeking out financial services and should provide incentives to micro-entrepreneurs to pursue higher education. Furthermore, the Kenya Business Support Organization should advocate for regulatory changes to ensure that regulated micro-enterprises have access to fair and reasonable financial services. On the other hand, the practical implications of the study include the need for financial institutions to raise awareness among micro-enterprises on the importance of credit risk understanding and management. This could include targeted marketing campaigns or public outreach initiatives. Additionally, the government should partner with financial institutions to ensure that micro-enterprises are aware of the services they can access and the associated risks. Lastly, the Kenya Business Support Organization should provide resources and support to micro-enterprises to help them understand and manage credit risk.

5.4.4 Credit Counseling and Access to Credit

Since the results revealed that there was positive significant influence of credit counseling services on access to credit of government supervised micro-enterprises in Kenya, the study recommends that the government should prioritize the provision of technical assistance and support to credit counseling firms, as well as enhance the Capital Market Authority Credit Counseling Certification Program, in order to provide consumer credit counseling services to micro-enterprises and other businesses in the country. This would ensure that these businesses have access to adequate credit and can better manage their finances, thereby increasing their potential for growth and success. Furthermore, the government should also partner with the private sector to increase the number of credit counseling firms in order to provide more efficient and effective services to micro-enterprises. Further, the study recommendation will have practical implications for micro-enterprises in Kenya. The availability of credit counseling services will help these businesses to access credit more easily and manage their finances more effectively. This will in turn enable them to grow and succeed. Furthermore, the increased availability of credit counseling firms will make it easier for these businesses to receive advice and guidance on managing their finances. Finally, the increased collaboration between the public and private sector will ensure that more credit counseling services are accessible to micro-enterprises.

5.4.5 Borrowing Behavior and Access to Credit

The results of the study found a significant positive influence of borrowing behavior on the financial advisory services and access to credit of regulated micro-enterprises in the financial market of Kenya. It is recommended, therefore, the policy implication of the study is that the Kenyan government should collaborate with financial organizations and other stakeholders to provide financial education and training programs for state-controlled micro-enterprises in Kenya. The Micro and Small Enterprises Authority should also advocate for the adoption of policies by financial institutions that support the growth and development of micro-enterprises. This could include reducing the cost of borrowing and providing more flexible loan terms to encourage responsible borrowing behavior. Additionally, the practical implication of the study is that micro-enterprises should understand the importance of responsible borrowing behavior and how it can increase their chances of gaining access to credit. Additionally, they should take advantage of the various financial education and training programs offered by the Kenyan government, organizations, and other stakeholders to gain the necessary knowledge and skills to manage their borrowing behavior. Furthermore, they should also take advantage of the various policies by financial institutions that support the growth and development of micro-enterprises by providing more flexible loan terms and reducing the cost of borrowing.

5.5 Suggestion for Further Studies

This study established that financial market awareness, financial planning services, credit risk education and credit counseling services accounted for 67.29% of the variation in access to credit of micro-enterprises in the formal sector of Kenya. Based on the results of this study, further studies are needed to examine the potential impact of other factors on access to credit for micro-enterprises in the formal sector of Kenya. For instance, more research is needed to understand the role of gender in access to credit and the impact of digital financial services on access to credit. Additionally, further research should be conducted to explore the potential impact of the current regulatory environment on access to credit and the effectiveness of government policies in increasing access to credit.

Further research should be conducted to identify the most effective methods of providing financial education to micro-enterprises in the formal sector of Kenya. This research could include examining the effectiveness of existing credit policies and regulations, and the availability of financial literacy resources for regulated micro-enterprises. Additionally, it could examine the effectiveness of different types of financial education programs on the ability of micro-enterprises to access credit. Such research would provide a more comprehensive understanding of the factors that influence access to credit for micro-enterprises in the formal sector of Kenya and could potentially lead to the development of more effective policies and interventions to increase access to credit.

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APPENDICES

Appendix I: Letter of Introduction

KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171
Fax: 254-64-30162
Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

October 31, 2022

Commission Secretary,
National Commission for Science, Technology and Innovations,
P.O. Box 30623-00100,
NAIROBI.

Dear Sir/Madam,

RE: ANN NJERI KARIMI (REG. NO. BUS-4-1830-3/2019)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Degree of Doctor of Philosophy in Business Administration And Management (Finance Option). She is conducting a research on: **"Influence of Financial Advisory Services on Access to Credit by Micro Enterprises in the Formal Sector in Kenya".** We confirm that her research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a permit to enable her collect data for her research.

KENYA METHODIST UNIVERSITY

Any assistance accorded to her will be appreciated.

31 OCT 2022

Thank you.

DEAN
SCHOOL OF BUSINESS
AND ECONOMICS

Dr. Dorothy Kirimi, PhD.
Dean, School of Business & Economics

Cc: Dean SBUE
CoD, Business Administration
Postgraduate Co-ordinator
Supervisors

Appendix II: Research Questionnaire

This questionnaire aims at collecting information on the influence of financial advisory services on access to credit by micro-enterprises in the formal sector in Kenya. You have been selected to form part of this study by virtue of running a micro-enterprise. Please answer the following questions to the best of your knowledge. The collected information will be treated with utmost integrity and confidentiality and used for academic purposes only.

PART A: GENERAL INFORMATION

1) Please indicate your gender.

   a) Male [ ]
   b) Female [ ]

2) What is your highest education level?

   a) Primary School level [ ]
   b) Secondary School level [ ]
   c) Post-Secondary level [ ]
   d) Bachelor's Degree [ ]
   e) Post Graduate Degree [ ]

4) How long have operated this business

   a) Less than 5 years [ ]
   b) 6 – 10 years [ ]
   c) Over 10 years [ ]

5) Please indicate your age range.

   a) 18—35years [ ]
   b) 36 – 53 years [ ]
   c) Over 54 years [ ]

6) In which sector is your micro-enterprise?

   a) Agriculture sector [ ]
   b) Services sector [ ]
   c) Manufacturing sector [ ]

d) Energy sector [ ]

e) Financial sector [ ]

f) Real Estate & Construction sector [ ]

g) Tourism & Hospitality sector [ ]

h) Other [ ]

SECTION B: FINANCIAL MARKET AWARENESS

Indicate in your own opinion, how you can rate the extent to which the use of financial market awareness in financial advisory services has helped your enterprise to understand access to credit Use the scale of 1 – Strongly Disagree (SD), 2 –Disagree (D), 3 – Neutral (N), 4 –Agree (A), and 5 – Strongly Agree (SA).

No	**Statement**	**Strongly Disagree (SD) 1**	**Disagree (D) 2**	**Neutral (N) 3**	**Agree (A) 4**	**Strongly Agree (SA) 5**
7	I am aware of the different types of lending institutions such as Micro Finance, Commercial Banks, SACCOS, Shylocks, Credit Unions and Women Savings.					
8	I am aware of the types of loan facilities available.					
9	I am aware of other transaction costs associated with financial services					
10	I am aware of repayment periods and terms of financial services.					
11	I am aware of the interest charged for financial services.					
12	I am aware that financial market awareness can help improve micro-enterprises.					

SECTION C: FINANCIAL PLANNING SERVICES

Indicate in your own opinion, how you can rate the extent to which the use of financial planning services in financial advisory services has helped your enterprise to understand access to credit Use the scale of 1 – Strongly Disagree (SD), 2 –Disagree (D), 3 – Neutral (N), 4 –Agree (A), and 5 – Strongly Agree (SA).

No	**Statement**	**Strongly Disagree (SD) 1**	**Disagree (D) 2**	**Neutral (N) 3**	**Agree (A) 4**	**Strongly Agree (SA) 5**
15	I am aware of how to budget for my expenses.					
16	I am aware of how to save from my business profits.					
17	I am aware of how to make other types of investments from my business profits					
18	I always have my stock in terms of what my customers need.					
19	I am aware of challenges in seeking financial planning education.					
20	I am aware that financial planning services can help to improve the micro-enterprises.					

SECTION D: CREDIT RISK EDUCATION

Indicate in your own opinion, how you can rate the extent to which the use of credit risk education in financial advisory services has helped your enterprise to understand access to credit. Use the scale of 1 – Strongly Disagree (SD), 2 –Disagree (D), 3 – Neutral (N), 4 –Agree (A), and 5 – Strongly Agree (SA).

No	**Statement**	**Strongly Disagree (SD) 1**	**Disagree (D) 2**	**Neutral (N) 3**	**Agree (A) 4**	**Strongly Agree (SA) 5**
23	I am fully aware of all risks in financial services.					

24	I have received credit risk education in my business financing.					
25	I closely monitor the risks of my business.					
26	My business has faced credit risk challenges.					
27	I would be interested in credit risk education if it would improve your business financing.					
28	I am aware that credit risk education can help to improve micro-enterprises.					

SECTION E: CREDIT COUNSELING SERVICES

Indicate in your own opinion; how you can rate the extent to which the use of credit counseling services in financial advisory services has helped your enterprise to understand access to credit. Use the scale of 1 – Strongly Disagree (SD), 2 –Disagree (D), 3 – Neutral (N), 4 –Agree (A), and 5 – Strongly Agree (SA).

No	**Statement**	**Strongly Disagree (SD) 1**	**Disagree (D) 2**	**Neutral (N) 3**	**Agree (A) 4**	**Strongly Agree (SA) 5**
31	I have accessed a loan from the bank.					
32	My business is indebted to a large extent.					
33	I have had to seek a refinancing for my business.					
34	I have been unable to pay my loans from my business.					
35	I have gone through debt rescheduling to ease repayment.					

SECTION F: BORROWING BEHAVIOR

Indicate in your own opinion, how you can rate the extent to which the use of borrowing behavior in financial advisory services has helped your enterprise to understand access to credit. Use the scale of 1 – Strongly Disagree (SD), 2 –Disagree (D), 3 – Neutral (N), 4 –Agree (A), and 5 – Strongly Agree (SA).

No	Statement	Strongly Disagree (SD) 1	Disagree (D) 2	Neutral (N) 3	Agree (A) 4	Strongly Agree (SA) 5
38	I usually pay on time whenever I borrow.					
39	I borrow from more than one sources.					
40	I am a trusted repeat borrower by my lender.					
41	I am a defaulter, which limits my access to credit owing to my borrowing behavior.					
42	Good borrowing behavior can help to improve the micro-enterprises in Kenya.					

SECTION G: ACCESS TO CREDIT

Please indicate in your own opinion, how you can rate the use of access to credit for the benefit of your enterprise. Use the scale of 1 – Strongly Disagree (SD), 2 –Disagree (D), 3 – Neutral (N), 4 –Agree (A), and 5 – Strongly Agree (SA).

No	Statement	Strongly Disagree (SD) 1	Disagree (D) 2	Neutral (N) 3	Agree (A) 4	Strongly Agree (SA) 5
45	I have adopted a specific type of access to credit for my enterprise.					
46	I did not select my type of credit access, it was what the creditor made available for me as a borrower.					
47	I have changed the type of access to credit for my micro-enterprise more than two times.					
48	I obtained credit from financial institutions on more than two occasions.					
49	I made payment towards the debt more than two times.					

50 Did you face challenges in the repayment of the credit using the type of access to credit you selected?

a) Yes [ ]

b) No [ ]

51 I usually do not seek access to credit but carry out self-financing of my micro-enterprise.

a) Yes [ ]

b) No [ ]

Appendix III. Analysis of MSMEs registration in Kenya

Business Registration in Kenya		
No.	**Year**	**Estimated No. of Business**
1.	2015/2016	62,880
2.	2016/2017	150,983
3.	2016/2017	207,897
4.	208/2019	258,783
5.	2019/2020	245,689
6.	2020/2021	254,555
7	2021/2022	163,741
	Others	150
		1,344,678

Source: (BRS, 2022)

MSMEs in Kenya			
Category	**Percentage**	**No.**	**No. of employees**
Micro Enterprises **(estimated)**	90.38%	1,215,184	1-9
Small Enterprises **(estimated)**	9.35%	125,579	10-49
Medium-sized Enterprises **(estimated)**	0.28%	3,765	50-250
		1,344,528	

Source: (BRS, 2022)

Appendix III: Licensed Micro Enterprises in Counties Sampled

No.	County Name	Licensed Micro Enterprises	Small Businesses Sampled
1	Garissa	860	7
2	Wajir	401	3
3	Mandera	566	4
4	Marsabit	415	3
5	Isiolo	688	5
6	Meru	1,038	8
7	Embu	1,287	10
8	Kitui	1,463	11
9	Machakos	1,923	15
10	Tharaka-Nithi	829	6
11	Makueni	1,336	10
12	Kakamega	872	7
13	Vihiga	706	5
14	Bungoma	1,534	12
15	Busia	630	5
16	Siaya	1,041	8
17	Kisumu	1,331	10
18	Homabay	779	6
19	Migori	716	5
20	Kisii	1,084	8
21	Nyamira	875	7
22	Kilifi	1,191	9
23	Kwale	1,382	11
24	Lamu	625	5
25	Mombasa	1,838	14
26	Taita-Taveta	886	7
27	Tana River	726	6
28	Baringo	714	5
29	Bommet	1,008	8
30	Elgeyo-Marakwet	669	5
31	Kajiado	1,175	9
32	Kericho	965	7
33	Laikipia	952	7
34	Nakuru	1,560	12
35	Nandi	1,050	8
36	Narok	774	6
37	Samburu	834	6
38	Trans Nzoia	1,300	10
39	Turkana	699	5
40	Uasin Gishu	1,576	12
41	West Pokot	632	5
42	Kiambu	1,382	11
43	Kirinyaga	1,181	9
44	Murang'a	1,142	9
45	Nyandarua	1,245	10
46	Nyeri	1,796	14
47	Nairobi	2,367	18
	Total	**50,043**	**384**

Appendix IV: Operationalization of the Study Variables

Variable	Operationalization	Indicators	Measurement
Access to Credit (dependent Variable)	**Access to Credit**	Commercial bank lending Alternative financing Family lending Cooperative society lending	**Categorical**
Financial Advisory Services (Independent Variable)	**Financial Market Awareness**	Financial concepts Financial skills Financial experience	**Ordinal Scale**
	Financial Planning Services	Financial decision-making Money management Investment planning	**Ordinal Scale**
	Credit Counseling Services	Debt education Debt management plan Debt payment	**Ordinal Scale**
	Credit Risk Education	Understanding credit risk concepts Credit risk management Credit risk analysis	**Ordinal Scale**
Borrowing Behavior (Moderating Variable)	**Borrowing Behavior**	Financial literacy Borrower character Risk-taking	**Ordinal Scale**

Appendix V: University Introductory Letter

KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171
Fax: 254-64-30162
Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

October 31, 2022

Commission Secretary,
National Commission for Science, Technology and Innovations,
P.O. Box 30623-00100,
NAIROBI.

Dear Sir/Madam,

RE: ANN NJERI KARIMI (REG. NO. BUS-4-1830-3/2019)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Degree of Doctor of Philosophy in Business Administration And Management (Finance Option). She is conducting a research on; **"Influence of Financial Advisory Services on Access to Credit by Micro Enterprises in the Formal Sector in Kenya".** We confirm that her research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a permit to enable her collect data for her research.

KENYA METHODIST UNIVERSITY

Any assistance accorded to her will be appreciated.

31 OCT 2022

Thank you.

DEAN
SCHOOL OF BUSINESS
AND ECONOMICS

Dr. Dorothy Kirimi, PhD.
Dean, School of Business & Economics

Cc: Dean SBUE
CoD, Business Administration
Postgraduate Co-ordinator
Supervisors

Appendix Vi: NACOSTI Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **191372**

Date of Issue: **07/November/2022**

RESEARCH LICENSE

This is to Certify that Ms.. ANN Njeri KARIMI of Kenya Methodist University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Isiolo, Kakamega, Kisumu, Machakos, Mombasa, Nairobi, Nakuru, Nyeri on the topic: Influence of Financial Advisory Services on Access to Credit by Micro Enterprises in the Formal Sector in Kenya for the period ending : 07/November/2023.

License No: **NACOSTI/P/22/21644**

191372

Applicant Identification Number

Director General

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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See overleaf for conditions