Credit Accessibility and Growth of Small and Medium Enterprises in Bujumbura, Burundi

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Abstract: The purpose of this study was to investigate the effect of credit accessibility on the growth of small and medium enterprises in Bujumbura, Burundi. The study was guided by the following objectives: i) to determine the effect of creditworthiness to credit accessibility on the growth of SMEs in Bujumbura; ii) to establish the effect of business characteristics to credit accessibility on the growth of SMEs in Bujumbura, and iii) to examine the effect of information available to credit accessibility on the growth of SMEs in Bujumbura. The study employed a descriptive survey research design. The target population was 347 and the sample size determined using the Slovenes formula was 186, but 167 respondents participated successfully in the study. The research instrument was a questionnaire and data were analyzed using frequency and percentage tables, mean and standard deviations, and linear and multiple regression analyses. The study found that creditworthiness to access credit had a significant effect on the growth of SMEs (Adjusted R^2=0.059, p=0.001). In addition, the study revealed that business characteristics to access credit had a significant effect on the growth of SMEs (Adjusted R^2=0.242, p=0.000). Furthermore, the study revealed that information available to access credit had a significant effect on the growth of SMEs (Adjusted R^2=0.116, p=0.000). The study concluded that credit accessibility significantly affects the growth of SMEs. Thus, the study recommended that the owners of SMEs should strive to ensure that they have collateral security and proper documentation before they seek credit from financial institutions, SMEs should also form and register an association that is recognizable by law in Burundi. Likewise, the owners of SMEs should seek the support of professional auditors to audit their books of accounts at least every year.

Keywords: *Credit accessibility; growth; multiple regression analyses; small and medium enterprises; Burundi.*

1. Introduction

Governments throughout the world are nowadays turning their attention to small-scale enterprises. This is because attempts to promote economic progress by establishing large industries have usually failed to improve the lives of most of the population concerned (Awolusi, 2021; Cong et al., 2019). Therefore, Small and Medium Enterprises (SMEs) are now viewed as important in even and equitable economic development. Developed economies have enhanced their credit guarantee schemes for SMEs. In France, for example, the easing of the rules on SME lending in 2014 made it possible for loan guarantee schemes to cover up to 90% of the loan risk, compared with 50–60% previously (Alm, Liu & Zhang, 2019). In the United Kingdom, the government guarantees up to 75% of loans to businesses, in Japan 80% and in South Korea 100% (Etemesi, 2017). In some cases, governments have resorted to direct lending to SMEs through public institutions. Although governments have attempted to stimulate the supply of finance for SMEs and interest rates continue at an all-time low, SMEs remain reluctant to take up loans because of a lack of demand for their products and services.

In addition, in some regions, banks have been reluctant to lend because of increasing financial requirements from regulators (Abuka et al., 2019). In Africa, the current situation regarding SMEs and their finance opportunities remains uncertain. It does seem clear that the conventional sources of finance are not sufficient to meet the needs of SMEs in the current economic climate (Ndiaye et al., 2018). In South Africa, the future of SMEs is not very bright as small enterprises are likely to cease operations before the fifth year (Chipunza & Phalatsi, 2019). This makes South Africa one of the poorest performers in the informal sector. In Ethiopia, perhaps the most important challenge facing policymakers in industrial development is the financing and technological upgrading of the myriad of SMEs that form the backbone of the country's economy. To this end, the government of Ethiopia has continued to articulate policy measures and programs to achieve micro, small, and medium enterprises development, through appropriate alternative funding (Nega & Edris, 2016).

In Uganda, the performance of SMEs was considered poor because of a lack of access to business services and finance despite the significant role they played (Lakuma et al., 2019). Credit accessibility refers to the right to obtain or make use of or take advantage of borrowed money from a lender (Griffins, 2015).

Credit accessibility refers to the right to obtain or make use of or take advantage of borrowed money from a lender (Ellis, 2016). In this study growth of SMEs was operationalized as profitability in terms of an increase in sales revenue, increase in productivity, increase in market coverage, increase in asset base, number of employees, and customers. Small and medium-sized enterprises (SMEs) are defined by the Organization for Economic Cooperation and Development (OECD, 2005) as non-subsidiary, independent firms that employ less than a given number of employees. The most frequent upper limit designating an SME is 250 employees, as the European Union, and the United States consider SMEs to include firms with fewer than 500 employees. Similarly, SMEs are firms whose turnover does not exceed EUR 50 million (medium enterprises-50-249 employees), and that of small enterprises does not exceed EUR 10 million (10-49 employees). Alternatively, balance sheets for medium and small enterprises do not exceed EUR 43 million, and EUR 10 million respectively. In Burundi, SMEs according to Nkurunziza (2016) are categorized as below: a) Micro enterprises employ less than six (6) employees; b) Small firms employ between 6-9 employees and medium enterprises have between 10-29 employees.

The privatization drive and the Civil and Public Service reforms that began in the early 1990s in Burundi laid a foundation for an increased number of small business enterprises. Small and medium enterprises are the engine of the development of the informal sector in Burundi (Nkurunziza, Ndikumana, & Nyamoya, 2016). They have played a significant role in income generation, job creation, poverty reduction and reducing income inequality. The country's key policy stakeholders such as policymakers as well as other international and national actors must make more effort to develop the segment of SMEs. Indeed, many start-ups have been created but are, however, exposed to several challenges in their business operations. There is a high failure rate among SMEs in Bujumbura; this is revealed by the fact that more than 90% of start-up SMEs do not survive for more than 5 years (Nkurunziza, 2016). This is because the distribution of SME size in Burundi has implications for firm resilience particularly given Burundi's challenging economic environment, access to resources, productivity, wages, and, as a result, welfare. Using panel data, Nkurunziza (2015) found that the rate of firm survival is inversely related to firm size, with micro-firms displaying the highest rate of failure. Smaller firms also have the lowest rate of access to credit markets.

The government of Burundi has an external assistance policy for SMEs, through for example credit provision intended to help them survive, grow and eventually become more productive and pay higher wages. However, this brilliant policy has not contributed much to the reduction of SMEs' failure rate in the market. The causes of these failures were found to be highly connected to unfavorable market conditions such as insufficient demand, regulation, poor infrastructure, and insecurity, among others (Alliance for Financial Inclusion, 2017). Furthermore, several empirical studies have been done to assess the relationship between credit accessibility and SMEs growth across different African countries but with mixed results (Sakwa et al., 2019; Dlamini and Mohammed 2018; Etemesi 2017; Hussein 2017). Unfortunately, none of these studies was conducted in Burundi thus giving a contextual gap that the current study intended to close by exploring the effect of credit accessibility on SMEs growth. Consequent to the above problem, the main purpose of the present study was to investigate the effect of credit accessibility on the growth of small and medium enterprises in Bujumbura, Burundi. However, the specific objectives are as follows: (i) To determine the effect of creditworthiness to credit accessibility on the growth of SMEs in Bujumbura; (ii) To establish the effect of business characteristics to credit accessibility on the growth of SMEs in Bujumbura; and (iii) To examine the effect of information available to credit accessibility on the growth of SMEs in Bujumbura.

The study will be useful to the government in policymaking regarding the financing of Small and Medium Enterprises through commercial banks. The policymakers will obtain knowledge on the best mechanisms that should be adopted to finance Small and Medium Enterprises and find ways of enhancing the growth of SMEs. This study will therefore act as a guide in designing appropriate policies that will guide commercial banks in financing Small and Medium Enterprises. To the management of commercial banks, the study is invaluable as they will be able to uncover the causes of failure of Small and Micro Enterprises in repayment of their loans and effective ways of financing Small and Medium Enterprises, as well as taking appropriate measures against

risks facing the Small and Micro Enterprises. Managers in the banking industry will find this study significant as it will recommend the best approaches that should be taken when financing Small and Micro Enterprises in to order prevent their organizations from collapsing. The study will also be significant to scholars who will find this study useful as it will provide information on the relationship between credit accessibility and the growth of Small and Medium Enterprises in Burundi. It will also be of significance to researchers as it will provide the basis upon which further studies will be carried out on broad subjects related to credit accessibility and the growth of SMEs.
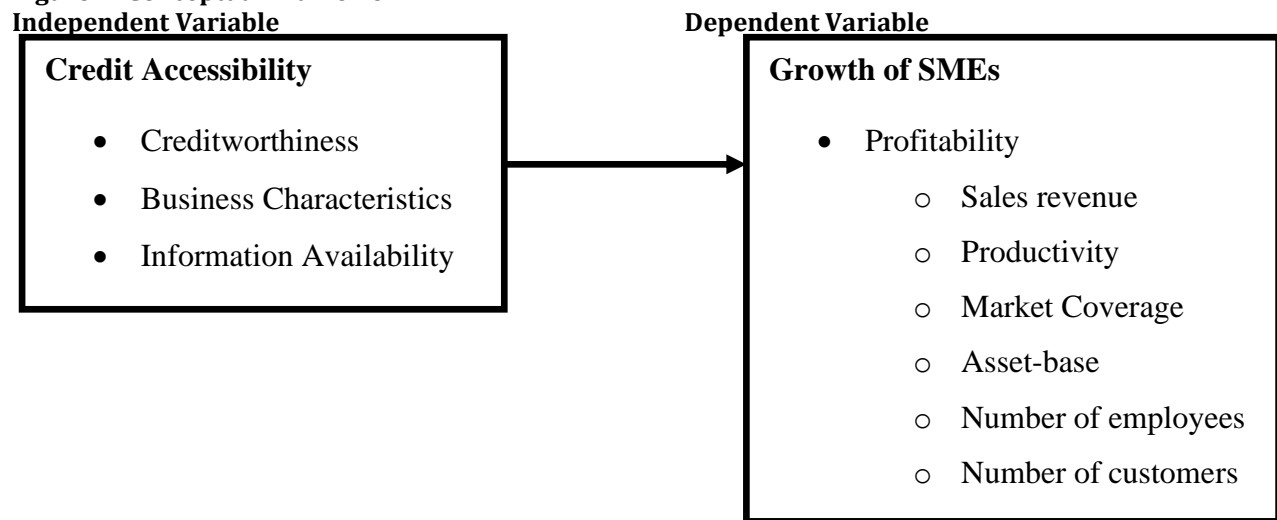
2. Review of Related Literature

This study was guided by two theories, the Pecking Order Theory and The Life Cycle Theory. However, the study was anchored on the Pecking Order Theory (POT) by Myers and Majluf (1984). The theory states that managers are given a preference to fund investment opportunities using three sources: first through the company's retained earnings, followed by debt, and choosing equity financing as a last resort. Pecking order theory starts with asymmetric information as managers know more about their company's prospects, risks and value than outside investors. According to Ugwu et al. (2019), asymmetric information affects the choice between internal and external financing and between the issue of debt or equity. Therefore, there exists a pecking order for the financing of new projects. Asymmetric information favors the issue of debt over equity as the issue of debt signals the board's confidence that investment is profitable and that the current stock price is undervalued (were stock price over-valued, the issue of equity would be favored). The issue of equity would signal a lack of confidence in the board and that they feel the share price is over-valued (Zulvia & Linda, 2019).

An issue of equity would therefore lead to a drop in share price. This does not however apply to high-tech industries where the issue of equity is preferable due to the high cost of debt issues as assets are intangible (Brealey, et al., 2008). Tests of the pecking order theory have not been able to show that it is of first-order importance in determining a firm's capital structure (Kimoro, 2019). This is because POT is considered valid and useful guidance to verify how information asymmetry affects the cost of financing, it provides valuable direction on how to raise funding for a new project, and it can explain how information can be used to change the cost of financing. However, several authors have found that there are instances where it is a good approximation of reality (Akoten, Sawada & Otsuka, 2006; BaasMechthild, 2006; Balogun, Agumba & Ansary, 2016; Dalberg. 2011; Deakins., North., Baldock & Whittam, 2008; Giang et al., 2019; Girukwishaka, 2017; Kallunki & Silvola, 2008; Khandker., Samad & Ali, 2013). Zeidan, Galil and Shapir (2018) document that owners of private firms in Brazil follow the pecking order theory. Giang et al. (2019) consider the POT to be an appropriate description of SMEs' financing practices because the 'Pecking order hypothesis is in keeping with the prior findings that debt is by far the largest source of external finance for small businesses.

In addition, Girukwishaka (2017) and Kallunki & Silvola (2008) suggest that in SMEs, managers tend to be the business owners and they do not normally want to dilute their ownership claim. Hall et al. (2000), argue that the information asymmetry and agency problems arising between owner-managers and outside investors providing external finance which give rise to the POT are more likely to arise in dealings with small enterprises because of their "close" nature, i.e. being controlled by one person or a few, related people, and they are having fewer disclosure requirements. Girukwishaka (2017) provides an alternative to this constrained POT, proposing a modified pecking order of financing preferences for SMEs. Kallunki & Silvola (2008) reveal a stain in the application of the POT to SMEs in those less levered non-payers of dividends that are more profitable, which is consistent with the pecking order model. But less levered non-payers also have better investments. Giang et al. (2019) and Girukwishaka (2017) also proposed that the probability of obtaining outside funds is not related to a shortfall in internally generated funds, which is in contrast with predictions of the pecking order theory. Further, they document that the firms accessing the capital market do not follow a pecking order when choosing the type of security to offer.

Figure 1: Conceptual Framework
Independent Variable   **Dependent Variable**

Credit Accessibility	Growth of SMEs

• Creditworthiness
 	
• Business Characteristics
 	
• Information Availability
	• Profitability
	  o Sales revenue
	  o Productivity
	  o Market Coverage
	  o Asset-base
	  o Number of employees
	  o Number of customers

Source: Etemesi (2017); Hussein (2017); Ssentamu (2016); and Ochido (2016)

The diagrammatic representation in Figure 1 shows that credit accessibility is the independent variable measured using creditworthiness, business characteristics, and information availability. The dependent variable is the Growth of SMEs measured using profitability. The relationship between these two variables shows that the creditworthiness of an SME in terms of collateral or good credit history enables it to access credit which in turn it can use to expand its business services or products, thus earning more profits. In addition, when the business characteristics in terms of size, or age are acceptable to the creditors, they can be able to be awarded credit. For instance, larger and older SMEs are considered more stable in business and thus can easily access credit which can lead to the expansion of market coverage and employment of more staff, thus earning more profits. Similarly, businesses with clear information such as audited financial records are highly likely to be awarded credit thus improving the quality of their services which leads to customer satisfaction, loyalty and eventual profitability.

Credit Accessibility: Small and medium enterprises' access to external sources of funding depends largely on the development of financial markets, the regulatory environment within which financial institutions operate and their ability to assess, manage and price the risks associated with loan products for SMEs (Kivunzi, Wepukhulu & Opiyo, 2019). The latter functions take place within a particular socio-economic context, which is determined by the historical patterns of financial intermediation (Vuong et al., 2019). Accessibility to credit is significant for SMEs seeking to grow and expand their businesses. Bank credit usually comes in the form of a small business loan. Businesses often use these lines of credit to expand, explore new areas of their industry, acquire another company, or pay employees. These are essential to the overall success of a business. Lack of access to credit is indicated as a key problem for SMEs worldwide (Suidarma et al., 2018). Access to credit by SMEs is, therefore, vital for the growth and development of SMEs. The availability of external finance directly impacts the productivity and growth of this industry (Mogire, 2016).

It is well-recognized all over the world that banks are the main external capital providers for the SME sector in both developed and developing countries (Vera & Onji, 2010). However, most commercial banks ration credit, to reduce risk and avoid the risk of adverse selection and moral hazard (Kimutai & Ambrose, 2013). Therefore, the key factors that influence credit rationing by banks are loan characteristics, firm characteristics, and observable characteristics. Critical factors such as the availability of a business plan, collateral, maintenance of a good relationship (networking), managerial competency, a good credit score (capacity to pay; experience in credit use), and the borrower's character (attitude towards risk) define the requirements for SMEs to have access to financial institutions and bank credit (Aduda et al., 2012; Fatoki, 2014). Together with financial activities such as business registration, documentation/recording, and asset ownership, the profile of the business in terms of several employees.

Size, sector and form of the business in the economy form some of the crucial factors to be successful in accessing bank finance (Alhassan & Sakara, 2014). Van et al., (2018) noticed that access to credit is crucial for the development and survival of SMEs. They watched that policymaker's endeavor to seek budgetary segment policies to move money-related mediators to stretch out more credit to SMEs. However, access to credit remains a test to SMEs, particularly those in creating economies and keeps on overwhelming talk both inside the business cycle and at the hall of different governments. Ruslan and Adlin (2018) argued that financial characteristics such as business registration, accurate documentation of the transaction and financial activities as well as good business planning have a positive correlation with credit accessibility. They observed that asset ownership constitutes a lot of requirements towards accessing credit from financial institutions as all entrepreneurs who were able to access loans said they own assets such as houses, land, business products and fixed assets which are easily used as collateral depending on the amount of credit being sought. Adeyeye, Azeez and Olufemi (2016) argued that access to finance is a key determinant for business start-ups, development and growth for small and micro-size enterprises. It reported that they have very different needs and face different challenges with financing compared to large businesses.

The report observed that the lack of equity capital invested in small firms makes these businesses more irrelevant than other sources such as bank lending and other types of financial products. The economic environment has brought SMEs' needs into particular focus given the significantly lightened credit supply condition arising from the reduced ability and willingness of banks to provide the finance on which this sector is particularly reliant (Adeyeye et al., 2016). Ferrando and Ruggieri (2018) identified a lack of adequate finance and limited access to credit, rapid technological changes, new laws and regulations and high rates of interest as the major challenges facing SMEs in their financing endeavors. The broad picture that emerges from various surveys of SME financing strongly suggests that business owners in South Africa view access to financing as a significant problem for business activity (Ferrando & Ruggieri, 2018). The author noted that there might be a financing gap, despite the various public and private sector initiatives to facilitate access to financing. Ngo and Chi (2017) argued that despite the potential role of SMEs to accelerate growth and job creation in developing countries, several bottlenecks affect their ability to realize their full potential. Ngo and Chi (2017) observed that SME development is hampered by several factors including; seed capital, lack of managerial skills, equipment and technology, regulatory issues and access to international financial markets.

The fundamental reasons behind SMEs' lack of access to funding can be found in their peculiar characteristics while others argue that SMEs suffer from a financing gap because of market imperfection on the supply side (Giang et al., 2019). Buyinza, Tibaingana & Mutenyo (2018) further argue that SMEs face financing gaps probably because of a combination of reasons originating from both supply and demand sides. The supply side refers to providers of finance (Financial institutions and investors) while the demand side comprises SMEs which require funding from financial institutions and other providers of finance. The financing gap is most prominent in capital market financing. Most countries including the developed ones have problems with SMEs financing through the capital market. The effect of banking conditions, monetary policy and economic growth on small businesses may change as economic conditions change (Buyinza et al., 2018). A study conducted by the International Finance Corporation in 2010 to establish the level of credit accessibility by small and medium-sized enterprises showed that over 45% of informal and formal micro small and medium enterprises were either unserved or underserved. The survey also revealed that over 46% of small enterprises owned by women in developing countries were underserved by financial institutions (Alper & Hommes, 2013).

Credit Worthiness and SMEs' Growth: Shirley and Namusonge (2016) conducted a study to establish the factors influencing access to credit among SMEs in Kitale and found that collateral requirements by financial institutions significantly influence access to credit facilities by SME Financial institutions. This meant that businesses that lacked collateral could not access credit hence affecting performance negatively. Furthermore, the personal characteristics of the owner-manager contribute to the firm's ability and the likelihood of accessing external finance (Irwin & Scott, 2010). The reason is that the owners or managers of SMEs have a dominant position in the firm in their role as the primary decision-makers. According to Alina (2011), women SME owners appear to have a smaller amount of start-up capital since they face more credibility issues when dealing with bankers. In parallel, credit denial rates, credit discrimination against

female entrepreneurs due to high-interest rate charges, and strict conditionalities among others are issues women have to go through until credit is issued to them. Thus, women notably in sub-Saharan Africa are more likely to be financially constrained than male-owned firms (Nkuah et al., 2013). Again, the Owner-Manager's education and experience are employed by institutional financiers as a proxy for human capital. The educational background of the SME owner/manager is often positively related to the firm's usage of leverage (Nyanzu & Quaidoo, 2017). Owners with higher education are more likely to use and have access to formal loans/banking services than those without (Aterido, Beck, & Iacovone, 2013).

Business Characteristics and SMEs' Growth: In addition to firm size, age and ownership types, previous studies also include sector and export as dummy variables to test whether there is a difference in accessibility to finance in different sectors of the economy and between export and non-export enterprises. For instance, Kira and He (2012) indicated that firms in the industry sector can obtain debt finance much more easily than other sectors in Tanzania. In contrast, Malaga's (2013) study indicated that the manufacturing sector is more likely to use external finance than the services and industry sector in Malawi. Beck et al. (2008), however, found no difference in debt financing across sectors. About SMEs in Vietnam, Le (2012) found that firms in the service sector, followed by some manufacturing industries have a higher probability to succeed in obtaining bank loans. However, Vietnamese firms participating in export did not have easy access to credit as suggested in Thanh's et al. (2011) study. Balogun et al. (2016) revealed that business capital, size, and the historical record of the business play a role in accessing credit. Business size may be based on the number of employees hired or capital investment (Abdesamed & Wanab, 2014). Closely related to the business size is the capital required to start the business and ensure sustainable operations.

The total amount of capital required differs as per the type of business, and so while some entrepreneurs might require a large amount of money, some may require small amounts of money depending on the unique needs of the business. This means the size of the capital required to set up the business also plays a role in influencing the choice of the credit provider to fund the business. Fatoki and Smit (2011) explain that most financial service providers except for informal sources require SMEs to own at least some form of tangible assets that can be used as collateral to qualify for credit. Formal credit institutions often use the capital structure of the business to assess the current and future performance of the business to minimize default risk rates (Fatoki and Smit, 2011). However, for young and new entrepreneurs, even those with genius business ideas, demonstrating some ownership of assets usually becomes a stumbling block which quickly becomes a key non-starter to their businesses. According to Nyanzu and Quaidoo (2017), the geographical area where a firm is located in the proximity of banks is also believed to influence the firm's ability to gain external finance. SMEs located outside major cities face greater difficulties in acquiring external finance, especially long-term debt as compared with their counterparts operating in cities. In the same vein, SMEs close to their banks provide relationship advantages over their counterpart SMEs elsewhere (Fatoki & Asah, 2011).

Information Availability and SMEs' Growth: Information availability is one of the reasons affecting SMEs to access credit (Arinaitwe & Mwesigwa, 2015). The absence of information on their financial records makes it difficult for lenders to assess lending proposals submitted by new firms. Bass and Schrooten (2005) concluded that the lack of reliable information leads to comparably high interest rates even if a long-term relationship between borrower and bank exists. In a situation like this, having audited financial statements plays a major role. Audited financial statements are very useful in accessing credit from financial institutions. Often, banks require audited financial statements before granting credit. For example, Rahaman (2011) and Rand (2007) found that lenders in the UK pay much attention to accounting information to deal with the loan applications of small firms. Given the reduced information risk arising from audited financial statements, potential lending institutions may offer low interest rates as well. In other words, audited financial statements improve borrowers' credibility and therefore reduce the risk for lenders. However, most of the SMEs in Burundi have difficulty getting credit from formal financial institutions because they lack proper financial records. Most of the businesses in Burundi often keep multiple sets of books and do not have audited financial statements based on reliable accounting standards. On the other hand, these firms end up getting loans at higher interest rates because banks consider them high-risk borrowers (Nkurunziza et al., 2016).

Growth of SMEs: As SMEs grow, their requirement for finance tends to increase. The capacity to finance the increasing demand depends on internal finance. If a firm entirely relies on the internal fund, then the growth may be restricted (Nyoni & Bonga, 2018). Managers may forgo some profitable projects. If a firm goes for external finance, then the chances of risk increase. Iseselo et al. (2019) argue that firms with growth potential will tend to have less capital structure. Growth opportunities can produce moral hazard effects and push firms to take more risks. To mitigate this problem, growth opportunities should be financed with equity instead of debt. Smith and Watts (1992) find the predicted negative relationship between debt and growth opportunity. On the other hand, SMEs with high growth will tend to look to external funds to fit the growth (Peprah, Buor, & Forkuor, 2019). Growth is likely to put a strain on retained earnings and push the firm into borrowing. Firms would look to short-term, less long-term for their financing needs (Desta, 2015). Nikolić et al. (2019) suggest personal factors such as demographic variables and business factors such as the amount of financing, use of technology, age of business, operating location, business structure and several full-time employees as important factors in examining the growth of small-scale entrepreneurs.

Jurik et al. (2019) enlist entrepreneurs' managerial styles with variables such as planning and strategic choices; decision style; formulation of objectives; structure of the company and share of power; and human resources policies that are linked to and have an association with their growth. The measures used in their study are turnover, number of employees, profit as well as the largest and the smallest salary paid. According to Altman, Esentato and Sabato (2020), lending to small businesses is riskier than to large corporations owing to their asset base and repayment abilities. However, Nakku et al. (2019) assert that small business lending has a strong positive effect on lender profitability. Ochanda (2014) in his study on credit accessibility found that financial resources affected the performance of 92% of the firms studied when the measure of growth is profitability. The SMEs cited high interest rates and collateral demand as some of the factors that hindered most SMEs from accessing credit from formal lending institutions. The study also found that innovation was important in the growth of SMEs.

Profitability: Corporate performance has been identified as a potential determinant of capital structure (Chakrabarti & Chakrabarti, 2019). According to the pecking order theory in the presence of asymmetric information, a firm will prefer internal finance but would issue debt if internal finance was exhausted (Ali & Isak, 2019). The last alternative would be to issue new equity. Myers (1984) prescribed a negative relationship between profitability and debt. Profitable firms are likely to have more retained earnings. Successful companies do not need to depend so much on external finance. Profitability is a measure of growth that must be considered as it is unlikely that firm growth can be sustained without profits being available for reinvestment in the firm (Muneer, Ahmad & Azhar, 2017). Growth along this dimension can be considered in terms of net profit margins or return on assets. If we take the definition of entrepreneurship as the creation of rents through innovation (Musah & Ibrahim, 2014) where rents are defined as above-average earnings relative to competitors (Gomes, 2013), then profitability measures are particularly appealing. This also implies that economic success is required by high-performance firms. Alternative views are given by Delmar et al. (2003), who points out that while profits are an important indicator of success, the relationship of profits to size is only evident in the aggregate of firms or over long periods for individual firms.

Fitzsimmons et al. (2005) suggest that there is an identifiable growth profit trade-off, where to finance growth, the firm must forego profits. Gallani, Krishnan and Kajiwara (2015) investigated this relationship between growth and profitability and found little evidence of the growth versus profit trade-off. He suggested that there is potential for a cumulative type effect whereby profits engender growth and growth engenders future profit that allows some firms to continually face increasing returns to scale. Matsotso and Benedict (2014) considered the growth-profit relationship in terms of a system of equations. The starting point was to consider a profit equation with lagged growth rates as explanatory variables and lagged profit rates. The lagged growth terms allowed them to explore the direction of causality between growth and profitability, while the lagged profit terms allowed them to examine whether profits persisted in the short term. A study by Vijayakumar (2011) found that found positive influences between firm size and profitability. The study found that size has a positive effect on profitability. Stierwald (2009) also found that the size of the firm positively influences profitability. The study found a positive effect between size and return on assets (ROA). While Salman and Yazdanfar (2012) found that firm size has a negative effect on profitability.

Margaretha and Supartika (2016) conducted a study to examine factors affecting profitability such as firm size, firm age, growth, lagged profitability, productivity, and industry affiliation of SME firms listed on the Indonesia Stock Exchange. The Source of data used in this study is secondary data based on the index PEFINDO 25. The results showed that firm size, growth, lagged profitability, productivity and industry affiliation significantly affect profitability, while the variable firm age does not significantly influence profitability. The results of the regression coefficient indicate that the variable firm size, growth, and lagged profitability have a negative effect on profitability, while the variable productivity and industry affiliation have a positive impact on profitability. Sakwa et al. (2019) conducted a study to assess the influence of collateral security on the performance of SMEs in the Turbo sub-county, Kenya. The study used a sample of 340 from a population of 2,901 entrepreneurs using both descriptive and correlational research designs. From the regression results, the study concluded that collateral security had a positive and significant influence on access to credit hence the performance of SMEs. Firms with collateral security accessed loans easily as opposed to those with none. Dlamini and Mohammed (2018) conducted a study to identify the factors that influence the choice of credit sources by SMEs in the agriculture sector.

The study used FinScope 2016 Survey data entailing 3,024 Eswatini SMEs selected through the two-stage stratified random sampling method. Out of these SMEs, 87 of them in the agriculture sector were able to access credit from informal, semi-formal and formal service providers in 2016, hence this study focused on them. The data were analyzed using multinomial logistic regression. The study found that keeping financial records, capital size required to start a business, the size of the business, age of the business owner, and interest rates are significant factors that influence the choices of agriculture SME owners between informal, semi-formal, and formal credit providers. Girukwishaka (2017) conducted a study to analyze the effects of credit access from commercial banks and the growth of small and micro enterprises operating in the Nairobi Central Business District. This study used a descriptive survey research design and targeted a population of 838 respondents operating SMEs in the Nairobi Central Business District. The sample size was computed using Yamane's (1967) formulae. Questionnaires were used to obtain important information about the population. The research established that there was a strong negative correlation between SMEs' growth and development and collateral requirements. However, the study found a strong positive correlation between SMEs' growth and development and knowledge of financial information (Rahaman, 2011; Rand, 2007).

More so a strong negative correlation between SME's growth and development and high-interest rates was found, while there was a strong negative correlation between SME's growth and development and interest rates capping. Hussein (2017) conducted a study to establish the relationship between credit accessibility and the growth of SMEs in Langata Constituency, Kenya. Access to credit was measured in terms of collateral, literacy level, interest rates and the number of financial institutions. A descriptive design was employed in this research. The target populations for this research included all 500 registered small-scale enterprises in Langata Constituency as of December 2016, from which a sample of 100 respondents was obtained. The questionnaire was the primary tool for data collection. Quantitative data collected was analyzed by use of descriptive statistics. A test of the relationship between independent and dependent variables was done using regression statistics. The study found that the number of lending institutions has a positive relationship with the growth of SMEs. On the contrary, entrepreneurial literacy is negatively related to SMEs' growth. In addition, findings revealed that the education level of the owner-manager had a higher chance of growing his/her business. The study, therefore, recommends that policies should be put in place to necessitate credit facilities for SMEs. Ssentamu (2016) conducted a study to ascertain the factors influencing access to debt finance by SMEs in Rubaga, Kampala, Uganda.

The study adopted the cross-sectional/correlational design. The study used a respondent sample of 130 SMEs operating in Rubaga, Kampala whose owners were the unit of enquiry. The Pearson Rank correlation coefficient and regression analysis were used for data analysis. The findings revealed a strong positive correlation between interest rates, collateral requirements for debt acquisition, age/trading experience and access to debt finance by retail SMEs in Kampala. The results also indicated that the age/trading experience of the SMEs influences debt finance highly. Correspondingly, given the latter observation and the realization that financial needs for small businesses change as they grow and gain experience, the study recommends that financiers need to organize regular and comprehensive financial literacy programs that target the growth-specific operations of SMEs. Furthermore, Ochido (2016) conducted a study to investigate how credit

accessibility influenced the growth of small and medium-sized enterprises in Nairobi County, Kenya. In this study, the population of interest included SMEs that operated within Nairobi County. 30,252 small and medium size enterprises operated within Nairobi City County out of which a sample of 379 was used in the study. Regression and correlation analysis were applied to show the relationship between variables. The study revealed that the majority of SMEs in Nairobi County were not performing as expected due to a lack of access to credit. Credit accessibility was found to influence the growth of small enterprises. Particularly high rates of interest negatively influenced the growth of small businesses in Kenya. The findings further indicated that term to maturity, uncertainty about loan amount, high interest rates, mismatch of funds and undue pressure for repayment had a large influence on the SME's choice of credit facilities. The study results also showed that aspects of lending such as credit history, asset base, availability of collateral, delayed payment by debtors and irregular cash flows influenced the SME's choice of credit facility (Pike, Puchert & Chinyamurindi, 2018).

Based on the study findings recommendations are; that financial institutions should consider revising their policies on the interest rate charged, credit policies and appraisal techniques and limitation on the amount of credit granted to SMEs. Ndede (2015) conducted a study to investigate the determinants of the acquisition of financial services by micro and small enterprises (MSEs) in Langata Sub County of Nairobi County in Kenya. The study design was descriptive with a target population consisting of 2,098 micro and small enterprises. A sample size of 250 businesses was determined through a stratified random sampling technique by sector. The study found that there was a negative but significant relationship between legal and regulatory framework, level of education, entrepreneurial training and acquisition of financial services by MSEs. Demographic factors also had a negative but significant relationship with the acquisition of financial services by MSEs in Langata. For practice, the study recommended that: firstly, accessibility to financial services can be enhanced by financial intermediaries and the government by working on a framework that relaxes the complexities in loan acquisitions (Menkhoff, Neuberger & Suwanaporn, 2006; Okura, 2008).

Nyangoma (2012) conducted a study to establish the extent to which credit terms and access to credit have affected the financial performance of SMEs in Kampala. The study was based on a correlation survey design. Primary data was collected using self-administered questionnaires issued to respondents who were owners/managers of the business. Correlation and regression analysis were carried out to establish the association among the variables. The results indicated a significant positive association among the variables of credit terms, access to credit and financial performance of SMEs. Credit terms contribute 33.1% of the variance in financial performance in SMEs. Regression analysis revealed that access to credit contributed 54.3% of the variance in the financial performance of SMEs. To improve access to credit by SMEs, commercial banks and other lending institutions need to adjust credit terms in line with what borrowers can afford. Several studies such as that of; Sakwa et al. (2019), Dlamini and Mohammed (2018), Etemesi (2017), Hussein (2017), Ssentamu (2016), Ochido (2016), Ndede (2015), Nyangoma (2012), have been done in the area of collateral security, credit access, credit acquisition, about SMEs' performance, or growth (Mateev., Poutziouris & Ivanov, 2013; Awolusi, Mbonigaba & Tipoy, 2018).

All the above studies were conducted in Kenya, Nigeria, Ghana, Uganda, and Tanzania. However, none of the studies was conducted in Burundi thus giving a contextual gap that the current study intended to close. Furthermore, the above studies measured credit access using collateral security, interest rates, the amount borrowed, repayment period, business size, and the age of the business owner. Growth was measured using net profits, ROA, market share, and return on investment. However, this study measured credit accessibility using creditworthiness, business characteristics, and information availability, while growth was measured using profitability thus closing the content gap that was registered in the previous studies. Consequently, the present study hypothesized the following: $H0_1$: There is no significant effect of creditworthiness to credit accessibility on the growth of SMEs in Bujumbura. $H0_2$: There is no significant effect of business characteristics to credit accessibility on the growth of SMEs in Bujumbura. $H0_3$: There is no significant effect of information available to credit accessibility on the growth of SMEs in Bujumbura.

3. Methodology

The study employed a descriptive survey research design because it gives an accurate profile of situations (Cooper & Schindler, 2003). This type of research design describes the characteristics of a particular phenomenon in a situation. The justification for using descriptive research design was to obtain information concerning the status of the industry and to survey what exists with respect to the conditions in a situation. According to Orodho (2003), descriptive design is suitable because it is used to obtain information that describes existing phenomena by asking individuals about their perceptions, attitudes, behaviors or values. This design was used since it enabled the researcher to collect data across the sampled population using the same instruments at the same time. Descriptive research determines and reports the way things are and attempts to describe such things as behaviors, attitudes values and characteristics. This is also stated by Gay (2006) that descriptive study determines and reports the way things are and commonly involves assessing attitudes and opinions towards individuals, organizations and procedures.

The descriptive survey design also enabled the researcher to obtain information concerning the effects of credit accessibility and the growth of small and medium enterprises operating in Bujumbura, Burundi. Kothari (2003) suggests that for descriptive studies 10% of the accessible population is enough. The population of this study was the 347 small and medium enterprises operating within the central business areas of Bujumbura city. In each business, the researcher used purposive sampling to pick either the manager or the business owner because of the nature of the topic, that is, credit accessibility and growth of SMEs, thus they were considered the most informed persons in providing substantive information regarding the questions in the topic. Thus, the target population was 347 respondents (i.e. business owners, and managers). However, specifically, the researcher was interested in the following SMEs: Beauty shops, boutiques, Electronics and accessories, General Store shops, Pharmaceuticals, and Restaurants and catering outlets. The sample size of this study was computed using the Slovene formula (Aina, Awolusi & Odunlami, 2015; Awolusi, 2012). Therefore, the sample size of this study was 186 respondents; table 3.1 gives the summary of the target population and sample size.

Table 1: Target Population and Sample Size

Category of SMEs	SMEs Owner/Manager	Sample Size
Beauty shops	83	44
Boutique	74	40
General store shops	73	39
Restaurants and catering outlets	60	32
Electronics and accessories	52	28
Pharmaceuticals	05	03
Total	**347**	**186**

The study used the stratification method by stratifying Bujumbura into five strata, that is, North, South, East, West, and Central. The researcher selected the central stratum because it had the majority of SMEs concentration. Furthermore, the researcher used simple random sampling to select the SMEs of interest from the selected stratum. This was intended to avoid biases when selecting SMEs. After the SMEs were selected, the researcher used purposive sampling to select the SMEs owners or managers. The data source of this study was primary data collected using questionnaires during field data collection from the SMEs owners/managers. The data collection method employed in this study was the use of a survey questionnaire. The instrument used in this method was a questionnaire and it was self-administered to the SME owners or managers. Robson (2002) recommends the use of questionnaires in descriptive studies because self-administered typically cost less than personal interviews and sample accessibility is easy. The researcher can contact participants who might also be inaccessible, careful consideration where the participants can take more time to collect facts, talk with others or consider replies at length than is possible in an interview and finally in terms of anonymity where the surveys are typically perceived as more impersonal, providing anonymity than other communication modes (Thorn, 2009).

The study used a questionnaire as the research instrument of this study to obtain information regarding credit accessibility and SMEs growth from SMEs owners/managers. The questionnaires were self-

administered using the drop-and-pick method. The questionnaires were preferred because of the following merits listed by Kothari (2004): cheap and can cover a wide range of respondents, provide respondents with adequate time to understand the questions asked and provide answers accordingly, a researcher can collect data from a wide range of samples from the target population, group or elements under investigation and questionnaires maximize objectivity since the researcher is dependent on respondent's views/ opinion. The questionnaire was divided into three sections, namely Section A, which captured information about the demographic characteristics of the respondents, Section B, which captured information about credit accessibility, and lastly, Section C captured information about the Growth of SMEs. A Five Likert scale was used to measure the instruments of credit accessibility and Growth of SMEs; where 1=strongly disagree, 2=disagree, 3=undecided, 4=agree, and 5=strongly agree. Validity is the extent to which a test measures what it is supposed to measure (Eze & Awolusi, 2018; Onikoyi, Awolusi & Boyede, 2014). This study used content validity to test the validity of the instruments. The content or face validity of a scale seeks to ascertain if the scale items are truly measuring what they are intended to measure. Despite being a systematic assessment of certainty, by definition, it is a subjective assessment (Hair et al., 2007).

To ensure content validity in this study, all the question items measuring each construct were mainly adapted from previous related studies and the original questionnaire. Based on the opinions of experts in the field of business administration, the questionnaire content was adjusted using the content validity index (CVI), and a CVI of 0.91 was derived (Awolusi, 2021). According to Amin (2005), a CVI greater than 0.70 is considered valid, thus the questionnaire instrument of this study was valid. The reliability of the questionnaire was ascertained using the internal consistency method (Pagano, 2009). After validating the questionnaire, a pilot testing was conducted on the questionnaire using ten (10) SMEs owners who were Boutique and General store shop owners in Kasanga and Kabalagala suburbs of Makindye division, Kampala. The pilot study helped the researcher to adjust the research instrument using the following validation criteria: how the participants responded to the questionnaire; if the questions were clear and easily comprehensible; if there was a need to include more questions in some constructs; or if there were some questions to which the respondents did not want to respond. From the pilot test, the researcher was able to understand the uncertainty of some items and did the needed modifications. Furthermore, the researcher used Cronbach's alpha correlation matrix to test the reliability of the instrument.

The rule of thumb for Cronbach's alpha Coefficient Value by Zikmund et al. (2010) was applied. The results of 0.858 (Credit Accessibility) and 0.705 (Growth of SMEs); show that there was a very good strength of association in credit accessibility, implying a high level of internal consistency and high reliability of the contents of the instrument (Zikmund et al., 2010). On the other hand, the growth of SMEs was found to have a good strength of association, implying a high level of internal consistency, and subsequent high level of reliability. The data from the retrieved questionnaires were entered into Scientific Package for Social Sciences (SPSS) version 22. Descriptive statistics were used to explain the profile of the respondent's using frequency and percentage tables, the central tendency of the dataset using means, and a measure of the dispersion of the dataset using standard deviations. Simple linear regression analysis was used to determine the effect of the independent variables on the dependent variable (Mukonga & Awolusi, 2019). In addition, multiple regression analysis was used to determine the variable in credit accessibility (IV) (i.e. creditworthiness, business characteristics, and information availability) that predicts the highest variance in the growth of SMEs (DV).

The general form of the Multiple Linear Regression Model used in this study was represented as:
$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \dots\dots\dots\dots\dots\dots\dots\dots\dots \text{Equ. 1}$$
Where
Y: the independent variable (credit accessibility) is expressed as a linear combination of independent variables X_1, X_2, X_3
β_0: the regression constant i.e. Y= β_0 when X_1, X_2, X_3=0
β_1: Coefficient of creditworthiness (independent variable X_1)
β_2: Coefficient of business characteristics (independent variable X_2)
β_3: Coefficient of information availability (independent variable X_3)
ε: Error term

In this study, confidentiality and anonymity were ensured by not having to write the names of the respondents in any part of the questionnaire, and the final report publication. Neuman (2007) points out that the rights of subjects need to be protected or the statutory rights of members of the social community or groups being investigated, avoiding undue intrusion, obtaining informed consent, and protecting the rights to privacy of individuals and social groups. This study upheld Neumans' views on protecting the rights of the population targeted. Another ethical issue that was considered was the integrity of the researcher. According to Mugenda (2007), there are five elements a researcher must follow to do faithful and thorough work. These are accuracy in data collection and processing, use of appropriate research methodology, appropriate interpretation of the data, accurate reporting, and non-fabrication of data and or criminal misconduct (Awolusi, Mbonigaba & Tipoy, 2018). Therefore, the researcher did his best to adhere to these principles.

4. Results and Discussion of Findings

The researcher distributed 186 questionnaires during field data collection and was able to successfully retrieve 167 questionnaires that were correctly filled. This gave a response rate of 90%. The majority, 70.7% of the respondents were male while 29.3% of the respondents were female. The dominance of the male respondents implies that the SMEs in Bujumbura are mostly run by men. This could largely be because the women still cannot access credit for start-up businesses due largely to marginalization or stereotyping. In addition, the majority, 46.7% of the respondents were within the age group of 36-45 years, followed by 24% who were within the age group of 26-35 years, and 18% of the respondents were within the age group of 18-25 years. On the other hand, respondents within the age group of 46-55 years and more than 55 years were represented by 3% and 8.4% respectively. The dominance of SMEs owners/managers within the age group of 36-45 years was attributed to their ability to access credit from the financial institution due to their age.

Results
The Effect of Creditworthiness on the Growth of SMEs in Bujumbura: The first objective of this study was to determine the effect of creditworthiness on credit accessibility on the growth of SMEs in Bujumbura. Table 2 gives a summary of the findings.

Table 2: Model Summary of the Effect of Creditworthiness on the Growth of SMEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics				F
						F Change	df1	df2	Sig. F Change	
1	.244[a]	.059	.054	.31357	.059	10.430	1	165	.001	

a. Predictors: (Constant), creditworthiness

Table 2 shows that creditworthiness to credit accessibility has a significant effect on the growth of SMEs. This is because creditworthiness significantly accounts for a 5.4% variance in the growth of SMEs in Bujumbura (Adjusted R^2=0.054, p=0.001). This implies that if the SMEs are credit worthy in terms of availability of collateral, education and experience of the owner, or good credit repayment history, then it is likely that they can access credit which can later translate into an expansion of services/products, hence growth. **Ho$_1$:** There is no significant effect of creditworthiness to credit accessibility on the growth of SMEs in Bujumbura.

The decision rule was that: if p≤0.05, the null hypothesis would be rejected, and the alternative hypothesis accepted. According to the finding in Table 2, the null hypothesis that there is no significant effect of creditworthiness to credit accessibility on the growth of SMEs in Bujumbura was rejected and the alternative hypothesis was accepted.

Table 3: ANOVA of the Effect of Creditworthiness on the Growth of SMEs

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	1.026	1	1.026	10.430	.001[b]
	Residual	16.223	165	.098		
	Total	17.249	166			

a. Dependent Variable: Growth
b. Predictors: (Constant), creditworthiness

Table 3 shows that the regression model was a good fit for predicting the effect of creditworthiness on the growth of SMEs in Burundi (F=10.430, p=0.001).

Table 4: Coefficients of the Effect of Creditworthiness on the Growth of SMEs

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.050	.076		40.150	.000
	Creditworthiness	.108	.033	.244	3.230	.001
a. Dependent Variable: Growth of SMEs						

Table 4 shows that a unit improvement in the creditworthiness of an SME would cause a 24.4% chance for such an SME to grow (Beta=0.244, p=0.001). This implies that each time SMEs improve their creditworthiness to financial institutions; they become more eligible to access credit that, if used for asset investment or improvement of the quality of services, would guarantee growth in terms of profitability.

The Effect of Business Characteristics on the Growth of SMEs in Bujumbura: The second objective of this study was to establish the effect of business characteristics on credit accessibility on the growth of SMEs in Bujumbura. Table 4 gives a summary of the findings.

Table 5: Model Summary of the Effect of Business Characteristics on the Growth of SMEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.497a	.247	.242	.28056	.247	54.139	1	165	.000
a. Predictors: (Constant), Business Characteristics									

Table 5 shows that business characteristics of credit accessibility have a significant effect on the growth of SMEs. This is because business characteristics significantly account for a 24.2% variance in the growth of SMEs in Bujumbura (Adjusted R^2=0.242, p=0.000). This implies that when an SME is older, larger in size, and located near a financial institution, then it is likely it can access credit which can later transform into growth if the loan is allocated for profitable ventures such as investments in assets, investments in new products and services, or acquisition of new technology. **Ho$_2$:** There is no significant effect of business characteristics to credit accessibility on the growth of SMEs in Bujumbura**.**

The decision rule was that: if p≤0.05, the null hypothesis would be rejected, and the alternative hypothesis accepted. According to the finding in Table 5, the null hypothesis that there is no significant effect of business characteristics to credit accessibility on the growth of SMEs in Bujumbura was rejected and the alternative hypothesis was accepted.

Table 6: ANOVA of the Effect of Business Characteristics on the Growth of SMEs

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	4.261	1	4.261	54.139	.000b
	Residual	12.987	165	.079		
	Total	17.249	166			
a. Dependent Variable: Growth						
b. Predictors: (Constant), Business Characteristics						

Table 6 shows that the regression model was a good fit for predicting the effect of business characteristics on the growth of SMEs in Burundi (F=54.139, p=0.000).

Table 7: Coefficients of the Effect of Business Characteristics on the Growth of SMEs

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.644	.089		29.586	.000
	Business Characteristics	.238	.032	.497	7.358	.000
a. Dependent Variable: Growth of SMEs						

Table 7 shows that a unit improvement in the business characteristics of an SME would cause a 49.7% chance for such an SME to grow (Beta=0.497, p=0.000). This implies that if an SME is older in the market, larger in size, or is publicly listed on a stock market, then there is a high likelihood that such an SME would be able to access credit which if used properly for the profitable venture will lead to profits and subsequent growth.

The Effect of Information Availability on the Growth of SMEs in Bujumbura: The third objective of this study was to examine the effect of information available to credit accessibility on the growth of SMEs in Bujumbura. Table 7 gives a summary of the findings.

Table 8: Model Summary of the Effect of Information Availability on the Growth of SMEs in Bujumbura

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.349[a]	.122	.116	.30303	.122	22.842	1	165	.000
a. Predictors: (Constant), Information Availability									

Table 8 shows that information available on credit accessibility has a significant effect on the growth of SMEs. This is because information availability significantly accounts for an 11.6% variance in the growth of SMEs in Bujumbura (Adjusted R^2=0.116, p=0.000). This implies that if SMEs have audited financial statements and proper record-keeping, they stand a high chance of accessing credit. Thus, when credit is successfully accessed and invested into the profitable course, the business will eventually grow. **Ho3:** There is no significant effect of information available to credit accessibility on the growth of SMEs in Bujumbura.

The decision rule was that: if p≤0.05, the null hypothesis would be rejected, and the alternative hypothesis accepted. According to the finding in Table 8, the null hypothesis that there is no significant effect of information available to credit accessibility on the growth of SMEs in Bujumbura is rejected and the alternative hypothesis was upheld.

Table 9: ANOVA of the Effect of Information Availability on the Growth of SMEs

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	2.097	1	2.097	22.842	.000[b]
	Residual	15.151	165	.092		
	Total	17.249	166			
a. Dependent Variable: Growth of SMEs						
b. Predictors: (Constant), Information Availability						

Table 9 shows that the regression model was a good fit for predicting the effect of information availability on the growth of SMEs in Burundi (F=22.842, p=0.000).

Table 10: Coefficients of the Effect of Information Availability on the Growth of SMEs

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.470	.172		14.394	.000
	Information Availability	.262	.055	.349	4.779	.000
a. Dependent Variable: Growth of SMEs						

Table 10 shows that a unit improvement in the information availability of an SME would cause a 34.9% chance for such an SME to grow (Beta=0.349, p=0.000). This implies that information available in terms of audited financial statements is highly likely able to help SMEs' credit accessibility which can lead to the growth of such businesses.

Table 11: Multiple Regression Model for Credit Accessibility and Growth of SMEs

				Std. Error of	Change Statistics					
Model	R	R Square	Adjusted R Square	Rthe Estimate	R Square Change	F Change	df1	df2	Sig. F Change	
1	.533a	.284	.271	.27518	.284	21.593	3	163	.000	
a. Predictors: (Constant), Information Availability, Business Characteristics, creditworthiness										

Table 11 shows that a combination of creditworthiness, business characteristics, and information availability significantly affects the growth of SMEs by a variance of 27.1% (Adjusted R^2=0.271, p=0.000). This implies that if SMEs are older in the market, larger in size, headed by educated and experienced owners/managers, and possess audited financial statements, then they are most likely to access credit which will help to propel them in the direction of growth.

Table 12: Multiple ANOVA of the Effect of Credit accessibility on the Growth of SMEs

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	4.905	3	1.635	21.593	.000b
	Residual	12.343	163	.076		
	Total	17.249	166			
a. Dependent Variable: Growth						
b. Predictors: (Constant), Information Availability, Business Characteristics, creditworthiness						

Table 12 shows that the regression model was a good fit for predicting the effect of information availability, business characteristics, and creditworthiness on the growth of SMEs in Burundi (F=21.593, p=0.000).

Table 13: Coefficients of the Effect of Credit Accessibility on the Growth of SMEs

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.254	.161		13.990	.000
	Creditworthiness	-.001	.034	-.003	-.032	.974
	Business Characteristics	.205	.035	.429	5.946	.000
	Information Availability	.155	.058	.206	2.670	.008
a. Dependent Variable: Growth of SMEs						

The equation below

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$ .... Equ. 2

Then becomes;

Credit accessibility=2.254 + (-0.003) (credit worthiness) + 0.429 (business characteristics) + 0.206 (information availability) + 0.161. Where

Y: the independent variable (credit accessibility) is expressed as a linear combination of independent variables X_1, X_2, X_3

β_0: the regression constant i.e. Y= β_0 when X_1, X_2, X_3=0

β_1: Coefficient of creditworthiness (independent variable X_1)

β_2: Coefficient of business characteristics (independent variable X_2)

β_3: Coefficient of information availability (independent variable X_3)

ε: Error term

Therefore, table 13 shows that business characteristics are the highest predictor variable of credit accessibility. This is because business characteristics in terms of age, size or the location of the business have

a significant effect on the growth of SMEs (Beta=0.429, p=0.000). In addition, information available in terms of audited financial statements and proper bookkeeping commands a significant effect on business growth since a unit change in information availability causes a 20.6% variance in the growth of SMEs (Beta=0.206, p=0.008). However, creditworthiness was found to negatively affect SME's growth by a variance of -3% (Beta=-0.003, p=0.974). This implies that when SMEs cannot present collateral security, or proper documentation of their businesses, or have managers/owners who are educated and experienced in business, then it becomes challenging for them to access credit thus negatively affecting their growth.

Discussion of Findings

The Effect of Credit Worthiness to Credit Accessibility on the Growth of SMEs: The study revealed that creditworthiness to credit accessibility has a significant effect on the growth of SMEs (Adjusted R^2=0.059, p=0.001). This was attributed to the fact that most of the SME owners in Bujumbura cannot access credit because of low asset base/collateral, low education level, low business experience, and poor loan repayment records. Indeed, empirical studies have proven that collateral increases accessibility to institutional finance (Fatoki & Asah, 2011; Fatoki & Odeyemi, 2010; & He, 2012). Many studies have also alluded that the lack of collateral is among the major barriers to accessing bank finance (Shinozaki, 2012). Time and again SMEs have lacked sufficient collateral or personal guarantors to pledge against formal loans, or they are unfamiliar with the bureaucratic procedures of accessing credit. Hence, insufficient access to it is harmful to overall economic growth. Financial constraints slow down capital accumulation, impede productivity improvements and increase the time it takes entrepreneurs to reach their potential. This study agrees with other studies such as that of Sakwa et al. (2019), and Ochido (2016) who found a positive relationship between collateral security and the growth of SMEs.

Indeed Sakwa et al. (2019), found that collateral security had a positive and significant influence on access to credit hence the growth of SMEs. Firms with collateral security accessed loans easily as opposed to those with none. Likewise, Ochido (2016) found that aspects of lending such as credit history, asset base, availability of collateral, delayed payment by debtors and irregular cash flows influenced the SME's choice of credit facility. Furthermore, other proponents such as Nyanzu and Quaidoo (2017), and Nofsinger and Wang (2011) found that SMEs owners'/managers' education and experience influenced their ability to access credit. For instance, Nyanzu and Quaidoo (2017) found that the educational background of the SME owner/manager is often positively related to the firm's usage of leverage. They found that owners with higher education are more likely to use and have access to formal loans/banking services than those without. In addition, Nofsinger and Wang (2011) found that the experience of the entrepreneur is one factor that explains the difference in external financing levels available to SMEs.

The Effect of Business Characteristics on the Growth of SMEs in Bujumbura: The study revealed that business characteristics of credit accessibility have a significant effect on the growth of SMEs (Adjusted R^2=0.242, p=0.000). This was attributed to the fact that the majority of the respondents indicated business age, size, and location were prerequisites for accessing loans from financial institutions. In agreement with the finding of this study, researchers such as Hernández-Cánovas and Martínez-Solano (2010) reported that small-sized enterprises bear a higher cost of debt than medium-sized enterprises because asymmetric information is reduced as firms become larger. Similarly, Drakos and Giannakopoulos (2011) further added that firm size can signal loan repayment ability; therefore, small firms are more likely to be credit-rated. Bigsten et al. (2003) elaborated their finding by indicating that firm size is a strong determinant in obtaining credit with the probability of success of 31%, 20%, and 13% for micro, small, and medium-sized firms, respectively, as compared to large firms. In South Africa, Fatoki and Odeyemi (2010) study found that credit applications from medium-sized firms are three times more likely to be successful than from small firms. A similar result was confirmed for other countries such as Allen et al. (2012) in India, Byiers et al. 2010 in Mozambique, and Kira and He, (2012) in Tanzania. In addition to firm size, age was also found by this study to be an influencer on credit access which later translates to the growth of SMEs.

Dlamini and Mohammed (2018) also found that the size of the business, the age of the business owner, and interest rates were significant factors that influenced the choices of agriculture SME owners between informal, semi-formal, and formal credit providers. Furthermore, Kamweru (2011) found that SMEs that are

younger have no reputation and no established credit history that providers of external finance can use to evaluate their creditworthiness; as such they are more constrained in the use of external financing. On the other hand, he contends that older firms have a well-established credit history and have built a good reputation with providers of external finance; as such are less constrained in the use of external finance. However, contrary to the findings of this study, Abdullah and Manan (2011) found no significant impact of firm age on accessibility to finance. The former suggests that their result reflects the reliance on firm profit and the deficit nature of short-term debt financing. Similarly, Mulaga (2013) found that there is no statistical significance between SMEs age and the use of external finance (Malesky & Taussig, 2009; Malesky & Taussig, 2009).

The Effect of Information Availability on the Growth of SMEs in Bujumbura: The study revealed that information available on credit accessibility has a significant effect on the growth of SMEs (Adjusted R^2=0.116, p=0.000). This implies that without hard information on the risk of borrower default, an adequate assessment of borrower creditworthiness requires lenders to develop a closer relationship with the borrower and to rely more heavily on soft information. In other words, overcoming information asymmetries is dependent on the intensity of the relationship between the lender and borrower. Such relationships are of particular importance in developing economies, where the information available on microfinance borrowers is more limited in scope in comparison to businesses in the developed world that follow more transparent and stronger accounting standards. In agreement with the findings of this study, Bass and Schrooten (2005) found that the lack of reliable information leads to comparably high-interest rates even if a long-term relationship between borrowers and banks exists.

In addition, Dlamini and Mohammed (2018) found that keeping financial records, capital size required to start a business, and interest rates are significant factors that influence the choices of agriculture SME owners between informal, semi-formal, and formal credit providers. However, Kira and He (2012) found that the absence of sufficient information leads to information asymmetry and may jeopardize access to finance. This, therefore, implies that a robust credit reporting system should collect and provide accurate, sufficient and timely information to enable lenders to make comprehensive assessments of the creditworthiness of SMEs. Inaccuracies may lead to unjustified loan denials or high borrowing costs. Furthermore, a study by Nanyondo, (2014) revealed that the quality of financial statements has a significant and positive association with access to finance which leads to growth (Lemmon & Zender, 2010; Lucumay, 2014; Mac, Bhaird & Lucey, 2010).

5. Conclusion, Recommendations and Implications

Conclusion: The purpose of this study was to investigate the effect of credit accessibility on the growth of small and medium enterprises in Bujumbura, Burundi. The study was guided by the following objectives: i) to determine the effect of creditworthiness to credit accessibility on the growth of SMEs in Bujumbura; ii) to establish the effect of business characteristics to credit accessibility on the growth of SMEs in Bujumbura, and iii) to examine the effect of information available to credit accessibility on the growth of SMEs in Bujumbura. The study employed a descriptive survey research design. The target population was 347 and the sample size determined using the Slovenes formula was 186, but 167 respondents participated successfully in the study. The research instrument was a questionnaire and data were analyzed using frequency and percentage tables, mean and standard deviations, and linear and multiple regression analyses. Consequently, the study concluded that creditworthiness significantly affects the growth of SMEs. This is because the availability of collateral security, high education level and experience of the owner/manager, and good credit history guarantees SMEs to easily access credit, however, without which, it is practically difficult to access such credit from formal financial institutions.

Secondly, business characteristics significantly affect the growth of SMEs. This is because small firms experience a challenge accessing loans from banks as compared to big firms. In addition, firms that have been in the market for a long find it much easier to access credit to promote their growth than those that are in the start-up stages. Furthermore, the location of an SME in an urban setting or near a financial institution makes it much easier to access credit than those in rural areas. Lastly, Information availability significantly affects the growth of SMEs. This is because SMEs with information such as bookkeeping, audited financial performance, or tax payment records stand, or projected performance indicators have a better chance to

access credit than those with dismal information. However, it should also be known that SMEs may not fully understand the potential benefits to their business of raising finance, which means they do not apply and may hinder the growth of the businesses. Although financial institutions have put in their best efforts to advertise their willingness to lend, there is still a widespread perception among SMEs that lending is not available on affordable terms.

Recommendations: The owners of SMEs should strive to ensure that they have collateral security and proper documentation before they seek credit from financial institutions. In this way, financial institutions will not be reluctant to give them loans. Furthermore, to support start-up businesses and keep them from failing within their first five years of existence, the government should partner with financial institutions [in a public-private partnership] by giving financial services to SMEs at subsidized rates. Correspondingly, the National Bank of Burundi should regulate financial institutions against over-hiking interest rates, which eventually make most SMEs shy away, and the few that dare to get such credit do not see any verifiable benefits. SMEs should form and register an association that is recognizable by law in Burundi and come up with a SACCO group where they can pool their financial resources so that anyone interested in a loan can find such services from their SACCO with affordable interest rates compared to commercial banks. This is because such SACCOs will not restrict access to credit services due to the size or age of firms, as long as they are registered members.

The owners of SMEs should seek the support of professional auditors to audit their books of accounts at least every year. This will help provide a better overview of their financial potential to be awarded loans. Similarly, there is a need for commercial banks, the National Bank of Burundi, Universities, and Business institutions to regularly provide educational services to SMEs owners and their employees in the field of business and financial management skills at subsidized prices. This will help the lowly educated SMEs owners to understand the importance of proper record keeping in their business. This is because such records are required by credit institutions to award credit. Likewise, SME' owners should open and maintain their bank accounts with not more than one financial institution, in that way they can establish a customer-supplier relationship hence making the bank know them as their long-term customers. Thus, when such customers need credit, it becomes much easier to access it.

Implications and Contribution to Knowledge: This study confirms the Pecking Order Theory which posits that SMEs will only seek external financing if alternatives to internal financing are thoroughly exhausted. True to the SMEs in Burundi, they can only seek credit when they feel the necessity for it otherwise, most of their major sources of funding are personal savings, friends, and close relatives. In addition, this study confirms the Life Cycle Theory which states that firms will not be able to access credit at their initial stages due to limited collateral, and audited financial statements, until they reach the maturity stage which is when they can be able to seek larger credits for financing larger projects. Indeed, in this study, young and small-sized, SMEs found difficulty to access credit more than older and larger SMEs. Though several studies such as Sakwa et al. (2019), Dlamini and Mohammed (2018), Etemesi (2017), Hussein (2017), Ssentamu (2016), Ochido (2016), Ndede (2015), and Nyangoma (2012), have been done in the area of credit accessibility and SMEs' growth, there were mixed results to that effect. This study, therefore, adds to the body of knowledge in Burundi by reporting that creditworthiness, business characteristics, and information availability significantly affect the growth of SMEs.

This is because collateral security, education and experience of the owner, age, size of SMEs, audited financial statements, and bookkeeping promoted or hindered credit accessibility which is directly tied to their growth. However, the present study looked at the credit accessibility of SMEs in an urban setting, that is Bujumbura, the Capital City. The finding may be limited due to benefits or constraints such SMEs may be having by their location. A future comparative study should be conducted to assess the credit accessibility and growth of SMEs in rural and urban settings. This will help provide generalizable findings. This is because sometimes the government has specific policies that make SMEs in rural areas to be at a better advantage to access credit than their urban counterparts. In addition, this study used a descriptive survey to get firsthand information from respondents regarding SMEs' growth vis-à-vis credit accessibility. However, a more specific study should be done using panel data expanding up to 10 years to assess the growth (profitability) attributed to credit accessibility among medium enterprises within vital sectors such as agriculture, or manufacturing. This

will help substantiate the findings with hard evidence without biases due to differences of opinions or conflicts of interest.

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